

Development Work Group 0194 Minutes
Tuesday 05 August 2008
Holiday Inn, 61 Homer Road, Solihull, B91 3QD

Attendees

Julian Majdanski (Chair)	JM Joint Office
Helen Cuin (Secretary)	HC Joint Office
Mitch Donnelly (Proposer)	MD British Gas
Bali Dohel	BDo SGN
Bob Fletcher	BF Joint Office
Brian Durber	BDu E.ON UK
Chris Warner	CW National Grid Distribution
Fiona Cottam	FC xoserve
Gareth Evans	GE Waters Wye
James Crump	JC Ofgem
Jemma Woolston	JW Shell
Joanna Ferguson	JF Northern Gas Networks
John Edwards	JE WWU
Linda Whitcroft	LW xoserve
Nick Wye	NW Waters Wye
Phil Broom	PB Gaz de France
Richard Dutton	RD Total
Richard Street	RS Corona Energy
Stefan Leedham	SL EDF Energy

Apologies

Mark Jones	MJ SSE
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1. Introduction and Status review

1.1. Minutes from previous meeting

The minutes of the previous meeting were approved.

1.2. Review of Actions from previous meeting

Action 0018: National Grid Distribution and xoserve to develop draft Business Rules.

Action Update: CW provided a set of draft Business Rules. See item 2.3.

Action Complete.

Action 0019: National Grid to initiate a system impact assessment and investigate the likely development costs of creating a flag for advanced metered and DM elective sites.

Action Update: CW confirmed that a request has been submitted to xoserve.

Action Complete.

2. Review Group Discussion

2.1. Theft

MD reiterated his intention to raise two Modification Proposals, one to introduce the methodology into the UNC and another to agree the RbD Allocation Table numbers.

MD asked the group whether there were any other areas which had not been considered and should be looked at.

LW highlighted that I&C Theft is not currently being billed. JM reported that this issue is now being taken forward under Proposal 0197 within the Distribution Workstream.

No further response from the group was provided it was therefore accepted that there no additional items to consider for theft.

2.2. WWA Presentation

NW provided a presentation on behalf of the I&C Group Members. The presentation introduced the background of RbD. He raised concerns over the samples used and potential sampling errors in the information presented at previous meetings and considered that it was not clear whether Theft was the correct balancing factor. He believed that there is no evidence that RbD is not working. NW acknowledged that I&C market should be exposed to some costs if it can be established that the benefits of doing so outweigh the costs. He suggested that Ofgem may want to undertake a cost verses benefit analysis. He also expressed concern that an RbD smear would not properly target costs between sectors. NW expressed concern that the RbD volume which varies on a percentage application has no relation to some of the elements.

The Workgroup discussed the overstatement of I&C AQs, Late Confirmed Sites and Theft:

MD and PB suggested that the overstatement of AQs needs to be understood and suggested that further information should be provided to determine the overstatement. SL challenged a statement within the presentation that I&C AQs are potentially too high, he suggested that this may not be limited to the I&C Market and that some Domestic AQs will also be overstated as customers reduce usage. RS believed that I&C AQs could potentially decrease much more than the domestic sector due to economic drivers.

RD and RS believed a smear was not a suitable mechanism for managing consumed energy for Late Confirmed/Orphaned Sites. They believed an alternative mechanism where by the actual consumption is calculated and re-allocated back to the I&C market was much more suitable. The operation of such a process was discussed however xoserve confirmed that they are not able to ascertain the energy that could have been consumed.

NW believed that with Theft there was more credence in using valid detections as a benchmark. However MD highlighted that a number of theft allegations are automatically closed due to lack of response from Shippers and that a larger proportion of these that are closed down are I&C allegations, MD also highlighted that a number of identified theft cases do not have the energy reported. MD confirmed that illegal connections would be classed within the Theft proportion.

RD stated that the RbD mechanism is not the correct mechanism for clawing back costs from the I&C market. MD challenged what would be the correct mechanism; RD suggested that this needs to be considered further.

RD believed that in light of the discussion the Modification Proposal ought to be reviewed and amended. MD explained his intention to proceed with the principle of

the original Modification Proposal which the Panel directed to development. JM confirmed that the purpose of the group was to develop the methodology within this Proposal and highlighted there would be opportunity for alternate Proposals or a separate Modification if any other party believed an alternative solution was available.

MD confirmed that he will be amending the Modification Proposal so that it introduces the methodology into the UNC before the final meeting on 12 August when the Development Workgroup Report will be completed. He confirmed a further Modification Proposal will then be raised to consider the figures within the RbD Allocation Table.

2.3. Business Rules

CW provided a set of Draft Business Rules.

RS expressed concern about the percentage market share in each sector which would be required to understand the impact of the Modification. FC believed the information was available and would report back.

Action 0020: xoserve to establish what mechanism is available for Shippers to identify their Market Share.

2.4. Governance to changes to the table

MD confirmed that the view of the workgroup was to amend the Allocation Table via the UNC Modification route, despite considering the option tabled to amend via self governance under the UNC Committee.

MD highlighted that at the last Panel Meeting, Mark Feather from Ofgem, expressed a preference as a general principal for UNCC governance whereby Ofgem would not need to be consulted upon for housekeeping Modifications.

The workgroup considered that any change to the Allocation Table could not be considered as a housekeeping issue because of the impact on Shippers.

3. AOB

None.

4. Diary Planning for Review Group

10:00 12 August 2008, Holiday Inn, 61 Homer Road, Solihull, B91 3QD.

ACTION LOG – Development Work Group 0194

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0194 0018	30/06/08	2.2	National Grid Distribution and xoserve to develop draft Business Rules.	National Grid (CW) and xoserve (FC)	Completed
DG0194 0019	30/06/08	2.2	National Grid to initiate a system impact assessment and investigate the likely developmental costs of creating a flag for advanced metered and DM elective sites.	National Grid (CW)	Completed
DG0194 0020	05/08/08	2.3	xoserve to establish what mechanism is available for Shippers to identify their Market Share.	xoserve (FC)	Pending