

**Distribution Workstream Minutes**  
**Thursday 22 June 2006**  
**Elxon, 350 Euston Road, London**

**Attendees**

Tim Davis (Chair)	TD	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
John Bradley	JB	Joint Office of Gas Transporters
Adam Frak	AF	Scottish and Southern
Andrew Keogh	AK	E=MC <sup>2</sup>
Bali Dohel	BD	Scotia Gas Networks
Charles Ruffell	CR	RWE Npower
Chris Warner	CW	National Grid UK Distribution
Dipen Gadhia	DG	Ofgem
Fiona Cottam	FC	xoserve
Gareth Evans	GE	Total Gas & Power
Graham Wood	GW	Centrica
James Crosland	MP	Corona Energy
John Costa	JC	EDF Energy
Jon Dixon	JD	Ofgem
Liz Spierling	LS	Wales and West Utilities
Marie Clark	MCI	Scottish Power
Mark Jones	MJ	Scottish and Southern
Phil Broom	PB	Gaz de France
Rob Cameron-Higgs	RCH	Northern Gas Networks
Sam McEwen	SM	Ofgem
Simon Howe	SH	RWE Npower
Steve Nunnington	SN	xoserve
Yasmin Sufi	YS	ENIUK

**Apologies**

Alex Travell	E.ON UK
Julian Majdanski	Joint Office of Gas Transporters
Savita Shaunak	EDF Energy

**1. Introduction and Status Review**

**1.1. Minutes from May Distribution Workstream**

Minutes approved.

**1.2. Review of Actions from May Distribution Workstream meeting.**

Dis0905: Action Carried Forward.

Dis0501: CW provided the definition of a CSEP as contained within the CSEP NExA. The following text extract has been provided for clarification:

Section 1.1 (3)

**“Connected System Exit Point(s) or CSEP(s)** shall mean the System Point(s) (for the purposes of the Transco Network Code) comprising one or more Individual System Exit Points at which the Connected Offtake System(s) are connected to the System, as described in the relevant Annex B”.

## Section 1.1 (12)

“**System** shall mean Transco’s pipeline system (the conveyance of gas through which is authorised by the Transco Licence)”

CW stated that the significance of this definition is that so called ‘nested CSEPs’ are not Connected Systems Exit Points as they are not connected to Transco’s pipeline system. It was noted that iGTs should have a NExA with the iGT downstream of its network. However, MCI suggested that the Transporters NExA could acknowledge the existence of a ‘nested CSEP’. CW confirmed the definition of a nested CSEP clarifying that it is an offtake connected to the iGTs Pipeline system.

Action Closed.

Dis0504: GE Dormant Licences – see item 3.2

Dis0506: Erroneous AQs. Action Carried Forward.

### 1.3 Review of Live Modification Proposals and Topics Log

TD reviewed the current Distribution Modification Proposals and Topic Status Report. (See attached)

## 2. Modification Proposals

### 2.1. Proposal 0088: "Extension of DM service to enable Consumer Demand Side Management"

TD confirmed that development of this Proposal would take place in a Development Work Group. CW had drafted Terms of Reference and these had been circulated requesting comments and volunteers to join the Work Group. TD requested if there were any comments on the draft.

xoserve requested an additional representative, Sallyann-Blackett.

Liz Spierling, Marie Clark and Rob Cameron–Higgs asked to be members of the Work Group.

SN commented that the Terms of Reference indicated that detailed system changes would not be covered in the initial stages. CW confirmed the intention was not to discuss detailed system analysis at the preliminary stage. However, it was acknowledged that this did not preclude consideration of the high level impacts.

TD requested that all Work Group members provide availability to HC to enable the organisation of an initial meeting within the next two weeks.

GE anticipated that a Work Group Report will be available in September. CW believed that dependent on the findings of the group, if a new regime was required, relevant analysis and business rules would need to be discussed post September and envisaged the Work Group approaching the Panel to provide an extension to enable this piece of work to be undertaken.

TD confirmed the limits detailed within the Modification Rules, confirming there can be flexibility around timescales.

**Action Dis0601:** All Work Group members to provide availability details to the Joint Office.

### 2.2. 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers"

TD confirmed that the Modification Panel had referred Modification Proposal 0089 back to the Workstream for development and the production of a Workstream Report.

GE explained the changes discussed at the June Panel Meeting and his proposed consequent amendment of the proposal. However the intent of the Modification Proposal has not changed.

SH asked if the related draft Modification Proposals circulated by British Gas Trading (BGT) can be considered at approximately the same time. TD said that each Modification Proposal should be considered in its own right, however, there are merits in coordinating consideration of Modification Proposals that affect the same area of the UNC, and this can be managed by the Modification Panel and Ofgem as has happened in the past. JD suggested that there may be Legal Text implications if several proposals affecting the same area of code are being processed simultaneously, and therefore some Legal Text may become obsolete.

TD confirmed the earliest possible implementation for Modification Proposal 0089 would now be October, and requested that TGP, when formally submitting the revised proposal, reflect a realistic proposed implementation date. FC asked for TGP's intent with regards to the 2006 AQ cycle, and GE confirmed the focus was on next year's review.

*The discussion was then deferred to allow BGT to introduce the three draft Modifications Proposals before the Workstream considered producing the Workstream Report. See item 3.3.1*

On producing the Workstream Report attendees agreed to add a Disadvantage, that the scale and scope of Energy Reconciliation would be impacted.

The Workstream agreed to recommend that the Modification Proposal should proceed to Consultation.

JD requested that the suggested Legal text is examined by the transporters prior to the Draft Modification Report being issued for consultation, as representations will be based on the suggested legal text.

**Action Dis0602:** Transporters to review suggested Legal Text for 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers"

### 3. Topics

#### 3.1. 014Dis CSEP NExA Agreements

MCI explained that the Legal Text from iGTs has not been forthcoming for the iGT Modification Proposals and that Ofgem have been approached to consider the iGT and UNC Modifications.

MCI confirmed that National Grid have volunteered to attend the next AIGT meeting on 29 June 2006.

CW confirmed that National Grid wished to work with iGTs to ensure that the existing NExAs were in line with the iGT Network Code Modification Proposals, assuming these were to be implemented. CW advised that National Grid would be using this opportunity to express the concerns of all the Transporters particularly relating to the Legal Text required as a consequence of the iGT Network Code Modifications.

MCI queried if nested CSEPs have been considered. CW confirmed that National Grid has not considered nested CSEPs NExAs, with their obligations ending at the offtake to a CSEP.

### 3.2. 016Dis: Termination of Dormant Shipper Licences

GE provided further information on the possible treatment of dormant Licences. Mark Cockayne, xoserve, has indicated to Total Gas and Power (TGP) that interest on interest is not a block for withdrawing from the UNC. Therefore GE will be writing to request voluntary withdrawal in respect of TGP's Dormant Shipper Licence.

GE requested that the Topic remains on the list, as a low priority, such that progress on withdrawal can be monitored and reported at future Workstream meetings.

SH requested if xoserve can produce a note explaining what requirements need to be met before a valid Licence can be discontinued.

**Action Dis0603:** xoserve to provide a note explaining what requirements / restrictions exist before a Dormant Shipper Licence can be voluntarily discontinued.

### 3.3. Any new topics

#### 3.3.1. GW introduced three draft Modification Proposals in relation to the previously implemented Modification Proposal 0640 "End of Year Reconciliation of Specific Categories of Smaller Supply Points"

GW explained why British Gas Trading had drafted three separate Modification Proposals as opposed to one – this facilitated parties, including Ofgem, supporting specific elements if they so chose.

FC confirmed why Modification 640 had been raised and why certain exclusions had been introduced. FC confirmed that if a site is appealed part way through the year, it would only be charged for the proportion of the year to incentivise the timely management of AQs.

FC explained the merits of using tolerances and targeting this to a certain KWh Increase, referring to a presentation provided previously (see attached).

SH confirmed that RWE have undertake analysis concluding that small changes may not have the desired effect - the effect on Transportation Charges of moving from just below to just above the small/large supply point AQ threshold is energy being reconciled correctly. However, in terms of money the effect is opposite – the unit transportation charge will be less but against a higher AQ. However the corrected AQ will ensure accurate allocation of energy and have a positive effect on RbD.

A discussion evolved on the financial effects and energy impacts, referring to Section E7.4.4.

FC explained why a change of User was excluded from Mod 640 (see attached presentation) and the associated impacts on competition. FC confirmed that Energy and Transportation are both affected by AQ changes.

TD asked what system impact the proposed changes would have, FC confirmed that more calculations would need to be validated, but that

systems development was not expected to be an issue. GE suggested the impact on Shippers may necessitate extra work for minimal AQ changes.

GW suggested that any such concerns could be captured within the Modification Report through the Representation Process.

GW noted FC's suggestion for an amendment for clarity that Transportation Commodity Charges, not Capacity, is affected.

GE expressed a concern with the timing of implementation suggesting an implementation for next gas year.

#### **4. AOB**

SH highlighted that within Section M 3.5.1 (a), the UNC refers to a paragraph which does not exist - paragraph 3.5.4. The Joint Office offered to ensure that this incorrect cross-reference is identified and removed.

GW confirmed that British Gas Trading are currently considering raising a Modification Proposal relating to the time window allowed for the submission of Meter Readings, from the current 10 day provision.

#### **5. Diary Planning for Workstream**

Next Meetings:

Thursday 27 July 2006, 10:00 at Novotel, Birmingham International Airport

Thursday 24 August 2006, 10:00 at Elexon, 350 Euston Road, London

Thursday 28 September 2006, 10:00 at Elexon, 350 Euston Road, London

Thursday 26 October 2006, 10:00 at Novotel, Birmingham International Airport

Thursday 23 November 2006, 10:00 at Elexon, 350 Euston Road, London.

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0905	22/09/05	3.1	BS, Ofgem to provide view of Prime and Sub-deduct Network ownership and Network Licence Conditions.	Ofgem (BS)	Action: C/F 23.03.06: Ofgem not able to provide view at present.
Dis0501	25/05/06	3.1	CW will investigate what is in the NExA in regard to downstream offtakes and report back at the next Workstream	National Grid (CW)	Action: Complete
Dis0502	25/05/06	3.3.1	GE to raise a Proposal relating to Extension of DM service for the June Modification Panel Meeting.	Total (GE)	Action: Complete
Dis0503	25/05/06	3.3.2	GE to raise a Proposal relating to Threshold Crossers for the June Modification Panel Meeting.	Total (GE)	Action: Complete
Dis0504	25/05/06	3.3.3	GE to provided further information on the possible treatment of dormant Licences.	Total (GE)	Action: Complete
Dis0505	25/05/06	3.3.4	CW to submit Modification Proposal "Single Centralised On-line Gas Enquiry Service – Removal of redundant UNC provisions" to the Joint Office for the June Modification Panel.	National Grid (CW)	Action: Complete
Dis0506	25/05/06	3.3.5	SH to raise a Proposal relating to Erroneous AQs	RWE (SH)	Action: C/F
Dis0601	22/06/06	2.1	All Work Group members to provide availability details to the Joint Office.	All Mod 0088 Workgroup members	Action: Complete
Dis0602	22/06/06	2.2	Transporters to review suggested Legal Text for 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers"	0089 Legal Text Provider	Action: Pending
Dis0603	22/06/06	3.2	xoserve to provide a note explaining what requirements / restrictions exist before a Dormant Shipper Licence can be voluntarily discontinued.	xoserve	Action: Pending