

Distribution Workstream Minutes
Thursday 22 February 2007
Elxon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alex Thomason	AT	National Grid Transmission
Bali Dohel	BD	Scotia Gas Networks
Beverley Grubb	BG	Scotia Gas Networks
Brian Durber	Bdu	E.ON UK
Chris Warner	CW	National Grid Distribution
Christian Hill	CH	RWE Npower
Erika Melen	EM	E.ON UK
Jenny Boothe	JB	Ofgem
Julian Skinner	JS	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Marie Clark	MCl	Scottish Power
Mark Jones	MJ	Scottish and Southern
Mick Curtis	MC	E=MC ²
Phil Broom	PB	Gaz de France
Phil Lucas	PL	National Grid Distribution
Rob Cameron-Higgs	RCH	Northern Gas Networks
Sallyann Blackett	SaB	xoserve
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Briggs	SBr	British Gas Trading
Steve Nunnington	SN	xoserve
Sue Davies	SD	Wales & West Utilities
Tim Davis	TD	Joint Office of Gas Transporters
Vickey King	VK	National Grid Credit Risk

Apologies

Graham Wood	GW	British Gas Trading
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1. Introduction and Status Review

1.1. Minutes from January Distribution Workstream

SBr requested the following amendments to January's Workstream Minutes:

2.1 Proposal 0115: "Correct Apportionment of NDM Error"

SBr stated that there had been no evidence provided that demonstrated that SSP sites were under deemed. He asserted that the effect of reconciliation to LSP sites was typically a credit, and that there was no evidence to demonstrate that the reconciliation should not apply a credit to the SSP sector. SBr stated that it was Centrica's belief that the energy reconciled via RbD charges related to measurement failures and leakage at other points at the system and therefore such RbD charges for this energy should be shared equally across the LSP and SSP sectors.

SaB highlighted that it is difficult to reconcile unallocated gas such as shrinkage and theft when it is not known where the reconciliation should be assigned. SBr agreed and suggested that in the longer-term individual meter reconciliation could be considered.

SBr described some ongoing work to identify the most appropriate way of applying charges to the LSP sector for the element of any RbD charges.

MC expressed concerns relating to the setting of a single price for reconciliation due to the differing portfolios. SBr suggested that a simple solution could be built that was better and more efficient to the current process. ~~The longer term solution would be to implement individual meter reconciliation as used in the Electricity Market.~~

~~SaB highlighted that it is difficult to reconcile unallocated gas such as shrinkage and theft when it is not known where the reconciliation should be assigned.~~

3.4. 018Dis: Charging for reconciliation quantities

SBr challenged how the charge would be determined, in particular for forward credits. An example was provided to illustrate that any mechanism needed to be equitable to avoid a scenario where a portfolio increased from 5% to 10% and debits are applied on the 5% and credits are applied on the 10%. SBr suggested that any solution would need to be equitable net of credits and debits whether a net position ought to be used.

The Minutes of the previous meeting were then approved.

1.2. Review of Actions from September Distribution Workstream meeting

Dis0802: Ofgem to consider providing a written response, outlining its preliminary view on Network Ownership beyond the ECV, to assist with policy development.

Action Update: JB confirmed that Ofgem will be writing to the DTi and HSE to engage in the issue and that the Ofgem Distribution Team are intending to provide a presentation at March's Distribution Workstream.

Action: Carried forward

Dis1102: GW to advise of planned meetings to discuss Proposal 0115 offline.

Action Update: Date provided.

Action: Complete.

Dis1104: Ofgem to consider facilitating a meeting with the AiGT, Transporters and Shippers to assist with the CSEP NExA issue resolution.

Action Update: JB indicated that Ofgem was awaiting notice from DNs and Shippers of the matters that require addressing with iGTs. Ofgem noted that the issues of which it was aware appear to be 'ultra vires' of Ofgem. CW agreed to co-ordinate a response to Ofgem via the Joint Office see New Action Dis0201.

Action: Carried Forward.

Dis0201: Transporters to provide Ofgem with agenda items to enable Ofgem to facilitate a meeting with the AiGT, Transporters and Shippers to discuss the CSEP NExA issue resolution. (See Action Dis1104)

Action Update: CW to co-ordinate response to Ofgem via the Joint Office.

Action: Pending

Dis1107: xoserve to request authorisation from National Grid to facilitate the publication of missing site data identified within Project Delta.

Action Update: PL provided an update highlighting what actions need to be undertaken to allow the provision of data by National Grid.

Action: Complete

Dis0101: All to review USRV Incentives and consider other options for discussion at February's Distribution Workstream Meeting.

Action Update: See Item 3.3

Action: Complete

Dis0102: All to consider the Meter Replacement issue and possible solutions for discussion at February's Distribution Workstream Meeting.

Action Update: See item 3.4

Action: Complete

Dis0103: All to consider the implementation timescales for Modification Proposals 0094 and 0095 and provide a view no later than 16 February 2007.

Action Update: Views provided. National Grid issued note regarding implementation on 20 February 2007.

Action: Complete

1.3 Review of Live Modification Proposals and Topics Log

JM reviewed the current Distribution Modification Proposals:

Modification Proposal 0088: "Extension of DM service to enable Consumer Demands Side Management" BG confirmed that the Legal Text for Proposal 0088 is currently being prepared following further clarification of the Proposal's Business Rules with the Proposer Gareth Evans, Total. BG highlighted that the Panel may need to consider if the Proposal should be issued for further consultation as the legal text will provide further clarity on the Business Rules within the Final Modification Report.

Modification Proposals 0126 and 0131: JM highlighted the intent to align both Review Meetings on the same day due to the likely commonality of membership.

Action Dis0202: All to provide membership nominations for Review Group 0131.

JM reviewed the current Topic Status Report.

Topic 017Dis: Closure discussed and agreed.

2. Modification Proposals

2.1 Proposal 0115: "Correct Apportionment of NDM Error"

SBr provided a presentation, which illustrated the End-to-End Process and an overview of the Measurement Issues and Incentives.

PB challenged the perceived incentive on LSP Shippers not to detect Theft of Gas. He confirmed that within the monthly read I&C sector GDF have no record of Theft of Gas.

SN confirmed that xoserve have data for all Theft of Gas and that I&C theft is unusual, however, when it does occur it is normally for large amounts of gas.

BG questioned if the materiality was understood for the seven potential measurement issues.

SBr confirmed that three options have been considered and work undertaken with xoserve to find the optimum solution. He identified that as Proposer, Centrica's initial preference was for option (1) but they are prepared to support either of the 3 options should a clear preference from the group exist.

SBr provided the three solutions and requested feedback on the preferred option.

MC asked for clarification of Option 3. SBr agreed to provide a post meeting clarification note for Option 3. SaB explained how xoserve undertook the analysis to obtain Option 3's average, which excludes domestic sites. SBr suggested that this option would probably be preferred by Shippers without a domestic portfolio but would result in the vast majority of Shippers receiving a rate below their average charging rate.

Option 2 includes domestic and I&C, but would result in some Shippers receiving a charging rate higher than their average.

From the discussions it was apparent that there would be a preference split between Options 1 and 3.

PB challenged if the solutions are consistent with DNs Charging methodology.

SBr confirmed that BGT would provide a revised proposal with the intention of completing a Workstream Report at March's Distribution Workstream.

SN confirmed that xoserve could provide figures of reported Theft of Gas. However, some concern was expressed about the completeness of such data, as it would not include undetected Theft of Gas.

Action Dis0203: British Gas Trading to provide a revised Proposal for 0115

Action Dis0204: xoserve to provide Theft of Gas statistics.

3. Topics

3.1. 013Dis, Network Ownership beyond ECV at Prime and Sub-deduct Meter

See Action Update Dis0802 within item 1.2.

3.2. 018Dis, Charging for reconciliation quantities.

CH on behalf of Simon Howe requested that the discussion is deferred until March's meeting.

3.3. 019Dis, USRV Incentives.

CW briefly summarised last month's presentation.

MCI believed the incentives are adequate but would support the removal of the monthly cap to provide a greater incentive.

ST believed that there might be a need to adjust the level of the cap rather than remove it completely.

MCI questioned if the age profile of filter failures is understood. xoserve confirmed a monthly report is produced and provided to Shippers, which details the age profile of filter failures. This information is also presented at the Billing Operations Forum.

CW agreed to review the levels of thresholds considering the current volume of filter failures.

There was a general consensus that an operational group should be formed to understand and address the filter failures.

Action Dis0205: xoserve to provide an age profile of filter failures prior to March's Meeting.

3.4. 020Dis, Meter Replacement and impact on Demand Estimation Sample.

SaB confirmed a trial is currently being undertaken to find a cost effective solution to maintain an optimum sample size. If the trial is not successful the sample size will continue to reduce as Meter replacement programmes favour non-loggable meters.

SBr challenged why the industry would want to jeopardise the quality of demand estimation to reduce meter-reading costs marginally.

SaB will provide an update at next month's meeting.

3.5. 021Dis, Individual Meter Point Reconciliation.

MJ noted that while complete reconciliation of the SSP market may not be practical, he suggested that consideration is given to reducing the 73,200 Kwh threshold that is currently set.

SN suggested that there would be significant implications on system and manual work volumes.

SaB highlighted that the Attribution Process would be affected, having a significant affect to the before the day processes.

CW highlighted potential problems with asset data and the risk of a complete UNC re-write.

MCI wished to understand the volume of sites that may be affected if the threshold was reduced.

A debate evolved about the current RbD Process and that a cost/benefit analysis would need to be undertaken, and to understand the likely process impacts.

SBr confirmed that he would work with MJ to assist with the production of a preliminary straw man cost/benefit analysis.

Action Dis0206: Cost/Benefit Analysis to be undertaken to initiated the impacts of reducing the threshold of 73,200 Kwh for Individual Meter Point Reconciliation.

3.6. 022Dis, LDZ Boundary and MPRN mismatch.

ST highlighted that there are approximately 170,000 supply points within Sites & Meters that have been allocated to the wrong LDZ. xoserve are undertaking a piece of work to understand if this figure has changed by normal confirmation activity. ST is hopeful that the figures will be available next month.

Action Dis0207: xoserve to provide number of supply points which are currently allocated to the wrong LDZ

3.7. Any new topics

3.7.1. Credit Cover – Further draft Modification Proposals.

CW provided a presentation and distributed some draft Modification Proposals, highlighting proposed alterations to the original Credit Proposals 0109, 0111, 0112 and 0114, which were rejected by Ofgem.

A number of clarifications were sought in relation to the proposed re-wording of these Modifications Proposals in particular:

UNC 0109: VK provided clarification of bilateral insurance. JS challenged how bilateral insurance will be valued when cover would only be provided for two months.

UNC0114: Concern was expressed about the wording and the intent of Ofgem's Best Practice guidelines in relation to invoices that remain unpaid but have not reached the Invoice Due Date. RCH suggested if there is concerns with the re-drafting of UNC0114 others could consider raising an alternative to the new Proposal.

UNC 0113: Concern was expressed with regards to iDNs not having the same extent of payment history as National Grid, and (SD) the automatic reduction by 50% of Unsecured Credit when a User fails to pay a Transportation invoice with a total of £250 or less.

Action Dis0208: Ofgem to bring a view to the next meeting on the 60-month payment history.

CW confirmed that the draft Modification Proposals with Legal Text would be prepared for March's Distribution Workstream for further discussion before issuing the New Modification Proposals to the Panel.

Action Dis0209: CW to provide draft Credit Modification Proposals with Legal Text prior to March's Distribution Workstream Meeting.

3.7.2. Small Value Invoices.

ST provided a presentation regarding the number of small value invoices being issued and the inefficient cost implications of processing such invoices. ST suggested a solution might include suppression or aggregation over a 6-month period.

Action Dis0210: All to consider the management of Small Value Invoices for discussion at March's Distribution Workstream Meeting.

4. AOB

- 4.1. CW provided a presentation regarding a discrepancy in UNC Section H 1.9.2. and highlighted the need for a UNC Consent to Modify.

5. Diary Planning for Workstream

Next Meetings:

Thursday 22 March 2007, 10:00 at Novotel, Birmingham International Airport

Thursday 26 April 2007, 10:00 at Elexon, 350 Euston Road, London

Thursday 24 May 2007, 10:00 at Elexon, 350 Euston Road, London

Thursday 28 June 2007, 10:00 at Elexon, 350 Euston Road, London

Thursday 26 July 2007, 10:00 at Novotel, Birmingham International Airport

Thursday 23 August 2007, 10:00 at Elexon, 350 Euston Road, London

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0802	14/08/06	3.1	Ofgem to consider providing a written response, outlining its preliminary view on Network Ownership beyond the ECV, to assist with policy development.	Ofgem (PS)	Action: Pending
Dis1102	23/11/06	2.1	GW to advice of planned meetings to discuss Proposal 0115 offline.	BGT (GW)	Action: Complete
Dis1104	23/11/06	3.2	Ofgem to consider facilitating a meeting with the AiGT, Transporters and Shippers to assist with the CSEP NExA issue resolution	Ofgem (JB/NR)	Action: Pending
Dis1107	23/11/06	4.1	xoserve to request authorisation from National Grid to facilitate the publication of missing site data identified within Project Delta.	xoserve (SB)	Action: Complete
Dis0101	25/01/07	3.5.2	All to review USRV Incentives and consider other options for discussion at February's Distribution Workstream Meeting.	All	Action: Complete
Dis0102	25/01/07	3.5.3	All to consider the Meter Replacement issue and possible solutions for discussion at February's Distribution Workstream Meeting.	All	Action: Complete
Dis0103	25/01/07	4.1	All to consider the implementation timescales for Modification Proposals 0094 and 0095 and provide a view no later than 16 February 2007.	All	Action: Complete
Dis0201	22/02/07	1.2	Transporters to provide Ofgem with agenda items to enable Ofgem to facilitate a meeting with the AiGT, Transporters and Shippers to discuss the CSEP NExA issue resolution. (See Action Dis1104)	Transporters	Action: Pending
Dis0202	22/02/07	1.3	All to provide membership nominations for Review Group 0131.	All	Action: Pending
Dis0203	22/02/07	2.1	British Gas Trading to provide a revised Proposal for 0115	British Gas Trading (SBr)	Action: Pending
Dis0204	22/02/07	2.1	xoserve to provide Theft of Gas statistics.	xoserve (SN)	Action: Pending
Dis0205	22/02/07	3.3	xoserve to provide an age profile of filter failures prior to March's Meeting.	xoserve (LW)	Action: Pending
Dis0206	22/02/07	3.5	Cost/Benefit Analysis to be undertaken to understand the impacts of reducing the threshold of 73,200 Kwh for Individual Meter Point Reconciliation.	British gas Trading (SBr) and Scottish and Southern (MJ)	Action: Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0207	22/02/07	3.7.1	xoserve to provide number of supply points which are currently allocated to the wrong LDZ	xoserve (SaB)	Action: Pending
Dis0208	22/02/07	3.7.1	Ofgem to bring a view to the next meeting on the 60-month payment history.	Ofgem (JB)	Action: Pending
Dis0209	22/02/07	3.7.1	CW to provide draft Credit Modification Proposals with Legal Text prior to March's Distribution Workstream Meeting.	National Grid Distribution (CW)	Action: Pending
Dis0210	22/02/07	3.7.2	All to consider the management of Small Value Invoices for discussion at March's Distribution Workstream Meeting.	All	Action: Pending