

**Distribution Workstream Minutes**  
**Energy Related Proposals**  
**Thursday 12 March 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
Denis Aitchison	DA	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	Xoserve
Gareth Evans	GE	Waters Wye
James Crump	JC	Ofgem
Phil Broom	PB	Gaz de France
Richard Street	RS	Corona Energy
Stefan Leedham	SL	EDF Energy
Simon Trivella	ST	Wales & West Utilities
Simon Howe	SH	RWE npower
Tim Davis	TD	Joint Office

**Apologies**

Brian Durber	BD	E.ON UK
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	SSE
Mitch Donnelly	MD	British Gas

**1. Introduction and Status Review**

**1.1. Minutes from the 04 March meeting**

The minutes from the previous meeting were approved.

**1.2. Review of actions from the 04 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:** JC confirmed that he took back the concerns relayed to him on 04 March 2009 and Ofgem are considering the best way to gain cross industry support to review theft, though consider industry participants are in the best position to review changes required. He confirmed that Ofgem will support a review and may consider hosting meetings at Millbank if required. **Carried Forward.**

**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:** FC confirmed that xoserve will consider shortly. **Carried Forward**

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

**Action Update:** AB confirmed that he had considered the inclusion of 0194A briefly however he was unsure if a cut and paste of 0194A was necessary. Final confirmation will be provided. **Carried Forward.**

**Action 0037:** UNC0229 strawman to be updated and republished.

**Action Update:** AB confirmed that he did not intend to amend the strawman any further. **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 amended UNC0242.

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

## 2. Modification Proposals

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

It had been noted at previous meetings that the group needs to consider:

- The methodology parameters (high level charging principles)
- Meter error notification process as a model for third party appointment.
- Business Rules.
- The use of a separate UNC Related document or Ancillary Document.
- An appropriate Billing Process.
- References to a competitive tender process.
- Procurement regulations for submitting an OJEU notice, including the invitation to tender, the value of contract and its requirements.
- Consideration of the contracting party's liabilities, obligations and the ability to challenge the contract.

- Workstream Report.

AB confirmed that the strawman had not been updated any further. However the UNC0185 Meter Error Notification Process had been considered and that RS had a draft document for the group to consider and further develop.

RS believed that a number of elements of the Measurement Error Notification Process could be plagiarised, particularly how the Proposal can be included within the UNC, the ranking process, the use of a committee, expert appointment, conflicts of interest, and costs,

FC highlighted that consideration needs to be given on how the contracting party will share the costs and whether the user pays mechanism will be used. It was acknowledged that it also needs to be considered whether this is part of the UNC or ancillary document. SL suggested that this could be through the UNC and ACS.

TD highlighted that the User Pays concept was intended to cover xoserve's costs such that this Proposal may be out of scope. It was agreed that further consideration was required on how the costs would be discharged.

RS asked if the cost discharge needs to be included within the modification proposal or the governance process. It was agreed that to be consistent with Modification proposal 0213V, the Modification Proposal should state how charges will be assigned to Shippers - the Transporters would then include this principle within the ACS.

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

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

SL suggested costs can be referred to the User Pays arrangements, with a high level principle written into the UNC.

SL questioned if the Uniform Network Code Committee would be responsible for the tender process and the final decision on which expert to select. RS confirmed that within the Meter Error Notification Process a ranking system is used which ties in very well with the OJEU process. He suggested that a ranking process and high level principles could be written into the process.

SL expressed concern about the possibility of having two experts with similar capabilities such that it would be difficult to differentiate between them. FC also believed that some of the criteria may be subjective. SH explained the tender process for the RbD Audit and how the assessment of the prospective auditors allows a short listing of parties.

AB summarised that the appointment of an expert should not be insurmountable and that the OJEU process can be used. RS confirmed that following the Meter Error Notification Process model allows the ability to establish a committee for decision taking; it also allows the appointed expert to determine what information they need.

SL questioned if the expert would have the final decision, and AB clarified that an appeal process is included in the Proposal. However, this would not be to challenge the methodology.

CW asked what would happen if the committee failed to appoint an expert or if the expert fails to define a methodology. AB suggested that two routes

are possible: to carry on with the values as established (which is the approach in the Proposal); or to set aside the allocation altogether and so not apportion costs to the LSP market. However, if the expert failed to produce a statement, he would be in breach of contract.

SL suggested that if a methodology is recommended by the expert but rejected by the Committee, an alternative route exists for this to be appealed which is to raise a Code Modification Proposal.

RS highlighted that the existing strawman includes suggested timescales which would be of benefit if included within the framework.

BF asked if a methodology is not changed for a number of years would an expert still be appointed? He also questioned if consideration was going to be given to the ability to suspend the appointment of an expert. SL believed any such consideration ought not to be built in at this moment but this could be considered in the future through the modification process. AB confirmed that there had been a previous suggestion for an initial two year contract to avoid a year on year appointment process.

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

GE raised a concern that had been previously raised about the confidentiality of data. He expressed that the information is intellectual property and Shippers may want to consider how the information has been used to provide confidence that the methodology is correct, without divulging commercially sensitive data. TD questioned if the release of protected data needed to be considered within the proposal.

The management of data was considered for the RbD Audit: FC believed that Shipper specific data is used by the Auditor but that Shipper specific information is not reported on. However, RS suggested that anonymising data before providing it to the expert may hinder the process.

It was suggested that a Workstream Report could be completed for the April Panel meeting.

## **2.2. Proposal 0244: “Amending DM Supply Data for Sites with Significant Changes in Usage”**

RS highlighted that Corona Energy have raised this Proposal to enable DM sites to amend their AQ, SOQ and BSSOQ and so both better reflect anticipated usage and reduce costs.

PB questioned the liability if there were a subsequent increase within a 12 month period: would charges be based on the original or the subsequently amended SOQ? RS confirmed that this will equate to the lost charge, i.e. the difference would be applied between the initially amended SOQ and the subsequent amended SOQ, plus any administration costs. CW suggested that some worked up examples may help to illustrate how the approach was expected to work in practice.

ST expressed concern about the references to vacant sites in the Proposal, and suggested that this is a separate issue to sites that have significant changes in gas usage. He also felt there were several elements which need to be considered within the Proposal and that there may be alternative and more efficient means of addressing them.

RS accepted that, while important background, the elements relating to vacant sites could be removed from the Proposal since, if a site was vacant, the Proposal would not be relevant. CW confirmed he had no objection to the principle of reducing capacity so long as the site was maintained and not vacant.

SL asked if NTS sites are within scope, which RS confirmed.

FC questioned if there would be a metering issue with reduced usage, which was also recognised as a possibility.

ST expressed concern about DM sites that drop below the DM threshold; RS confirmed that these are not included within this process.

ST highlighted some concerns about the incentive regime, ratchets, and seasonality issues. PB believed that a backfill regime could be considered.

ST suggested (with support from DA and CW) that, given the range of possibilities raised, there would be merit in reviewing a range of scenarios to ensure the Proposal is fully developed before going to consultation. He believed this could avoid pitfalls which might make implementation impractical and so accelerate rather than delay the Proposal. RS acknowledged the implications but stressed the pressing need faced by customers.

BF suggested that the scenarios are examined at the next distribution Workstream on 26 March 2009, in parallel to the modification being considered. GE suggested that some of the issues raised are impacts rather than concerning implementation of the Proposal and, as such, might be best left to be reflected in representations.

It was questioned why the Proposal had not been raised as Urgent, and RS explained that this reflected discussions with a number of parties, including Ofgem.

The detail of the Proposal's wording was then considered and captured within a draft of the Proposal during discussion.

CW questioned how the process would remain an exception process, rather than being the rule. It was agreed that the limitations within the Proposal would effectively ensure that the process would only be used by exception.

Concerns were raised about the lead time for implementation, especially if a full systems solution were to be implemented. TD suggested, and RS agreed, that immediate implementation may be possible, allowing customers to benefit from the regime as soon as possible, even if actual billing adjustments were delayed until the necessary processes were in place.

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

CW suggested that the DNs and xoserve will want to consider the practical ramifications and agreed to report back at the next Distribution Workstream, 26 March 2009.

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

ST asked if Ofgem had any thoughts on the Proposal and if Ofgem could provide a view at the next Panel meeting, particularly if there were any issues Ofgem would like considered within the consultation.

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

### 3. AOB

SH announced that he will be changing roles within RWE and that it is likely that Chris Hill will attend future meetings.

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

Thursday 26 March 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 09 April 2009, Holiday Inn, 61 Homer Road, Solihull

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

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

Thursday 25 June 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)	Carried Forward
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)	Carried Forward
ERP 0036	04.03.09		AB to consider the inclusion of 0194A into UNC0229.	Shell Gas Direct (AB)	Carried Forward
ERP 0037	04.03.09		UNC0229 strawman to be updated and republished.	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

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0042	04.03.09	3.1	MD to amended UNC0242.	British Gas (MD)	Carried Forward
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	Pending
ERP 0044	12.03.09	2.1	xoserve to consider how shippers will be billed once the methodology has been applied.	xoserve (FC/LW)	Pending
ERP 0045	12.03.09	2.1	AB to consider how to include the charges element within the proposal	Shell (AM)	Pending
ERP 0046	12.03.09	2.1	RS to continue drafting the process including a timeline	Corona Energy (RS)	Pending
ERP 0047	12.03.09	2.2	RS to amend Proposal UNC0244	Corona Energy (RS)	Pending
ERP 0048	12.03.09	2.2	DNs to consider the ramifications of UNC0244 and provide a response	All DNs	Pending
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)	Pending