

**Distribution Workstream Minutes**  
**Energy Related Proposals**  
**Thursday 09 April 2009**  
**Holiday Inn, 61 Homer Road, Solihull**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Amrik Bal	AB	Shell Gas Direct
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
Denis Aitchison	DA	Scotia Gas Networks
Gareth Evans	GE	Waters Wye
Joanna Ferguson	JF	Northern Gas Networks
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	SSE
Richard Dutton	RD	Total
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales & West Utilities

**Apologies**

Fiona Cottam	FC	Xoserve
Mitch Donnelly	MD	British Gas
Stefan Leedham	SL	EDF Energy

**1. Introduction and Status Review**

**1.1. Minutes from the 12 March meeting**

The minutes from the previous meeting were approved.

**1.2. Review of actions from the 12 March 2009 meeting**

**Action 0013:** All to consider UNC0231's £1,000 limit and provide views.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0030:** JC to obtain a view from Ofgem on how the industry could best review the theft of gas arrangements.

**Action Update:** BF confirmed that Ofgem will be supporting a review and will be hosting the first meeting on 20 April 2009 at Millbank. **Complete.**

**Action 0032:** CW to check all the licence references within the gas illegally taken scheme.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0033:** CW to investigate and report on how the scheme and reasonable endeavours documents work together.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0035:** xoserve to review the billing aspects of UNC0194A and inform the proposer of any elements which they believe is required within UNC0229.

**Action Update:** LW confirmed that xoserve have provided an update.  
**Complete**

**Action 0036:** AB to consider the inclusion of 0194A into UNC0229.

**Action Update:** AB confirmed that he had considered the inclusion of 0194A. **Complete**

**Action 0038:** AB to consider relevant procurement regulations which may impact UNC0229.

**Action Update:** AB confirmed that he is awaiting an interpretation from the Shell Legal Team. **Carried Forward.**

**Action 0039:** All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of compensation for the scheme.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0040:** All Shippers to provide feedback to MD on the theft claim types and supporting evidence.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0041:** xoserve to provide the Joint Office with the list of current possible claims for publication.

**Action Update:** Action not reviewed. **Carried Forward.**

**Action 0042:** MD to amend UNC0242.

**Action Update:** UNC0242 was amended on 11 March 2009. **Complete.**

**Action 0043:** All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views.

**Action Update:** Update to be provided at next meeting. **Carried Forward**

**Action 0044:** xoserve to consider how shippers will be billed once the methodology has been applied.

**Action Update:** xoserve have written to the proposer highlighting their concerns. **Complete**

**Action 0045:** AB to consider how to include the charges element within the proposal.

**Action Update:** information has been received from xoserve to be incorporated into the business rules. **Complete**

**Action 0046:** RS to continue drafting the process including a timeline.

**Action Update:** This has been incorporated into the Guidelines Document.  
**Complete**

**Action 0047:** RS to amend the Proposal in light of feedback.

**Action Update:** Feedback has been considered during the drafting of the Guidelines document. **Complete.**

**Action 0048:** DNs to consider the ramifications of UNC0244 and provide a response.

**Action Update:** Action not reviewed. **Complete.**

**Action 0049:** Ofgem to provide a view on the Proposal and highlight any areas to be covered within the consultation.

**Action Update:** Action not reviewed. **Complete.**

**DWS Action 0301:** RS to provide amended Modification Proposal for inclusion within the UNC0244 Workstream Report. **Complete.**

**DWS Action 0302:** WWU to confirm to Ofgem the ability to produce legal text for inclusion in the UNC0244 Draft Modification Report. **Complete.**

## 2. Modification Proposals

### 2.1. Proposal 0229: Mechanism for Correct Apportionment of Unidentified Gas

GE presented the developed guidelines for the Appointment of an Allocation of Unidentified Gas Expert initially explaining the tender and allocation process timelines for the allocation of unidentified energy.

He explained the responsibilities of the proposed sub-committee. This included the tender process which should start in October through to the recommendation for the expert appointment in February. He explained that the Transporters will then appoint and contract with the expert. If the recommended expert cannot be appointed due to change in circumstances the Transporters would make an appointment in order of the rankings established by the committee as a default.

Once appointed the expert will determine the volumes to be used within an allocation table. GE explained that there will be a query process for any serious errors or discrepancies. The charges will be invoiced from April on a monthly basis as set out in 0194A however the apportionment period will be based on consumption from October to October.

BD expressed concern about any committee being influenced by commercial positions to veto the expert's methodology. He believed that this area still needs to be considered.

The appointment of an expert on a short term basis was considered along with the timings issues of appointing an alternative expert for a subsequent charging period. The guidelines were not prescriptive on the period an expert ought to be appointed for; this was to allow the committee to control this aspect.

Some concern was expressed about the query process and the management of queries. It was considered whether there ought to be the ability to carry over queries for consideration in future methodologies and the impact this may have on prospective tenders. It was agreed that the query process needs to be reconsidered especially how queries may impact indicative charges.

GE confirmed that the volumes calculated by the expert would be published. This would then be used to calculate and publish the charges in pence per kWh. Consideration needs to be given to the availability and timing of SAP prices. It was agreed that the terminology used in the guidelines would be reviewed and further clarity added.

A question was raised about the possibility of the expert not being able to ascertain the volumes and what would happen in the situation that the previous values were not used due a significant error. Concern was also expressed that there may be an incentive for parties to raise spurious queries to delay the process. It was agreed that the query process also needs to be reviewed further.

LW asked how the charging mechanism would be affected if there was a delay in the process and how this would impact the invoice schedule. She suggested that consideration needs to be given whether to apportion

charges over an 11 month period opposed to a 12 months period if a delay occurs.

AB questioned the ability of committee and its qualification to comment on the Experts methodology and results, it was suggested where the committee was not qualified to comment on any specific area advise would be sought.

Implementation issues were considered and how the implementation date would need to be set before 01 October 2009 to allow preparation for the tender process.

LW expressed a concern about a potential gap in the process, if a tender process is launched for a replacement expert which an existing expert was reviewing an April to April charging period.

LW suggested that the timeline could start from the beginning of the process ie October and carried over to the next period to illustrate the ongoing process.

The use of market share was discussed. LW wanted to make it clear that the same market segments could be used as with RbD however the RbD mechanism could not be used as a different invoice process would have to exist.

GE asked if there were any additional concerns, BD suggested that draft criteria may wish to be drafted for the methodology.

It was agreed that amendments would be made to the guidelines considering the discussions and clarifications required.

The intent is to review the revised business rules and methodology statement and complete the Workstream report on 23 April 2009.

It was agreed that the Workstream Report could be completed for the May Panel meeting; however an extension will need to be requested.

**Post Meeting Note:** AB suggested that a meeting may need to be arranged on the 14 May 2009 to finalise any outstanding points should the Workstream Report not be completed on 23 April 2009.

### **3. AOB**

### **4. Diary Planning for Workstream**

Thursday 23 April 2009, Holiday Inn, 61 Homer Road, Solihull

Thursday 28 May 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 11 June 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 25 June 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 09 July 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 23 July 2009, Holiday Inn, 61 Homer Road, Solihull

### ERP Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0013	16.12.08	2.3	All to consider UNC0231's £1,000 limit and provide views to Ofgem or Joint Office for aggregation.	All	Carried Forward
ERP 0030	09.02.09	3.1.2	Obtain a view from Ofgem on how the industry could best review the theft of gas arrangements.	Ofgem (JC)	Complete
ERP 0032	09.02.09	4.1	Check all the licence references within the gas illegally taken scheme.	NGD (CW)	Carried Forward
ERP 0033	09.02.09	4.1	Investigate and report on how the scheme and reasonable endeavours documents work together using documents updated in 2005.	NGD (CW)	Carried Forward
ERP 0035	04.03.09	2.1	xoserve to review the billing aspects of UNC0194A and inform the proposer of any elements which they believe is required within UNC0229.	xoserve (LW)	Complete
ERP 0036	04.03.09		AB to consider the inclusion of 0194A into UNC0229.	Shell Gas Direct (AB)	Complete
ERP 0038	04.03.09		AB to consider relevant procurement regulations which may impact 0229.	Shell Gas Direct (AB)	Carried Forward
ERP 0039	04.03.09	2.2	All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of costs for recovery.	All Shippers	Carried Forward
ERP 0040	04.03.09	2.2	All Shippers to provide feedback to MD on the theft claim types and supporting evidence.	All Shipper	Carried Forward
ERP 0041	04.03.09	2.2	xoserve to provide the Joint Office with the list of current possible claims for publication.	xoserve (AJ)	Carried Forward
ERP 0042	04.03.09	3.1	MD to amended UNC0242.	British Gas (MD)	Complete

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0043	12.03.09	2.1	All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views.	All	Carried Forward
ERP 0044	12.03.09	2.1	xoserve to consider how shippers will be billed once the methodology has been applied.	xoserve (FC/LW)	Complete
ERP 0045	12.03.09	2.1	AB to consider how to include the charges element within the proposal	Shell (AM)	Complete
ERP 0046	12.03.09	2.1	RS to continue drafting the process including a timeline	Corona Energy (RS)	Complete
ERP 0047	12.03.09	2.2	RS to amend Proposal UNC0244	Corona Energy (RS)	Complete
ERP 0048	12.03.09	2.2	DNs to consider the ramifications of UNC0244 and provide a response	All DNs	Complete
ERP 0049	12.03.09	2.2	Ofgem to provide a view on UNC0244 and highlight any areas to be covered within the consultation	Ofgem (JC)	Complete
DIS0301	26.03.09	2.1	RS to provide amended Modification Proposal for inclusion within the UNC0244 Workstream Report.	Corona Energy (RS)	Complete
DIS0302	26.03.09	2.1	WWU to confirm to Ofgem the ability to produce legal text for inclusion in the UNC0244 Draft Modification Report.	WWU (ST)	Complete