

Development Work Group 0209 Minutes
Wednesday 14 May 2008
Holiday Inn, Solihull

Attendees

John Bradley (Chair)	(JB) Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB) Joint Office of Gas Transporters
Dawn Jarvis	(DJ) EDF Energy
Denis Aitchison	(DA) Scotia Gas Networks
Eleanor Laurence	(EL) EDF Energy
Joanna Ferguson	(JF) Northern Gas Networks
Mark Jones	(MJ) SSE
Phil Lucas	(PL) National Grid Distribution
Richard Street	(RS) Corona Energy
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

Apologies

Simon Trivella	(ST) Wales & West Utilities
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1. Introduction and Development Work Group Operation

Chair (JB) outlined the role of the Development Work Group whose work should culminate in a revised UNC Modification Proposal that it can recommend going to consultation. He went on to point out that the (final) Development Work Group Report (similar to a Final Modification report) will be presented to the UNC Modification Panel in due course. The 'normal' duration for a Development Work Group is 6 months.

2. Outline of Proposal

E.ON Energy (SB) provided an outline of their rationale for the Proposal highlighting the following points of interest:

- National demand has reduced year on year since 2004;
- Some AQ errors can take 12 months to correct (awaiting reopening of the AQ window);
- More efficient utilisation of FTE's will benefit all parties, and
- 0177 'strawman' is the starting point for DWG 0209.

Members concluded that at a high level, the group will be proposing a monthly Rolling AQ review. Members questioned the Networks' belief that demand is increasing whilst at the same time AQ's are reducing. SB indicated that E.ON do not necessarily agree with this view as it very much depends on your perception of the future changes based upon historical indicators. JF suggested that if the Networks' view proves correct and demand increases, falling AQ's will have an impact, hence

UNC modification 0209. Northern Gas Networks believe that the short term trend will see demand 'flatten off'.

Members acknowledged that part of the problem stems from AQ changes reacting slower to those in demand and adopting a monthly rolling AQ process is preferable to trying to speed up the current process.

SB confirmed that SOQ consideration will be dealt with under the 'strawman' review later in the meeting, although it is acknowledged that SOQ's are load sensitive. SN confirmed that in some cases the SOQ's can be more than 12 months out of date.

3. Consider Terms of Reference

Chair (JB) introduced the next item explaining that members' changes will be made on-line culminating in a agreed draft Terms of Reference (v1.0) being presented for consideration at the July 08 UNC Panel meeting.

JB informed members that the Proposer and xoserve are happy with the draft terms of reference as presented and all assumptions have been made on the basis that this will go in as part of the 2012 UK Link replacement, although earlier implementation has not been ruled out. However, members noted that whilst the 2012 replacement is on a like-for-like basis, inclusion of a rolling AQ element would not be.

Members briefly discussed who would pay for any proposed changes, as several members are concerned that they will incur additional and significant system and maintenance/running costs. SN suggested that this will need to be clearly defined within the development of the business rules. RS suggested that perhaps the group should request two types of cost, one to change now and one to change as part of the 2012 replacement. SN pointed out, that to provide two levels of costs would require a change order from the Transporters. When asked, members indicated that they would like both costs to be provided.

Members also warned that timing needs to be considered as User systems may take different periods to change.

In closing the review of the terms of reference, Chair (JB) asked if members consider that legal text should be provided at the same time as the business rules, to which there was general consensus.

A copy of the revised terms of reference (v1.0) are available to view or download from the Joint Office web site at: <http://www.gasgovernance.com/Code/DWGs/Mod0209/ToR/>

4. Work Group Process (Workplan)

Changes to this document were also made on-line.

JB informed members that the workplan has been prepared in conjunction with the Proposer and xoserve and that it will be appended to the terms of reference as presented to the Panel in due course.

Working through the workplan, members noted that changes in SOQ's as a result of changes in load factors are issues that need resolving. (see Session 2(c) for details).

Members wondered what will happen if a unanimous agreement could not be reached to which JB advised that whilst not a necessity, it is preferable and the DWG Report would need to identify and record the different view points. Ultimately, members would have to agree the statements in the report.

SN highlighted the fact that identification of the costs involved with introducing a rolling AQ would take at least 3 months to prepare, and as a consequence, would have an impact upon the suggested August 08 report submission date. Furthermore, completion of the business rules is of paramount importance in achieving a timely outcome. RS indicated that he would prefer to be in possession of ALL the relevant

information on which to make an informed decision. In conclusion, members indicated that they would like completed BR's before making their decisions.

When asked about legal text preparation as part of the business rules development, Scotia Gas Networks (DA) agreed to take an action to discuss the preparation of legal text with his lawyers.

A copy of the revised workplan (v1.0) is available to view or download from the Joint Office web site at: <http://www.gasgovernance.com/Code/DWGs/Mod0209/ToR/>

Action DWG0209 001: SGN to consider preparing suggested legal text in time for inclusion within the business rules and to report back.

5. Strawman

A presentation based on the straw man prepared by the Joint Office was reviewed and amended on-line. This included allocation of actions to specific owners for delivery at subsequent sessions.

The document was reviewed and a '√' or a 'X' or a '?' was allocated to each item. A '√' means item agreed for the purpose of modification proposal development, a 'X' means rejected and a '?' means more consideration of the item will be required. Where more consideration was indicated an action owner was allocated so that discussion would move forward.

Following extensive discussions on various items within the strawman, a revised version was prepared and agreed on-line. The following points of interest were discussed:

- USRV's will need consideration as part of validation rules review;
- Consensus was to leave the 50 and 42 day target consumption periods as is;
- Read frequency is important, especially considering potential smart metering impacts;
- 'gaming' may be an issue – although not all members agreed on this;
- Systematised validation means adoption of automated validation mechanisms necessary to support a monthly rolling AQ review;
- Analysis systemisation will be restricted to manual/automated requirements;
- The 'amendment window' will disappear in the new regime;
- Shippers' submissions accuracy will be of paramount importance;
- The 'human intervention' factor, in respect of xoserve validation, will no longer be available;
- xoserve will be looking to provide a validation 'override' function;
- Analysis of the 500% AQ validation increases has found that 98% are related to meter errors;
- Development of a 'close to zero' movement provision will come at an additional cost and could be 'covered' by changes to existing Shipper internal systems;
- Large SP threshold for single or multiple MPs can be built into system, depending upon what Shippers want;
- Care is needed to avoid over complexity;
- Insufficient time to develop an amendment process means Shippers will have to live with erroneous AQ's on a month by month basis;

- Consideration of the SSP Appeals Process is needed;
- Authority confirmation of report content will be required;
- Group will need to agree the format and content of the reports;
- Appreciation of User pays impacts is required;
- Timescales are based upon the assumption that implementation will be part of the 2012 UK Link replacement;
- Mandatory DM 3 month threshold rule may disappear, subject to the implementation of 0175 “Encouraging Participation in the elective Daily Metered regime”;
- Correction factors may be more of an issue going forwards – assumption will be that site specific correction factors will be utilised unless Shipper instructs otherwise;
- Consideration of the impacts of ‘scaled’ WAALP utilisation;
- Consideration of the frequency of future load factor review timings and its interaction with the yearly demand forecasting process;
- Consideration of whether or not load factor changes should/could be passed through to the AQ’s, and finally
- Consideration of NC 0640 requirements

Action DWG0209 002: All members to consider threshold requirement in time for discussion at Session 2.

Action DWG0209 003: All members to consider their positions with regard to the SSP Appeal Process.

Action DWG0209 004: SB to investigate recent historic load factor changes and report her findings at the Session 2 meeting.

6. Diary Planning for Work Group

Chair (JB) provided a brief outline of the proposed workgroup meetings as follows:

- 18 June 2008 10.30- – National Grid Office, 31 Homer Road, Solihull
- 15 July 2008 11.00 – National Grid Office, 31 Homer Road, Solihull
- 06 August 2008 12.00 – National Grid Office, 31 Homer Road, Solihull
- September and October meeting details to be confirmed in due course.

JB explained that there were only a limited number of time-slots at 31 Homer Road and this had caused the start time to vary from the optimum.

7. AOB

None.

APPENDIX A.**ACTION LOG – Development Work Group 0209**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DWG0209 001	14/05/08	4.0	consider preparing suggested legal text in time for inclusion within the business rules and to report back	Scotia Gas Networks (DA)	Update due at the June meeting.
DWG0209 002	14/05/08	5.0	Consider threshold requirement in time for discussion at Session 2.	All members	Update due at the June meeting.
DWG0209 003	14/05/08	5.0	Consider their positions with regard to the SSP Appeal Process.	All members	Update due at the June meeting.
DWG0209 004	14/05/08	5.0	Investigate recent historic load factor changes and report her findings at the Session 2 meeting.	E.ON Energy (SB)	Update due at the June meeting.

In addition a number of actions were identified on the straw man update presentation placed on the Joint Office website.

*** Key to action owners**

DA Denis Aitchinson, Scotia Gas Networks

SB Sallyann Blacket, E.ON Energy