

Development Work Group 0194 Minutes
Thursday 13 March 2008
The Renewal Conference Centre, Solihull, B91 2JR

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Mitch Donnelly (Proposer)	MD	British Gas
Brian Durber	BD	E.ON UK
Chris Hill (Teleconference)	CH	RWE Npower
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	xoserve
James Crump	JC	Ofgem
John Edwards	JE	Wales and West Utilities
Linda Whitcroft	LW	Xoserve
Phil Broom	PB	Gaz de France
Shelley Rouse	SR	Statoil (UK)
Stefan Leedham	SL	EDF

Apologies

Bali Dohel	BD	Scotia Gas Networks
Denis Aitchison	DA	Scotia Gas Networks
Nick Wye	NW	Waters Wye
Richard Dutton	RD	Total Gas and Power

1. Introduction and Status review

1.1. Minutes from previous meeting

FC made the following suggested amendments to the minutes:

Section 2.0, second paragraph. MD clarified that the difference in this proposal is that the Transportation Commodity has been split out, not Capacity.

Section 2.0, eleventh paragraph, final sentence, should possibly read: He gave an example of **where** a current 100% allocation to RbD **that** could be agreed at 80% RbD and 20% I&C.

The minutes of the previous meeting were then approved.

1.2. Review of Actions from previous meeting

Action DG0194 0001: Ofgem to be invited to future meetings

Action Update: James Crump in attendance.

Action: Complete.

Action DG0194 0002: Draft Terms of Reference to be produced for agreement at next Meeting

Action Update: MD confirmed that he had spoken with Corona and EDF Energy regarding their expressed concerns; however British Gas's view had not changed. JM confirmed Corona have raised a Review Proposal which addresses the concerns

expressed at the previous meeting. FC also confirmed that xoserve have some points on the Proposal's background. The Terms of Reference were discussed and then agreed see agenda item 2.0

Action: Closed

Action DG0194 0003: All to consider suggested Work Plan and the data required in preparation for the next meeting

Action Update: Ongoing

Action: Carried Forward

2. Terms of Reference

The Work Group considered the Terms of Reference. PB believed that they should be focussed on the deliverables.

FC reiterated that xoserve have some points on the Proposal's background. FC and MD agreed to review the UNC Proposal for any additional clarification.

The Work Group agreed to consider Smart/AMR Meters within the sectors. This would enable consideration of whether Smart Meters are less likely to be subject to theft, however BD pointed out that this would have to be set up as a different supply point category to enable separate allocation. PB highlighted that inclusion would allow consideration of all elements.

The Work Group considered the current Proposals which may affect supply point categories for example RG0178. It was agreed that any changes currently being considered by other Proposals would not be included due to the uncertainties surrounding their implementation, however it was acknowledged that any change to supply point categories would need to be considered in the future.

FC highlighted that the RbD invoice cannot be split for energy consideration only. CW pointed out that examining energy only, does add complications from a system point of view. MD suggested that this is discussed when considering the Business Rules. PB believed that the Work Group needed to be mindful of the system solutions due to the cost implications.

JM highlighted that it was important to include costs and benefits information in the Work Group report. JC supported the inclusion. PB believed that system implications, particularly costs, should be included. MD explained why it may be difficult to establish costs.

The Development Work Group discussed whether the Terms of Reference could be finalised with the absence of some of the membership. MD expressed concern regarding not agreeing the Terms of Reference at the second meeting and the impact that this may have on the development of the Proposal. It was agreed that the Terms of Reference would be submitted to the March Panel meeting however if anything significant was raised by the members not present, then the Terms of Reference could be re-considered.

The Terms of Reference were then agreed.

3. Review Group Discussion

3.1. Appendix to UNC

CW suggested that the allocation table could appear as an Annexe. MD preferred that the table appeared within the UNC itself, with amendments governed by the UNC Modification Process. PB agreed that the table should be amended by the UNC Modification Process.

JC questioned how the table may be reviewed in the future. The Development Work Group discussed whether to set a review schedule or whether it should be reviewed only by exception, for example, when a change to the UNC would have an impact on the table. The option of having the table as part of a UNC related document with UNC Committee governance was considered. It was agreed that this needs to be considered further.

Action DG0194 0004: All to consider Governance.

3.2. Categories within the Allocation Table

The Work Group considered the categories within the Allocation Table, including inaccurate AQs, read submissions, read frequencies, Must Reads, USRVs and impact of regime changes, e.g. implementation of UNC 0192.

FC highlighted that the read submission for the Small Supply Point market is for AQ accuracy, whereas the submission for Large Supply Points is for missing reads and read accuracy. PB pointed out that this is only a delayed risk as large sites will be reconciled in time. MD challenged whether the number of read factors that have been changed should be reviewed to establish if read submissions could be an issue.

Late confirmations and unconfirmed site works were discussed. FC explained what happens to sites confirmed by the original site-works requesting Shipper and how orphaned sites are treated i.e. site-works site taken over by a different Shipper. LW explained that in most cases the opening read will be zero, when it is not, xoserve will investigate. CW believed that there is another scenario when gas is being off taken even though the site has not been provided with an MPRN. FC suggested a further category of unfound meters. PB asked if xoserve are able to quantify the number of unconfirmed sites. LW confirmed that this information is shared with the industry, but the statistics would only indicate the number of unconfirmed site works, not necessarily the number of sites off taking gas. FC also explained how site-works can be raised with a plot address and then later confirmed with the actual address.

Consideration was given to Shipper less sites, where a site is registered on sites and meters as isolated and withdrawn, however when a GSR disconnection is scheduled the site is still consuming gas on the meter registered as isolated. CW confirmed that there are rules for re-establishment in these cases.

PB suggested that there is an argument for considering appropriate incentives. SL believed that any incentive regime would have to consider all elements. MD highlighted that Review Proposal 0208 had been raised to investigate incentives.

MD introduced the category of Errors in Temperature and Pressure correction factors. MD requested that DNs provide some further information on this to understand why correction factors are applied and if these are national or geographic. FC confirmed that the Temperature and Pressure correction factors are no longer included in Verification. MD asked whether xoserve would be able to explain Verification in more detail at the next meeting

Action DG0194 0005: DNs to provide information on the use of correction factors

Action DG0194 0006: xoserve to provide information on the Verification process.

MD explained that iGT issues are resulting in an increased misallocation. He reported a mismatch of approximately 75,000 sites which is currently affecting the RbD market. MD acknowledged that a number of initiatives are being undertaken to improve the mismatch. PB believed it may be difficult to target the re-allocation for iGT issues, and stressed that this is an example which illustrates the need for incentives.

MD believed that whilst Review Proposal 0208 will examine incentives, there was still a need to ensure the re-allocation of energy is smeared more appropriately than it currently is.

JE questioned how theft can be measured. FC explained the difference between detected and undetected theft. SR questioned whether detected theft can be quantified.

It was believed that only a brief examination would be required of Shrinkage considering recent changes.

LDZ Metering was considered. SL highlighted that some small errors are not reconciled.

Finally MD introduced End Supply Metering where there is a measurement error with a meter. MD explained that there is a 2% tolerance in metering accuracy. It was debated whether Meter Read absence and Meter Read errors should be considered together.

Action DG0194 007: All to consider the discussed categories further and consider if any additional ones should be included within the table.

MD believed that if any of the elements can be further separated it would assist with allocation of costs.

3.3. Agree Work Plan

The Agenda for the next meeting was agreed.

MD suggested the following Work Plan is considered:

1. What are the potential errors
2. Agree where the errors should be allocated e.g. unaccounted shrinkage
3. How the allocation works (mechanisms).
4. Evidence to support or disprove figures within matrix.

4. Diary Planning for Review Group

10:30, 09 April, Renewal Conference Centre, Solihull, B91 2JR.

5. AOB

None.

ACTION LOG – Development Work Group 0194

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0194 001	28/02/08	2.0	Ofgem to be invited to future meetings	British Gas (MD)	Complete
DG0194 002	28/02/08	3.0	Draft Terms of Reference to be produced for agreement at next Meeting	British Gas (MD)	Closed
DG0194 003	28/02/08	4.0	All to consider suggested Work Plan and the data required in preparation for the next meeting	All	Ongoing
DG0194 004	13/03/08	3.1	All to consider Governance.	All	Pending
DG0194 005	13/03/08	3.2	DNs to provide information on the use of Correction Factors	All DNs	Pending
DG0194 006	13/03/08	3.2	xoserve to provide information on the Verification process.	xoserve (FC)	Pending
DG0194 007	13/03/08	3.2	All to consider the discussed categories further and consider if any additional ones should be included.	All	Pending