

Distribution Workstream Minutes
Thursday 14 May 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
Andy Miller	AM	xoserve
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
David Watson	DW	British Gas
Gareth Evans	GE	Waters Wye
Jenny Boothe	JB	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Karen Marklew	KM	xoserve
Linda Whitcroft	LW	xoserve
Martin Brandt	MB	SSE
Richard Dutton	RD	Total
Richard Riley	RR	National Grid
Richard Street	RS	Corona Energy
Rosie McGlynn	RM	EDF Energy
Tim Davis	TD	Joint Office

Apologies

Andrew Wallace	AW	Ofgem
Mark Jones	MJ	SSE
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

1. Introduction and Status Review**1.1. Minutes from the 09 April meeting**

The minutes from the previous meeting were approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0903c: Ofgem to provide an update on the response to Corona's letter regarding meter labelling during the Prime and subs survey process.

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

Action 0401: UNC0248 - SL to provide some examples of why shippers need to replace meter reads, how these can currently be managed and how the proposal can improve this.

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

Action 0402: UNC 0248 - xoserve to report the level for adjustments in a 12 month period.

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

Action 0403: EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.

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

Action 0404: UNC 0231 - British Gas to define how the £1,000 limit will affect each recovery element.

Action Update: DW confirmed that UNC0231 has been amended which addresses the claim limits. **Complete.**

Action 0405: UNC0231 - Ofgem to provide an update on the likely licence changes.

Action Update: AW has provided an email response which was circulated at the meeting. **Complete.**

Action 0407: UNC0224 - GDF to amend the proposal to include User pays costs and where available charges.

Action Update: BF confirmed that UNC0224 was amended on 28 April 2009 and was considered at the 30 April 2009 UNC Panel Meeting. **Complete.**

Action ERP 0038: UNC0229 – AB to consider relevant procurement regulations which may impact 0229.

Action Update: AB confirmed that the Shell Gas lawyer is looking at this and is anticipated a response will be provided by the end of the week. **Carried Forward.**

Action ERP 0039: UNC0231 - All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of compensation for the scheme.

Action Update: British Gas confirmed that they have provided a response to Ofgem however it was unclear if any other Shippers had undertaken this action. The Workstream considered if this action should now be closed. It was agreed as the action has been open since 04 March 2009 there has been ample opportunity to provide a response to Ofgem. **Complete.**

Action ERP 0040: UNC0231 - All Shippers to provide feedback to MD on the theft claim types and supporting evidence.

Action Update: It was unclear if this information had been provided. **Carried Forward.**

Action ERP 0043: UNC0229 - All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views.

Action Update: See item 2.1. AB confirmed that he has not received any further views to those already provided within the Workstream. **Complete**

2. Modification Proposals

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

BF confirmed that the published Draft Workstream Report has been subject to further amendments to capture some additional comments.

AB confirmed that responses had been received from xoserve, E.ON and Corona Energy and had been considered after the Workstream Documentation was published for today's meeting.

The Workstream considered the Proposal within the Workstream Report and made a few amendments to which BF confirmed would be provided to

the proposer to assist with amending the Modification Proposal to mirror the Workstream Report.

It was suggested that the relevant objectives will be in line with UNC0194/0228 for section d.

LW highlighted that system changes would be required to the billing process.

CW believed that the funding still needs to be considered and fully understood. TD explained to the group what User Pay elements need to be considered within the Workstream report, it was acknowledged that some elements would be outside of User Pays.

BF confirmed that the costs and how these are to be allocation needs to be considered and included within the Proposal and reflected in the Workstream report. AB confirmed that this would be done offline and incorporated.

The Workstream considered what the User pays costs are and how these could be apportioned across users. CW was prepared to request a ROM however to do this it would need to be clear exactly what changes are required. It was suggested that the UNC0194 ROM may provided xoserve with the majority of the costs.

GE pointed out that the contract element of the regime could not be included within a ROM as it is outside of User Pays. The contract costs were discussed and that these would have to be included within the Tender process. BD suggested that the RbD Audit may be of guide to the Workstream. However AM believed that the Tender Process cannot be compared to the RbD Audit process as it was not comparable.

TD highlighted what the Workstream need to consider and include within the proposal the estimated of costs, the basis of the cost apportionment and the period in which the implementation costs will be recovered. AB confirmed that this will be considered.

Action 0501: National Grid to request a ROM from xoserve for 0229.

Action 0502: Shell Gas to incorporate User Pays costs and apportionments within the proposal.

The Workstream considered the required AUGÉ contract. GE confirmed that the Transporters would contract with the AUGÉ but they would not have any liability to Shippers due to the failure of the AUGÉ or claims by the AUGÉ. RR suggested that five separate Transporter contracts may need to be established with the AUGÉ. AB explained that within the contract there should be a liability exclusion clause. GE explained the process of appointing the AUGÉ and that the committee would provide the Transporters with direction and not negotiate the contract as this would remain with the Transporters. CH confirmed that he could not support a contract regime whereby Shippers cannot be involved or whereby the Shippers do not have the potential recourse or have unlimited liability. The Workstream debated the risks of the AUGÉ contract and the likely outcomes if the contract came into dispute.

RD acknowledged the concerns raised by the Transporters and asked if they could recommend alternative solution to the Transporters being the contracting party with the AUGÉ. CW confirmed that an alternative suggestion has already been made and that was for Shippers to contract with the AUGÉ.

AB explained that the committee will guide Transporters on who to appoint and the Shippers will cover the costs of the Transporters contracting with that party.

RR believed that what was being suggested would be a complex contract and there would be a need to agree a selection criteria to assess tendering parties. He explained that to ensure the Transporters do not incur any costs or liabilities then the Transporters will need to enter into a contract with an uncapped indemnity with the Shippers. It was agreed that although this may be complex legally it can be done.

A discussion took place on whether the AUGÉ could be sued for negligence. It was confirmed if the AUGÉ completed the contract they would still be paid however if the contract as not completed in a satisfactory manner this would impact the likelihood of being re-appointed for subsequent periods.

LW questioned what would happen if a contract could not be established with the selected AUGÉ. RR asked if Transporters would be obliged to contract with a party or on a reasonable endeavours basis. It was confirmed the obligation would be on a reasonable endeavours basis with the next top ranking AUGÉ to be considered should Transporters fail to agree terms with the top ranked AUGÉ, this could continue until all Tendering parties have been exhausted.

CW asked if a reference to residual liability needs to be included within the proposal. It was agreed that indemnities for Transporters need to be included within the Proposal.

CW believed that there were some inconsistencies that he wished to discuss with the proposer to assist with the production of legal text. It was agreed that this would be done offline.

Action 0503: National Grid to provide the proposer with any identified inconsistencies in the business rules.

GE explained the Query Process within Section 7 of the guidelines which will have a window from the beginning of September until the end of February to allow Shippers to submit queries direct with the AUGÉ.

LW asked about the backdating of charges and asked for rules to be included within the rules as to the point of billing. It was clarified that any queries carried over past the end of February will be rolled over until the next year.

LW confirmed that Section 8 Charge Calculation needs to be redrafted as there are no indicative prices.

It was agreed that the AUGS timeline would also need to be amended. It was suggested that an 18 month timeline and January to January timeline be produced in addition to the timeline provided.

The tender process and the required timeframe was discussed. Consideration was given to when the re-tendering process would need to begin to ensure an AUGÉ was in place for the next period.

TD asked if Ofgem would need any additional information to assist with their decision. JB anticipated that Ofgem would not need any further information over and above the workstream report and proposal.

It was agreed that the costs outside User Pays also need to be considered and included within the Workstream Report, TD provided confirmation of what User Pays element needs to be included within the proposal. AB confirmed he will include an estimate of the User Pays costs.

CW believed that the Workstream still need to determine how Transporters will recover the costs and how it will be divided between Shippers.

It was suggested that this is done by supply points or supply volume to exclude parties who do not have supply point exit capacity. LW confirmed that she will provide a suitable definition to be included within the proposal.

Action 0504: Transporters to determine how they will recover costs.

The implementation of the proposal was discussed and whether it was possible to start the AUGÉ tender process whilst system changes are conducted.

The Workstream believed that draft Legal Text should be provided for the consultation process.

AB suggested that the Business Rules need to include a clause about the AUGÉ's ability to claim, to ensure the any claim by the successful party will be limited the fee and reasonable costs.

LW highlighted the potential for tendering parties may sue on the basis they have lost potential business and should have won the contract.

It was agreed that the Workstream Report would be completed and subject to amendments to the Proposal, provided to the May UNC Panel Meeting for inclusion in Ofgem's Impact Assessment.

2.2. **Proposal 0231: Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft**

DW introduced the amended Modification Proposal and that evidence has been provided to Ofgem on the justification of the £1,000 limit.

CW asked if the current scheme is in a state that can be lifted and inserted into the UNC. CW asked which section of the UNC British Gas anticipated the scheme would be inserted into. DW confirmed that he had no preconceived ideas. A suggestion was made that a completely new section could be created.

Action 0505: British Gas to insert a revised scheme into the proposal

It was agreed that the Distribution Workstream will consider a draft Workstream Report on the 28 May 2009 DWS.

Action 0506: All parties to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream

2.3. **Proposal 0253: Facilitating a Supply Point Enquiry Service for Large Supply Points**

DW introduced the proposal. JB expressed concern about the commercial sensitivity of data and what would happen to the data once available. GE agreed that the data is commercially sensitive. RS suggested the availability of this information could encourage data mining whereby the most profitable customers are targeted.

DW believed that the availability of data would create a level playing field.

AM suggested the data need not be provided on a CD but could be provided via the IX.

RS believed more comfort around the sensitivity of the data may be overcome by utilising the existing enquiry service for one off enquiries.

CW suggested that the proposal is an enabling modification in addition to what is needed to get around section V.

Despite the concerns raised DW wished for the proposal to progress and considered at the May Panel meeting.

3. AOB

LW confirmed that following recommendations from the RG0208 report and notification at the Billing Operation Forum xoserve will be start to bill for LSP theft on all cases where the kWh are notified to xoserve after 01 May 2009. However she explained that xoserve have identified an issue with some sites crossing the SSP and LSP threshold. Some sites had an LSP AQ at the point that the theft was detected but may have crossed the threshold to an SSP site as all of the consumption was not recorded. Therefore xoserve will use the AQ at the start point of the theft to determine whether the theft should be billed as LSP.

4. Diary Planning for Workstream

BF confirmed that UNC0231, UNC0253 and potentially UNC0229 will be included within the next Distribution Workstream Agenda on 28 May 2009. He suggested that the meeting scheduled for 11 June 2009 may not be utilised and a view will be taken on the amount of business whether to cancel 11 June at the meeting on 28 May 2009.

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

Distribution Workstream Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0903c	23.04.09	1.1	Ofgem to provide a response to Corona's letter regarding meter labelling during the Prime and subs survey process.	Ofgem (DW)	Carried Forward
DIS0401	23.04.09	2.2	UNC0248 - SL to provide some examples of why shippers need to replace meter reads, how these can currently be managed and how the proposal can improve this.	EDF Energy (SL)	Carried Forward
DIS0402	23.04.09	2.2	UNC 0248 - xoserve to report the level for adjustments in a 12 month period.	xoserve (AJ)	Carried Forward
DIS0403	23.04.09	2.2	EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.	EDF Energy (SL)	Carried Forward
DIS0404	23.04.09	2.3	UNC0231 - British Gas to define how the £1,000 limit will affect each recovery element.	British Gas (MD)	Complete
DIS0405	23.04.09	2.3	UNC0231 - Ofgem to provide an update on the likely licence changes.	Ofgem (DW)	Complete
DIS0407	23.04.09	2.5	UNC0224 - GDF to amend the proposal to include the demand forecasts.	GDF Suez (PB)	Completed 28.04.09
DIS0501	14.05.09	2.1	National Grid to request a ROM from xoserve for 0229.	National Grid (CW)	Request submitted 15.05.09
DIS0502	14.05.09	2.1	UNC0229 - Shell Gas to incorporate User Pays costs and apportionments within the proposal.	Shell Gas Direct (AB)	Pending
DIS0503	14.05.09	2.1	UNC0229 - National Grid to provide the proposer with any identified inconsistencies in the business rules.	National Grid (CW)	Pending
DIS0504	14.05.09	2.1	UNC0229 - Transporters to determine how they will recover costs.	All Transporters	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0505	14.05.09	2.2	UNC0231 - British Gas to insert a revised scheme into the proposal	British Gas (MD/DW)	Pending
DIS0506	14.05.09	2.1	UNC0231 - All parties to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream	All	Pending

Energy Related Proposals Action Table (Appendix 2)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0038	04.03.09	2.1	UNC0229 - AB to consider relevant procurement regulations which may impact 0229.	Shell Gas Direct (AB)	Carried Forward
ERP 0039	04.03.09	2.2	UNC0231 - All Shippers to provide via Ofgem evidence of incurred costs to determine the appropriate levels of costs for recovery.	All Shippers	Complete
ERP 0040	04.03.09	2.2	UNC0231 - All Shippers to provide feedback to MD on the theft claim types and supporting evidence.	All Shipper	Carried Forward
ERP 0043	12.03.09	2.1	UNC0229 - All to consider how the costs could be discharged and how the contracting party could share the resulting costs and provide views.	All	Complete