

Development Work Group 0209 Minutes
Wednesday 05 November 2008
31 Homer Road, Solihull

Attendees

John Bradley (Chair)	(JB)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Chris Warner	(CW)	National Grid Distribution
Denis Aitchison	(DA)	Scotia Gas Networks
George Glenn	(GG)	ScottishPower
Joanna Ferguson	(JF)	Northern Gas Networks
Karen Kennedy	(KK)	ScottishPower
Louise Hellyer	(LH)	Total Gas & Power
Sallyann Blackett (Proposer)	(SB)	E.ON Energy
Stefan Leedham	(SL)	EDF Energy
Steve Nunnington	(SN)	xoserve
Steve Taylor	(ST)	British Gas Trading
Sue Prosser	(SP)	xoserve

1. Introduction and Development Work Group Operation**1.1 Minutes from Previous Meeting**

ScottishPower (KK) questioned whether or not National Grid's concerns surrounding read performance issues should have been set as an action item. In response, CW informed members that following analysis, his concerns had subsided. However, if requested he could provide the information. Thereafter, the minutes of the previous meeting were accepted.

1.2 Review of Actions from previous meetings

DWG0209 022 – Chair (JB) informed members that a revised proposal (v2.0) had been published immediately preceding the meeting. A copy of which can be viewed or downloaded from the Joint Office of Gas Transporters web site at: <http://www.gasgovernance.com/Code/Modifications/LiveMods/>

Furthermore, a revised version of the draft Development Workgroup Report (v0.2) incorporating the changes from the revised proposal had also been published at the same time and can be viewed or downloaded from the Joint Office of Gas Transporters web site.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 022: Closed

DWG0209 023 – Chair (JB) asked if any members had undertaken any analysis on incorporating any potential benefits of UNC Modification 0177. SB and SL both advised members that they had completed some analysis but concluded that as some of the information is deemed as 'confidential' they would only be prepared to disclose it to the Authority. SL added that it is not the actual costs that are the issue, rather the potential benefit aspects that are the concern.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 023: Closed

DWG0209 024 – CW informed members that he has discussed the Network Code Modification 0640 provisions, both internally and with xoserve, and has come to the conclusion that something akin to an annual process, retaining elements of the 0640 processes (i.e. RbD shipper mitigation for AQ Appeals) is probably the best solution. He is also of the view that this matter should be raised as a new topic for further consideration within the Distribution Workstream.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 024: Closed

DWG0209 025 – Members agreed that this item had been sufficiently covered under the previous action.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 025: Closed

DWG0209 026 – Please refer to item 2.0 below.

DWG0209 027 – Chair (JB) advised members that copies of the revised business and validation rules documentation had been published on the Joint Office web site.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 027: Closed

DWG0209 028 – SN informed members that in his opinion, the current appeals process will ‘go forwards’ into the proposed new rolling AQ regime, although changes may well be necessary in due course.

At this point in the meeting, xoserve (SP) provided a brief presentation on the ‘Actual AQ Calculation – A Guide to Manual Analysis Decisions’. A copy of the presentation is available to view or download from the Joint Office of Gas Transporters web site at: <http://www.gasgovernance.com/Code/DWGs/Mod0209/05Nov08/>

SP went on to explain that the presentation provides members with three different scenarios, and demonstrates how xoserve personnel would utilise the information to undertake the appropriate decisions and corrective actions. More detail on how and why the decisions were made is summarised on the explanations page.

Looking at scenario 1, SL enquired why the system appears to have selected such a large sample window. In response, SP explained that the system always attempts to go back to its maximum allowed period first, and thereafter starts to look forwards until it can successfully recalculate. Neither does she believe that this logic would change in the proposed rolling AQ regime.

SL suggested that if one assumed that a rolling AQ regime was in place, this scenario would not have happened. SP agreed with this statement. SL also went on to suggest that during the ‘transitional period’ historic erroneous AQ’s (meter readings) will remain a potential issue.

Moving on to scenario 2, SP believes that the system has assumed that the meter had gone ‘around the clock’. SB added that, under the new regime, shippers would have the information to submit a revised AQ to rectify the problem.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 028: Closed

DWG0209 029 – Chair (JB) informed members that the September UNC Panel members had granted the group an extension with their final development workgroup report required for presentation at the December 08 panel meeting.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 029: Closed

2. Cost / Benefit Assessment

xoserve (SN) provided a summary of the work undertaken to complete the ROM (Rough Order of Magnitude) to identify high level costs of introducing a monthly Annual Quantity (AQ) review and recalculation regime.

He reminded members that two options had been considered - the first, a fully engineered 'heavy' solution including full AQ validation, - the second, a paired down 'light' solution featuring only those requirements deemed essential to support implementation.

He went on to inform members that there are NO Nexus costs available at present, therefore the following figures are purely development costs:

Option 1 – Complex (heavy)

- @ least **£990,000** but not > **£1,910,000**;
- running costs, incremental and on top of current costs, of **£240,000 p.a.** but not > **£410,00 p.a.**

Option 2 – Cheap & Cheerful (light)

- @ least **£840,000** but not > **£1,710,000**;
- running costs, incremental and on top of current costs, of **£290,000 p.a.** but not > **£510,00 p.a.**

** please note: the difference between the two sets of running costs reflect to differing proportion of automation including in each model.*

SL informed members that his company have estimated that implementing option 2 would increase their resource requirements as equalling 10 FTE at a cost of approximately £200k above implementing option1, and thus option 1 remains his preferred choice.

SN highlighted several items which became apparent during the development work, namely, xoserve may choose to undertake processing throughout the month and would even like to smooth the workload further by processing on a daily basis. Additionally, should the modification go ahead, a 'support' group would be required to identify and propose solutions to potential issues which may arise. Furthermore, subject to funding, a business evaluation report would take 6 months to complete. He went on to suggest that whilst it may be cheaper to 'cover' development under project Nexus, it may well be 2009 before it becomes clearer as to what Nexus true cost will be. SL indicated that regardless of the figures presented he would prefer an earlier roll-out. SN warned that he had not asked his developers if a 0209 solution could be rolled out prior to project Nexus.

In discussing whether or not the potential benefits of UNC modification 0177 had been taken into account, SB indicated that she believes that they have been considered, referring to the E.ON presentation provided at the 25 January 08

meeting and would discuss this with her colleagues to ascertain if she can apply these to potential 0209 option 1 benefits.

In closing, Chair (JB) suggested that if shippers could identify the potential 0209 benefits, and either provide them to the group or alternatively the Authority, this could aid the cost / benefit analysis.

Chair (JB) asked, and members agreed to close the action.

Action DWG0209 026: Closed

3. Development Work Group Report

Chair (JB) opened by informing members that the displayed report (v0.2) already included the changes incorporated within the revised modification proposal published earlier in the day.

Members then discussed and suggested appropriate changes whilst reviewing the document on screen. A 'marked up' copy of the amended report (v0.3), is available to view or download from the Joint Office of Gas Transporters web site at:

<http://www.gasgovernance.com/Code/DWGs/Mod0209/05Nov08/>

During the review, members highlighted the following items of interest/concern:

- how to successfully identify flats, as opposed to tenements, road names etc;
- xoserve currently 'focus' on threshold crossers, via a manual review exercise which may miss a proportion of true flats;
 - automation based on a 1st line address filter may be beneficial and reduce a large number of the misses;
 - shippers could then address the remainder.
- xoserve are concerned about the potentially large workload required to investigate the relationship between AMR's, ETM's and pre-payment meters, especially where potential benefits may be small;
 - ultimately removing these may make little difference to the overall potential costs;
 - shippers have previously stated that they did not want a new AMR code within their file formats;

Chair (JB) suggested that shipper representatives should get their commercial and operational personnel to discuss this matter.

- It was confirmed that where reads fail validation the submitting agent has one (1) month to agree and sort out the issues with xoserve and three (3) months to rectify the problem;
- members considered the value of building-in flexible parameters within any new system;
- the concerns that National Grid have voiced regarding SOQ and the potential reduction in price stability is not necessarily shared by all Networks;
- members wondered if, when looking at the potential advantages that implementation of 0209 could bring, whether or not the potential 'miss-allocated energy' improvements that 0209 could deliver should be considered alongside other UNC modifications such as 0194/0194A;

Members then discussed and agreed that at the next meeting they should undertake a business and validation rules 'rubber stamp' exercise, (and certainly before the panel request formal legal text). Additionally, they also agreed they need to review the reporting requirements.

In closing, Chair (JB) reminded members that the group are now scheduled to report to the December 08 UNC Panel.

Action DWG0209 030: All members to review the business and validation rules prior to the next meeting with a view to being able to undertake a 'rubber stamp' exercise at the next meeting.

4. Diary Planning for Work Group

Following a group discussion, the next meeting was confirmed as commencing at 10:30am on Friday 05 December 08, in meeting room 6 at 31 Homer Road, Solihull.

5. AOB

Following on from the discussions under item 3 above, SP provided members with a brief overview of the volumes of flats excluded as part of the 2008 review. Further detail is provided in the table below.

	Trial 2007	Actual 2007	Trial 2008	Actual 2008
Total Threshold Crosser	390,564	580,415	429,566	553,640
1N – Flats in Address	10,491 (2.7%)	9,404 (1.6%)	2,956 (0.7%)	3,038 (0.7%)

APPENDIX A.

ACTION LOG – Development Work Group 0209

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DWG0209 022	06/08/08	5.0	Proposer to look to compare her 'original' proposal wording with the work group report to ensure correct alignment.	E.ON Energy (SB)	Update provided. Closed
DWG0209 023	06/08/08	5.0	Proposer to look at the benefit summary for UNC modification 0177 and it's potential inclusion within the work group report.	All	Update provided. Closed
DWG0209 024	15/09/08	1.2	Review and consider the 0640 provision proposals and report the findings back to the October meeting.	National Grid Distribution (CW) & xoserve (SN)	Update provided. Closed
DWG0209 025	15/09/08	1.2	Undertake a comparative review of possible alternative regimes and provide an update.	National Grid Distribution (CW)	Update provided. Closed
DWG0209 026	15/09/08	1.2	Compile and submit a ROM request to xoserve looking to identify costs for two (2x) possible options for introduction of a monthly AQ review, plus potential Project Nexus implementation costs.	National Grid Distribution (CW)	Update provided. Closed
DWG0209 027	15/09/08	3.0	Prepare and publish a revised business and validation rules document as soon as is practicably possible.	Joint Office (JB)	Update provided. Closed
DWG0209 028	15/09/08	3.0	Develop an appeals process presentation for consideration at the October meeting.	xoserve (SP)	Update provided. Closed
DWG0209 029	15/09/08	5.0	Request a 3 month extension to the workgroups reporting deadline to January 2009 to facilitate further investigations and development of potential solutions for a rolling AQ regime.	Joint Office (JB)	Update provided. Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DWG0209 030	05/11/08	3.0	To review the business and validation rules prior to the next meeting with a view to being able to undertake a 'rubber stamp' exercise at the next meeting.	All members	Update due at next meeting.

*** Key to action owners**

SP Sue Prosser, xoserve

SB Sallyann Blacket, E.ON Energy

SN Steve Nunnington, xoserve

CW Chris Warner, National Grid Distribution