

Development Work Group 0224 Minutes
Thursday 23 October 2008
31 Homer Road, Solihull

Attendees

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|-----------------------|-------------------------------|
| Bob Fletcher (Chair) | BF Joint Office |
| Alan Raper | AR National Grid Distribution |
| Brian Durber | BD E.ON UK |
| Chris Warner | CW National Grid Distribution |
| Clare Rozyn | CR Ofgem |
| Dave Addison | DA xoserve |
| Jemma Woolston | JW Shell Gas Direct |
| Jenny Boothe | CR Ofgem |
| Joel Martin | JM Scotia Gas Networks |
| Lewis Plummer | LP xoserve |
| Linda Whitcroft | LW xoserve |
| Matt Smith | MS xoserve |
| Phil Broom (Proposer) | PB Gaz de France |
| Remi Guerinet | RG Total Gas and Power |
| Richard Street | RS Corona |
| Sarah Bee | SB EDF Energy |
| Simon Trivella | ST Wales & West Utilities |
| Tim Davis (Secretary) | HC Joint Office |

Apologies

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| Shelley Rouse | SR Statoil (UK) |
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1. Introduction and Status review

1.1 Minutes from previous meeting

The minutes of the previous meeting were approved.

1.2 Review of Actions from previous meeting

Action 001: xoserve to confirm whether or not they are aware when a check read is due

Action Update: DA confirmed that xoserve hold records of when a check read is taken and so would be able to report on when one is due. **Complete.**

Action 002: xoserve to confirm if the datalogger faulty flag could be used to identify faulty AMR devices

Action Update: DA indicated that xoserve may be able to identify faulty devices if this was a requirement, but would need to establish how this might be achieved as part of their detailed analysis. PB concluded that the absence of an appropriate field to record a flag meant Suppliers may need to undertake appropriate filters before read submission. DA agreed that it may be possible to identify the incremental cost of providing a flag to help inform debates about its value. AR suggested that, instead, validation rules could be implemented to capture apparent errors. **Carried forward.**

Action 003: xoserve to confirm how zero DM reads are treated

Action Update: DA indicated the flag is a zero reading flag which, subject to the validation rules, would be accepted and the same applied to zero consumption. For definition of the requirements, it was agreed that zero readings would always be treated as valid. **Complete.**

Action 004: GDF to draft a revised Proposal for discussion at the next meeting.

Action Update: PB provided amended Proposal and published on the Joint Office website 21 October 2008. **Complete.**

Action 005: DNs to draft a User Pays proposal for discussion at the next meeting.

Action Update: The DNs indicated that generic issues were being discussed under the aegis of Proposal 0213 and the conclusions reached would impact what the DNs would put forward for Proposal 0224. They anticipated being in a position to bring an update to the 4 November meeting. **Carried forward**

2. Review Revised Proposal

PB summarised the amendments made to the draft Proposal.

The proposed roll out was discussed and whether restricting Phase 1 to the largest sites was appropriate. Shippers were generally keen to ensure a smooth, measured, implementation and felt that focussing on the largest users meant those with the largest potential benefit would be able to participate first. AR questioned whether governance should be provided to enable rapid expansion of those able to participate if it was clear that some were being excluded despite systems being capable of accommodating them.

In conclusion, PB indicated that he was minded to leave the Proposal as drafted with respect to the phased roll-out.

CW suggested it was unclear why the Transporters should run validation checks and potentially reject nominations – the responsibility should be for Shippers to comply with requirements rather than Transporters to validate and police this. RS said, as a Shipper, he would be willing to pay a little extra to ensure validation checks were in place to provide an element of policing.

In business Rule 4.4. iii, PB indicated that he had concluded an incentive charge was appropriate where meter read targets are not achieved, with the DM model (TPD M5) providing a starting point. Issues regarding where any resulting funds should be allocated remained to be considered and, while the DM approach may be appropriate, the levels of charge and the starting point merited consideration. PB suggested scaling charges based on the size of supply point may make sense, while also wanting to avoid complexity. CW offered to bring a proposal to the next meeting, and felt others should do likewise – with the onus being on Shippers to agree what would be an appropriate level of charge which would drive appropriate behaviours. ST felt that a way forward would be to retain all of the existing regime but to reduce the 97.5% hurdle to 90%. AR added, and ST agreed, that the £75 second stage charge could be too high.

The Transporters felt that, in the interests of efficiency, any revenue should be treated as transportation revenue and hence be reflected in the level of transportation charges as a whole rather than developing a specific mechanism to reallocate any revenue between Shippers. RS reserved judgement on this element, feeling revenue should be allocated to service users rather than the industry as a whole.

Action 006: All to bring suggestions for an incentivised estimated read charge regime, including treatment of any revenue, to the 4 November meeting

On Business Rule 5.1, DA explained that the suggestion of opening reads being provided by 10:00 reflected the capability of the current system and was put forward on an indicative basis to be confirmed when more detailed analysis is undertaken.

On 6.5, PB asked how difficult it would be to vary the reconciliation rollover size according to EUC band. DA felt that if this was part of the requirements, it should not be particularly difficult from a systems perspective.

On 7.2, LW was concerned that providing a check read date upon transfer would involve a file format change. ST suggested that it would be more efficient to provide this information as ad-hoc portfolio reports. PB said this was a nice to have rather than essential part of the Proposal and, if there was an implication for file format changes, he would be inclined to remove this element from the Proposal.

It was agreed that 7.3 should be reworded to make it clear that it was a Non-Code service that could be introduced to detail check reading and inspection due dates.

Under 8.1, CW felt the definition should be expanded such that fault reporting was not restricted to the equipment used to provide reads – the existing terms of M4 provide a suitable model.

On 8.3, LW pointed out that the proposed charge would not be specified in the Agency Charging Statement but in the UNC itself.

CW suggested that the business rules should specify eligibility, thereby excluding domestic loads for example, and also dealing with threshold crossers (for which it was suggested that eligibility would be reassessed on transfer, but sites dropping below the limits could remain DME until then). PB said he would draft in eligibility at Supply Point level.

CW asked if aggregations would be permitted. DA indicated that xoserve had anticipated the regime working at meter point level.

ACTION 007: PB to update business rules in light of the issues discussed

3. Work Plan

JM indicated that xoserve had been asked to commence analysis of the Proposal and a report was anticipated at the end of the year. DA said xoserve would now be going away to see if they felt the requirements were sufficiently clear and detailed, but he believed the position was not too contentious at present.

It was agreed that the next meeting would focus on the changes to the business rules discussed during this meeting, and an initial discussion of User Pays issues. Other issues to consider would be the incentive charge.

It was also agreed that some initial consideration would be given to the Proposal 0227 Terms of Reference at the 4 November meeting, and any overlaps beyond how a faulty flag could be registered on the system may be identified.

4. Diary Planning for Development Work Group

13:00, 04 November 2008, Ofgem, 9 Millbank, London, SW1P 3GE (following the Transmission Workstream: Operating Margins Workshop)

5. AOB

None.

ACTION LOG – Development Work Group 0224

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|-------------------|---------------------|-------------------|--|--------------|--|
| DG0224 001 | 09/10/08 | 2 | Confirm whether or not xoserve is aware when a check read is due | xoserve (DA) | Closed |
| DG0224 002 | 09/10/08 | 2 | Confirm if the datalogger faulty flag could be used to identify faulty AMR devices | xoserve (DA) | Closed |
| DG0224 003 | 09/10/08 | 2 | Confirm how zero DM reads are treated | xoserve (DA) | Closed |
| DG0224 004 | 09/10/08 | 4 | Draft a revised Proposal | GDF (PB) | Complete |
| DG0224 005 | 09/10/08 | 4 | Draft a User Pays proposal | DNs | To be published for discussion at November meeting |
| DG0224 006 | 23/10/08 | 2 | Develop suggestions for an incentivised estimated read charge regime, including treatment of any revenue | All | To be discussed at 4 November meeting |
| DG0224 007 | 23/10/08 | 2 | Update business rules | GDF (PB) | To be discussed at 4 November meeting |