

**Development Work Group 0194 Minutes**  
**Thursday 28 February 2008**  
**Elexon, 350 Euston Road, London, NW1 3AW**

**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
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	xoserve
John Edwards	JE	Wales and West Utilities
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	Scottish and Southern
Nick Wye	NW	Waterswye
Phil Broom	PB	Gaz de France
Richard Dutton	RD	Total Gas and Power
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales and West Utilities
Thomas Vickers	TV	Gaz de France

**Apologies**

Chris Hill	CH	RWE Npower
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**1. Introduction and Development Work Group Operation**

JM welcomed members to the first meeting and advised that draft Terms of Reference had been published on the website in advance, for consideration by the group. He explained that the object of the initial meeting was to try to agree and finalise them and set a Work Plan for future meetings.

**2. Outline of Proposal**

MD, as the Proposer's representative, introduced the Proposal

CW requested clarification of the key difference between UNC0194 and UNC0115. MD confirmed the difference is that Capacity has been split out and this Proposal is only looking at Energy. MD confirmed the intention was for the Development Work Group to assess the Proposal's appended RbD Allocation Table and to either prove or disprove the analysis. He confirmed that the adoption of this table was his proposed solution however he was open to what is included within it. RS expressed concern that the table was very prescriptive.

PB highlighted that within the decision letter for UNC0115 Ofgem wanted the correct incentives. He suggested that the evidence to prove the case for change needs to be considered and robust.

MD believed that some costs currently allocated to the RbD market should not be within that market and a percentage of these costs should be reallocated to the I&C Market.

NW believed that the group should be open about the solution and not be restricted by British Gas's provided solution. NW was concerned that other solutions may be available and these may be ignored. MD confirmed he was open to suggestions of a better solution if one could be provided, however the intention of the group was to assess the RbD Allocation Table

Members debated other elements of RbD and the potential for improving numerous components, some members believed it would be better to have raised a Review Proposal to examine these further. MD explained that he had not raised a Review Proposal and preferred the Development Workgroup route as he had a proposed solution.

JM advised that under the Modification Rules, a Review Proposal was used to examine whether a problem existed and to look at possible solutions, whereas a Modification Proposal was used where a problem has been identified together with a proposed solution. He explained that MD had a proposed solution and therefore the Development Workgroup had been established to develop that solution.

CW suggested that the reallocation of RbD needs to be considered and not the feeder processes. MD confirmed the intention is to ensure that RbD is correctly allocated.

RS believed that the Development Workgroup ought to be looking at reducing the RbD Allocation. He suggested that each Shipper should have incentives that targets behaviours. He believed this would be best driven by developing an allocation method which is pertinent to each Shipper.

NW believed that the matrix may be arbitrary and that only best guesses would be possible for allocation. He was particularly concerned that the outcome of the Workgroup may not be the one hoped for.

MJ suggested that an agreement as to what the exact allocation should be may not be possible and that varying combinations may have to be considered. He suggested that the outcome may not be a true split, but a better allocation could be agreed to the one currently used. He gave an example of a where a current 100% allocation to RbD could be agreed at 80% RbD and 20% I&C.

ST commented that the review of the RbD Allocation table, the evaluation of the elements within the table and finding supporting evidence would be beneficial.

ST suggested it would be beneficial to the Workgroup to invite a representative from Ofgem who had involvement with UNC0115. It was agreed that regular attendance by Ofgem would be of benefit. MD confirmed that he had invited Ofgem to the Workgroup.

**Action DG0194 0001:** Ofgem to be invited to future meetings

### 3. Consider Terms of Reference

MD confirmed what he believed should not be included within the scope of the Terms of Reference for the Development Workgroup. He believed that increasing incentives on the community, such as for theft of gas, should not be considered by this group. He wanted to look at the current arrangements and what costs currently go into RbD. The scope of the Workgroup was debated but it proved difficult for members to agree the scope. Despite some members expressing their concerns with the solution provided by British Gas and opportunity to consider other solutions not being part of the Workgroup's remit it was accepted that the scope of the Development Work Group would include the review and development of the RbD Allocation Table. This would include the categories within the table, the volumes and to either support or dismiss the items or values.

MD agreed to rework the Terms of Reference for agreement at the next Development Workgroup meeting which would be planned prior to March's Panel Meeting.

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

#### **4. Work Group Process**

MD suggested the following Work Plan for further consideration:

1. How appendix would sit in code
2. What should be included within the appendix
3. Separate categories
4. Evidence to support or disprove figures within matrix.

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

#### **5. Diary Planning for Review Group**

MD suggested that the Workgroup meet twice a month to progress the Proposal's development. It was agreed that the next meeting would be on 13 March 2008, preferably at Elexon and following the UK Link Committee Meeting, with the third meeting to be held following the March Distribution Workstream to be held at Elexon.

#### **6. AOB**

None.