

Development Work Group 0209 Minutes
Tuesday 15 July 2008
31 Homer Road, 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
Karen Kennedy	(KK)	ScottishPower
Mark Jones	(MJ)	SSE
Phil Lucas	(PL)	National Grid Distribution
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

James Crump	(JC)	Ofgem
Sham Afongu	(SA)	RWE Npower

1. Introduction and Development Work Group Operation

1.1 Minutes from May Meeting

The minutes of the previous meeting were accepted.

1.2 Review of Actions from previous meetings

DWG0209 005, 006 and 007 – Please refer to item 2.1 below.

DWG0209 008 – National Grid Distribution (PL) informed members that his investigation into the 42/50 day AQ consumption target periods had revealed that these dates were present in version 1.0 of the Network Code, as at 01 March 1996. A further review of historic modifications has also revealed nothing. SB suggested that these dates may be a carry over from the old Gas Industry Regions.

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

Action DWG0209 008: Closed

Chair (JB) went on to inform members that the Authority has indicated that they only wish to receive the same level of information as other parties. i.e. they are interested in the content and level of AQ related information they currently receive, but would not be looking to increase this. Members did not necessarily share this view, concluding that the Authority may be looking for interested parties to ‘police’ the regime themselves. However, the danger of this approach is that the industry could end up with unreliable AQ’s.

2. Development Group Discussions

2.1 Actions for Mod 0209 Workgroup

E.ON (SB) provided a presentation on Actions for Mod209 Workgroup, a copy of which is available to view or download from the Joint Office of Gas Transporters web site at: <http://www.gasgovernance.com/Code/DWGs/Mod0209/15Jul08/>

In running through the presentation, members discussed in detail various aspects of the minimum base period for AQ calculations along with threshold tolerance impacts. A summary of the key discussion points highlighted the following:

- Minimum Base Period for AQ Calculation
 - Demand estimation sample is taken from daily actual consumptions for a random selection of sites;
 - The 'error' is the difference between AQ calculation at the base period and weather corrected calculation;
 - 9 month data cluster is closer to the actual consumption profile, and
 - Based on the analysis, the conclusion is that for the 6 months + 1 day it is better to not undertake the calculation, but simply roll-over.
- Threshold Tolerance Crossovers
 - Sites utilised in the analysis (23,916) have crossed at least once in the last 3 years of the review;
 - Members conclude that there is not an immediate need for a cross-over tolerance;
 - Monitoring should continue, with a view to re-addressing the issue at a later date, if the need arises;
 - Setting an appropriate threshold level to 'capture' enough meaningful crossers year on year is difficult;
 - Some members believe a 5% tolerance would be workable;
 - Consideration should be given to building in parameters now, whilst acknowledging they may never get used – may be more cost effective

In closing members, concluded that whilst a threshold crossover tolerance is not required at this time, the situation should continue to be monitored for the foreseeable future and that ultimately a UNC modification may be required to fully address the issues.

- USRV Validation
 - Analysis based on a data set of around 26k records;
 - 50% of filter failures resulted in an adjustment;
 - Only this 50% potentially inflate the AQ's;
 - 0.13% of ALL reads received become filter failures and are therefore not calculated;
 - To provide further detail would require manual review of around 5k meter points – an onerous task with a potentially small impact on rolling AQ;
 - Members agree that it is the 1st read which is the issue;

- Concern remains around the fact that Shippers should be validating their reads prior to submission to xoserve;
- Sites 'taken on' in a period between two reads (i.e. can not see the history) will not necessarily be flagged up – additionally, this can undermine an organisation's own validation processes, and
- Backstop is the Shipper Agreed Reads route, however, this is may be an onerous option for Shippers.

Chair (JB) asked, and members agreed to close actions DWG0209 005, 006 and 007.

Actions DWG0209 005, 006 and 007: Closed

Action DWG0209 009: xoserve (SP) to provide filter failure analysis note for distribution alongside the minutes of the meeting.

2.2 EDF Energy Presentations

EDF Energy (SL) provided two presentations covering Tolerances and Validations along with SSP, LSP and New Business Appeals Process. Copies of which are available to view or download from the Joint Office of Gas Transporters web site at: <http://www.gasgovernance.com/Code/DWGs/Mod0209/15Jul08/>

In running through the presentations, members discussed in detail various aspects with a summary of the key discussion points highlighted as follows:

- Tolerances & Validations
 - Analysis has been revised to include volume consideration and feedback from the June meeting;
 - Retaining a validation mechanism protects consumers and shippers alike;
 - In the absence of an amendment window, potential validation error are a concern and should be avoided where ever possible;
 - Some members believed EDF's proposals were over complicated and would prefer a solution based around EUC bands.
 - E.ON (SB) volunteered to take an action to undertake some analysis of the EUC band option and report back at the next meeting;
 - Members conclude that validation problems impact upon all Shippers and not simply the recalcitrant ones;
 - Having a 'flag' whereby an AQ is held back will incentivise Shippers to address validation issues;
 - Pre notification timing issues mean automated validation is the preferred option;
 - Impact of modification 0640 need consideration.
 - SSE (MJ) volunteered to take an action to investigate 0640 potential impacts and report back at the next meeting;
 - Members agreed that validation will be required for AQ increases;
 - Majority of validation issues stem from the differences between 'active' and 'inactive' Shippers and how to regulate the inactive parties;
 - One possible solution maybe to adopt a process whereby an AQ which fails 1st validation would go live in the next month, if not flagged

- up, giving Shippers up to a month to resolve – this will stop the Shippers who do nothing approach;
- EL confirmed that in EDF's proposals, 0 (zero) means no validation;
 - The Proposals adopted a symmetrical approach for LSP's;
 - Majority of members had difficulty supporting adoption of EDF's 2nd level tolerances;
 - For an increasing AQ, members were broadly supportive of the approach that if the Shipper does nothing, the AQ would go live in the month following the month on which the AQ would have gone live if it hadn't failed validation;
 - For a decreasing AQ, members were broadly supportive of the Shipper having to undertake an action if it wishes the revised AQ to go live;
 - Members agreed that 'flagging' a decreasing AQ provides for a form of AQ reporting;
 - Changes in the tolerance approach will need incorporation into a UNC related document.
 - xoserve (SN) agreed to take an action to check if the current validation rules had been sent to the Joint Office of Gas Transporters for publication, and if not, provide a copy in time for consideration by members at the next meeting.
- SSP, LSP & New Business Appeals Process
 - Looking to adopt a similar process to the AQ Appeals process to try to avoid reconfirmations;
 - Members discussed dealing with manifest changes in the process – having the facility to replace the original read, or de-selecting an historic read;
 - Members did not agree on whether this would increase or decrease potential for 'gaming' to take place;
 - For incoming RGMA Reads, simply recalculate the AQ upon receipt of the read could be an option – however, care will be needed to provide clarity over which reads have been utilised for the base load;
 - As monthly AQ's will be provided in the future, take this opportunity to include an appeals mechanism, as a simple approach would only require an additional facility to 'flag' a read and then exclude it – some concerns remained around whether or not USRV's 'capture' everything, which is not always true;
 - xoserve (SN) happy with the concept, but warned that project Nexus changes could have an impact on this area.

Action DWG0209 010: E.ON (SB) to undertake some analysis of the EUC banding option for use in a validation process and report back at the next meeting.

Action DWG0209 011: SSE (MJ) to investigate 0640 potential impacts on a validation process and report back at the next meeting.

Action DWG0209 012: xoserve (SN) to check if the current validation rules had been sent to the Joint Office of Gas Transporters for

publication, and if not, provide a copy in time for consideration by members at the next meeting.

2.3 Validation Levels - USRVs

Members agreed that this topic had been sufficiently covered under item 1.2 above.

2.4 AQ Consumption Target Periods

Members agreed that this matter had already been sufficiently covered under item 1.2 above.

3. Detailed Business Rules

Chair (JB) informed members that the draft business rules have been developed from the strawman along with elements of feedback from previous meeting.

Members went on to review the document on-line. Chair (JB) suggested that it may be beneficial to look at what is already provided for within the file formats for AQ's. xoserve (SP) agreed to take an action to examine the file formats for AQ elements and provide a listing for consideration at the next meeting.

A copy of the 'original' draft and revised (marked up) versions of the business rules are available to view or download from the Joint Office web site at:

<http://www.gasgovernance.com/Code/DWGs/Mod0209/15Jul08/>

Action DWG0209 013: xoserve (SP) to examine the file formats for AQ elements and provide a listing for consideration at the next meeting.

4. UNC Related Documentation

Chair (JB) asked, and EDF agreed to consider what will be required to facilitate any UNC related documentation requirements.

Action DWG0209 014: EDF (SL) to examine the UNC related document requirements in time for consideration at the next meeting.

5. Diary Planning for Work Group

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

- 06 August 2008 12.00 – National Grid Office, 31 Homer Road, Solihull
- 15 September 2008 10:00 – National Grid Office, 31 Homer Road
- 06 October 2008 10:00 – National Grid Office, 31 Homer Road

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.

6. AOB

- National Grid Distribution (PL) informed members that it remains concerned that the implementation of this proposal would merely provide the framework to be able to re-calculate AQs on a monthly basis but these calculations would only be triggered by the submission of a meter reading. PL therefore suggested that current read performance is assessed to establish whether the current read submission levels, if subjected to the proposed regime, would generate AQs more frequently than under the prevailing UNC terms. This work will better inform the cost/benefit analysis. PL requested that xoserve take an action to provide analysis of read performance (against the current respective UNC required submission frequencies) over a representative period – 12 months was suggested. xoserve agreed to take such an action.

Action DWG0209 015: xoserve (SN) to provide analysis of read performance against the current required submission frequencies over a representative period.

- Chair (JB) pointed out to members that in May the group believed that their work could be finished in August, however, this is clearly no longer the case and therefore the group should be aiming to finalise the business rules at the next meeting.

Identification of cost information would then be possible and the aim should be complete the BR's next month with a view to provision of Transporter cost data the following month.

APPENDIX A.

ACTION LOG – Development Work Group 0209

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DWG0209 005	18/06/08	5.0	Examine what level of validation would be required to facilitate the capture of readings that would have led to USRVs and report back to the July meeting.	E.ON Energy (SB)	Update provided. Closed
DWG0209 006	18/06/08	5.0	Provide a copy of the minimum read period analysis for consideration at the July meeting.	E.ON Energy (SB)	Update provided. Closed
DWG0209 007	18/06/08	5.0	Examine the NDM samples with regard to assessing the impacts of utilising either a 12 month + 1 day or 6 month + 1 day in preference to the current 9 month + 1 day approach.	E.ON Energy (SB)	Update provided. Closed
DWG0209 008	18/06/08	5.0	Investigate all implemented Network Code Modifications that potentially relate AQ consumption target periods with a view to providing an update at the July meeting.	National Grid Distribution (PL)	Update provided. Closed
DWG0209 009	15/07/08	2.1	Provide filter failure analysis note for distribution alongside the minutes of the meeting.	xoserve (SP)	Update due at August meeting.
DWG0209 010	15/07/08	2.2	Undertake some analysis of the EUC banding option for use in a validation process and report back at the next meeting.	E.ON Energy (SB)	Update due at August meeting.
DWG0209 011	15/07/08	2.2	Investigate 0640 potential impacts on a validation process and report back at the next meeting.	SSE (MJ)	Update due at August meeting.
DWG0209 012	15/07/08	2.2	Check if the current validation rules had been sent to the Joint Office of Gas Transporters for publication, and if not, provide a copy in time for consideration by members at the next meeting.	xoserve (SN)	Update due at August meeting.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DWG0209 013	15/07/08	3.0	Examine the file formats for AQ elements and provide a listing for consideration at the next meeting.	xoserve (SP)	Update due at August meeting.
DWG0209 014	15/07/08	4.0	Examine the UNC related document requirements in time for consideration at the next meeting.	EDF Energy (SL)	Update due at August meeting.
DWG0209 015	15/07/08	6.0	Provide analysis of read performance against the current required submission frequencies over a representative period	xoserve (SN)	Update due at August 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**

- SP Sue Prosser, xoserve
- SB Sallyann Blacket, E.ON Energy
- SN Steve Nunnington, xoserve
- MJ Mark Jones, SSE
- SL Stefan Leedham, EDF Energy