

Distribution Workstream Minutes
Thursday 23 April 2009
Holiday Inn, 61 Homer Road, Solihull

Attendees

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Andy Miller	AM	xoserve
Andrew Wallace	AW	Ofgem
Alison Jennings	AJ	xoserve
Alan Raper	AR	National Grid Distribution
Anne Jackson	AJa	Scottish and Southern Energy
Brian Durber	BD	E.ON UK
Carl Wilkes	CWi	RWE npower
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
Dave Watson	DW	British Gas / Centrica
Gareth Evans	GE	Waterswye
Joel Martin	JM	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Phil Broom	PB	Gaz de France
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Sue Sherry	SS	xoserve
Tim Davis	TD	Joint Office of Gas Transporters

Apologies

Jemma Woolston	JW	Shell Gas Direct
Mark Jones	MJ	SSE
Mitch Donnelly	MD	British Gas

1. Introduction and Status Review**1.1. Minutes from the 26 February 2009 Workstream**

The following amendment was requested by Phil Hobbins, National Grid Transmission:

4.2 Review of Flow Weighted Average CV Rules

PH provided a presentation on National Grid NTS proposed review on calorific values (CVs). This was to introduce the considerations before a ~~Modification Proposal is raised to amend the UNC~~ [a UNC Review Proposal is raised](#). The presentation gave the background to CVs and how daily CVs are calculated at present, including the use and calculation of flow weighted averages. PH also explained about a cap which is applied based on the lowest soured CV+1 and how this used to calculate Billable Energy and Unbilled Energy (CV shrinkage). PH went on the explain why National Grid NTS are reviewing this process which could result in higher levels of unbilled energy, [leading to higher transportation costs for NTS shippers.](#)"

SL asked ~~about what the current National Grid NTS SO Commodity Charge is~~ [how much of National Grid NTS' allowed revenue is recovered from SO commodity charges.](#)"

Action 0303: National Grid NTS to confirm how much revenue is recovered from SO commodity charges. **Action Complete.**

Post Meeting Update: National Grid NTS has confirmed the latest estimate of the allowed revenue to be recovered from SO commodity charges for formula year 2009/10 is £298.9M. This figure is contained within the quarterly updates the Charging Team produce which appears on the website at the following location:

<http://www.nationalgrid.com/NR/rdonlyres/5890E962-B732-4413-948E-1BCA24EEA1AF/31746/NTSChargeSettingSupportingInformationApr09.pdf>

PH confirmed the intention to establish a UNC Review Group to look at the existing arrangements, what the future supply mix is likely to be, consider the issues which impact accuracy of actual energy versus billed energy and develop a potential solution to methodology charges changes. He confirmed that a Review Proposal has been drafted for presentation to the April Modification Panel with a view to report by Autumn 2009

RS asked if National Grid NTS will be engaging the Department for Energy and Climate Change (DECC). Demand Estimation Committee (DEC). MD confirmed that the DEC DECC needs to be included within any review.

RS was keen to understand how big a problem NTS believe there is now and how this is likely to change in the future. PH acknowledged that this would be considered within the Review Group and any actions resulting from this presentation would be included in the Review Group.

The minutes of the previous meeting were then approved.

1.2. Review of Actions from the 26 March 2009 meeting

Action 0903a: DNO's to confirm whether they will be labelling Prime and Subs configurations as part of survey process by 09 April 2009.

Action Update: CW suggested that some labelling may be offered if approached but this would be as a chargeable service. JM confirmed that most surveys by Scotia Gas Networks have been completed and did not involve labelling meters; however he confirmed that the information from the surveys could be provided if this would be of assistance. ST confirmed what the purpose of the surveys was; he explained that the Transporters were not tracing pipework to understand the configuration of supply points but identifying the location of meters. Wales & West Utilities did not believe it appropriate to label meters as part of this process. BD expressed a view that this is a missed opportunity to label meters. CW acknowledged that Corona Energy have issued a letter to Ofgem and that it would be worthwhile understanding Ofgem's response. **Complete.**

Action 0903b: WWU to confirm their intention to notify the relevant party rather than provide labels when Sub deduct installations are found incorrectly or insufficiently labelled.

Action Update: ST acknowledged the request for a written response. **Complete.**

New Action 0903c: Ofgem to provide an update on the response to Corona's letter regarding meter labelling during the Prime and subs survey process.

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

Action Update: Amended proposal provided. **Complete.**

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

Action Update: WWU responded. **Complete.**

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

Action Update: Ofgem confirmed that they would require some justification for the £1,000 compensation limit. See item 2.3 and Action ERP0039.

Closed – superseded by DIS0404

Action ERP 0032: UNC0231 - Check all the licence references within the gas illegally taken scheme.

Action Update: CW confirmed that this action has been done. **Complete.**

Action ERP 0033: UNC0231 – Investigate and report on how the scheme and reasonable endeavours documents work together using documents updated in 2005.

Action Update: CW believed that the documents need to be considered further. DW explained how the document interconnect. See item 2.3.

Complete

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

Action Update: AB has requested that this item is deferred until 14 May 2009. CW expressed his disappointed that this item has lost momentum. GE confirmed that work has been undertaken to update the documentation following the last Distribution Workstream meeting. However the Business Rules are not yet complete. JM expressed that SGN still have a number of questions which need to be addressed. CW's aspiration was to bring along National Grid's lawyer to discuss the drafting of the legal text. CW suggested an offline meeting is held to complete the documentation before 14 May 2009 to ensure that the Workstream Report can be completed on 14 May 2009. GE agreed to approach AB to suggest an offline meeting before 14 May 2009. **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: See item 2.3. **Carried Forward.**

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

Action Update: See item 2.3. **Carried Forward.**

Action ERP 0041: UNC0231 - xoserve to provide the Joint Office with the list of current possible claims for publication.

Action Update: AJ confirmed that no further documentation is available; all possible claims have already been provided. **Complete.**

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

Action DWG 0224 018: xoserve to make the implementation summary available to the UK Link Committee for consideration on 12 March 2009.

Action Update: LW confirmed that the UK Link representatives had considered the implementation summary on 09 April 2009. **Complete**

Action DWG0224 020: xoserve (AM) to provide further information on the cost bands provided for consideration by the Shippers by 02 April 2009.

Action Update: AM confirmed that the information has been provided.
Complete.

Action DWG0224 021: Joint Office to issue an email explaining a revised set of cost bands are to be provided for Shippers to consider.

Action Update: AM confirmed that xoserve have completed this action on behalf of the Joint Office. **Complete.**

1.3. Review of Live Modification Proposals

BF summarised the current situation of all the live Modifications for the Distribution Workstream.

2. Modification Proposals

2.1. Proposal 0252: “Review of Network Operator Credit Arrangements”

ST introduced the proposal welcoming feedback which can be considered for the terms of references in preparation for the proposal being considered at the May UNC Panel meeting.

ST explained the need to review the best practice guidelines due to recent changes within the UNC and due to the current economic climate. He explained that a number of Energy Balancing Code Committee (EBCC) credit rule proposals have been considered and that Transporters want to ensure the Network credit arrangements stay appropriate and consistent. His aspiration was to operate the Review Group similar to Review Group 0157 whereby the iGTs are involved and that modifications are considered and raised for the UNC and iGT codes. He hoped that Ofgem would provide their support.

PB asked why there was nervousness associated with distribution charges as he didn't consider the risks were the same as those faced by NTS connections and associated user commitments. Was the review required when the main parties and their respective credit worthiness were well known to DNOs.

CW asked about other guidelines, ST acknowledged that the best practice guidelines were produced pre Network Sales and that the industry is now in a different position, he also acknowledged that a number of UNC Modifications have been undertaken to implement some of the best practise guidelines within the UNC.

ST believed that the Review Group will be best separated from the Distribution Workstream due to the review being a specialised area of expertise and the required involvement with the iGTs.

SL asked about any connection with UNC0246: “Quarterly NTS Entry Capacity User Commitment”. ST explained that he was not opposed to monitoring UNC0246 but suggested that this proposal is separate.

2.2. Proposal 0248: “Meter Read Replacements”

SL briefly explained the background to the proposal to enable the registered Shipper to replace Meter Reads which will assist with the AQ calculations process and reduce the need for xoserve's manual validation. The proposal included the ability to change meter reads that are outside the registered Shipper's ownership, however further consideration of this was given and SL confirmed that this element would be removed from the proposal.

AJ confirmed that system changes would be required. CW explained that the audit trail of previous reconciliations could be affected; he believed that the reconciliation would not reflect the meter reads updated within UK Link.

AJ explained the implications of meter exchanges and the failure to update the meter asset details on UK Link.

CW provided a presentation to illustrate the impacts of UNC0248 to ensure that the current provisions are not compromised. He explained the current AQ Review regime and how UNC0248 may affect this regime. He explained that alternative dates and reads can already be provided for information purposes. He also expressed concern about SSP and LSP crossovers and the importance of meter reads that cross the LSP threshold.

SL highlighted the requirements of UNC0209: "Rolling AQ" and that start reads may become an issue on the change of ownership.

AJa questioned if the intention is to replace historic reads or if the read will be an additional read on the system.

AW asked if SL could indicate the number of occurrences EDF Energy believe they need to replace historic meter reads.

Different scenarios were discussed for example incorrect meter reads, transposed numbers, missing digits or a read from a meter which has been replaced but the asset details not successfully loaded into UK Link.

PB suggested it would be useful if some specific reasons why replacements reads would be required.

ST asked to clarify if a replacement read will be replacing a read that already exists on a certain day or providing a more accurate read on a subsequent day.

BD believed the principle of changing a meter read already exists and that proposal is not changing this principle. The only difference was the proposal allows a read to be amended when a subsequent read has been loaded.

SL confirmed that 19,000 LSP and 34,000 SSP sites require manual AQ calculations; this information was provided as part of the Rolling AQ Review. AJ suggested meter read replacements may not reduce the number of manual calculations as there are numerous reasons for manual calculations.

ST advised approximately 4 million reads fail reconciliation, though the majority of these do not require manual intervention.

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.

It was questioned if xoserve are able to indicate by the number of rejections of the likely demand for replacement meter reads.

Adjustments were considered and how an adjustment may need to be undertaken on sites where a meter read has been replaced. LW expressed concern about the management of meter reads for information purposes only and that the system would need to be able to recognise a replaced read that is not to be used for adjustments or reconciliations.

The level of current adjustments was discussed to ascertain the potential number of adjustments the system would calculate and may adjust a site where a meter read has been replaced. LW confirmed if a site is to be adjusted then the old read that has been replaced would need to be maintained to ensure adjustments are accurate.

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

The management of replacing opening reads and the impacts of close out reads on the outgoing shipper was discussed. SL pointed out that the reads held by Shippers are used to bill the customers not the reads held on UK Link.

AM suggested that the proposal may need a new read type rather than a replacement read as a replacement read requires validation. SL was not adverse to the replacement read being validated.

CW confirmed that AQ derivation would be affected.

AM believed from the discussions today that the treatment of a replacement read is expected to be different to a standard read, for example not subject to reconciliation or adjustment.

SL was unsure if a separate read type was required, he was looking for a simple solution to operate such a regime for meter read replacement.

AM explained that xoserve need to be clear on what is required. He offered to meet with EDF Energy offline to consider the current system functionality and the required functionality.

AR asked if there could be a requirement to replace a sequence of reads.

SL clarified that the service is for NDM sites only.

ST suggested that consideration is given to the impacts of removing a read and inserting a new read, or whether a new read is inserted and the existing read stays in situ but is ignored.

The inclusion of must reads and prime and subs reads were considered. It was believed that must reads and prime and subs could be changed for AQ purposes.

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

It was agreed that the proposal and the information requested would be considered at the Distribution Workstream on 28 May 2009.

2.3. Proposal 0231: “Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft”

DW confirmed that discussions have taken place with Ofgem on whether to insert the provisions within the body of the UNC or as an Annex. CW asked about the licence changes.

AW believed that the intentional feature of the licence and the reasonable endeavours scheme is to consult with suppliers and shippers with final approval from Ofgem. He confirmed that Ofgem have a role in approving the reasonable endeavours scheme and wish to maintain this element of control. He also believed it would be sensible for the authority to maintain an element of control over the changes of the allowed values going forward.

AW believed that the treatment of licence, if the scheme is outside of the UNC, creates awkwardness, he was also conscious of double jeopardy. ST expressed concern that the UNC obligations can be changed and that this could result in Transporter obligations being subject to amendment though the UNC.

AW believed a change to the license and to the UNC at the same time is the way forward.

AW confirmed that Ofgem would require some justification for the £1,000 compensation limit. It was agreed that actions ERP0013 and ERP0039 needs to be complete.

AW confirmed that Ofgem appear to have found a difference in the wording of the 1997 scheme and the reviewed scheme following DN Sales in relation to the types of claims shippers are allowed to make and their respective values. One interpretation allows suppliers and shippers to recover a specific amount of money, the second to recover money set out in the table plus reasonable costs. He believed the difference is creating ambiguity and suggested that the charges recoverable should be clearly set out in a table.

CW asked if the remainder of the scheme needs to be considered and amended, though this may not need to be part of this development group.

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

ST suggested that the industry consider what action is taken and the costs incurred to ascertain realistic costs and to enable the current £125 limits to be changed.

LW asked if recovery of costs for pursuing theft will be recoverable. DW confirmed that all costs can be recovered but the reasonable endeavours scheme provides a backstop for Shippers who are not able to recover all the costs they incur and the scheme should incentivise the right behaviours.

DW asked about Ofgem's licence changes. AW explained that Ofgem will need clarity of what the modification is proposing and Ofgem would need to set out the consequential changes to the licence. It was suggested that Ofgem provide an indicative note to the group to outline what Ofgem would be proposing.

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

It was agreed that further discussion will take place on 14 May 2009.

2.4. Proposal 0229: "Mechanism for correct apportionment of unidentified gas"

AB had requested that this item is deferred until 14 May 2009.

2.5. Proposal 0224: "Facilitating the use of AMR in the Daily Metered Elective Regime"

AM provided an update on the Detailed Cost Analysis (DCA). He explained the main differences from the provided ROM compared to the DCA.

He provided a range of costs for the baseline service and baseline plus service which is an increase on the ROM, primarily due to the changes in the scope of what was being requested.

PB asked about the operational cost savings. AM confirmed the operation costs are not yet available as demand information has not been provided. PB asked if the operational costs would be available by next week for the Panel meeting. It was agreed that the operational costs could be provided in due course but may not be ready for the next Panel meeting.

AM also provided details of Demand forecasts. It was agreed that the forecasts would need to be inserted into the Development Work Group Report and revised Modification Proposal.

Action 0406: UNC0224 - xoserve to provide the demand requirements for publication with the minutes and inclusion in the Development Work Group report. **Complete.**

Post Meeting Note:

Following the request to Shippers for information on daily metered elective (DME) demand, Shippers have provided information to Ofgem and this has subsequently been provided to xoserve to assist in determining the prices for the services. Demand information was requested against different price bands and the results are shown below:

Price band	£25-49*	£50 - 99	£100 - 200	£201- 400	£401 - 600
Demand phase 1	667	667	616	584	49
Demand phase 2	1019	1019	939	280	158
Demand phase 3	2980	2980	1442	1031	670
Total demand	4666	4666	2997	1895	877
* price band based on original ROM, scope has increased since this ROM was produced					

It was agreed that the Development Work Group Report would only need to be changed to include the development costs and demand figures required for the User pays sections of the report. It was agreed that the estimated operational costs would be produced for the consultation process.

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

2.6. Draft Proposal: “Facilitating a Supply Point Enquiry Service for Large Supply Points”

DW introduced the proposal explaining that the intention is to enable LSP sites to be included within the supply point enquiry service rather than having to submit an enquiry file which can take three days to be turned around. British Gas is looking for a service which enables instant quotes for customers.

GE questioned the confidentiality of data and having the data available within the industry.

A debate occurred about open tenders and the ability to provide instant quotes.

ST confirmed that the M-Number service is available on a DVD sent to Shippers for all supply points, this includes data such as the MPRN, meter serial number and address. This modification would allow additional data to be provided such as the end user category, SOQ, meter read frequency, AQ, exit zone, GAQ and the LDZ. It will also illustrate the configuration of the M Numbers within the supply point.

AM also explained about a user pays service which provides the meter asset details and the MAM id. However it was acknowledged this was an expansion to that service.

ST explained that the subtle difference will be that the customer site data will be available prior to the customer approaching a supplier for a quote on a supply.

ST suggested that the proposal should list the additional data items that will be provided.

AJa asked if there were any data protection issues. DW confirmed that there is no issue with data protection.

It was challenged if customers would actually benefit from the availability of real time accurate quotes, compared to waiting three days.

It was suggested that the proposal is reviewed and reformatted onto the new proposal template and discussed further on the 14 May 2009 to allow formal submission of the proposal to the May UNC Panel.

Action 0408: British Gas to amend draft modification “Facilitating a Supply Point Enquiry Service for Large Supply Points” for further consideration on 14 May 2009. **Complete.**

3. Topics

3.1. 014Dis, CSEP NExA agreements

No update provided.

3.2. 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover

ST confirmed that WWU have raised a Review Proposal UNC0252. It was agreed in light of the Review Proposal being raised this topic can now be closed.

3.3. 034Dis, AQ Appeals and the BTU Form

It was agreed to maintain the topic. SL confirmed his intention of transferring the topic to the Nexus Workgroup.

3.4. Any New Topics

None

4. AOB

4.1. Update from iGT Modification Panel

ST provided an update. He confirmed that iGT005 AQ Review process had been rejected by Ofgem due to its content.

ST highlighted two E.ON proposals, both relating to metering activities.

5. Diary Planning for Distribution Workstream

Thursday 14 May 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

Distribution Workstream Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0903a	25.09.08	3.5	DNO's to confirm whether they will be labelling Prime and Subs configurations as part of survey process by the 09 April 2009.	NGD, NGN, SGN	Complete
DIS0903b	26.02.09	1.2	WWU to confirm their intention to notify the relevant party rather than provide labels when sub deduct installations are found incorrectly or insufficiently labelled.	WWU (ST)	Complete
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)	Pending
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
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)	Pending
DIS0402	23.04.09	2.2	UNC 0248 - xoserve to report the level for adjustments in a 12 month period.	Xoserve (AJ)	Pending
DIS0403	23.04.09	2.2	EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.	EDF Energy (SL)	Pending
DIS0404	23.04.09	2.3	UNC0231 - British Gas to define how the £1,000 limit will affect each recovery element.	British Gas (MD)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0405	23.04.09	2.3	UNC0231 - Ofgem to provide an update on the likely licence changes.	Ofgem (DW)	Pending
DIS0406	23.04.09	2.5	UNC0224 - xoserve to provide the demand forecast for publication with the minutes and inclusion in the Development Work Group report.	xoserve (AM)	Complete (see post meeting note)
DIS0407	23.04.09	2.5	UNC0224 - GDF to amend the proposal to include the demand forecasts.	GDF Suez (PB)	Pending
DIS0408	23.04.09	2.6	British Gas to amend draft modification "Facilitating a Supply Point Enquiry Service for Large Supply Points" for further consideration on 14 May 2009.	British Gas (MD)	Complete

Energy Related Proposals Action Table (Appendix 2)

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	Closed – superseded by DIS0404
ERP 0032	09.02.09	4.1	UNC0231 - Check all the licence references within the gas illegally taken scheme.	NGD (CW)	Complete
ERP 0033	09.02.09	4.1	UNC0231 - Investigate and report on how the scheme and reasonable endeavours documents work together using documents updated in 2005.	NGD (CW)	Complete
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	Carried Forward
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 0041	04.03.09	2.2	UNC0231 - xoserve to provide the Joint Office with the list of current possible claims for publication.	xoserve (AJ)	Complete
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	Carried Forward

Development Work Group 0224 Action Table (Appendix 3)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0224 018	26.02.09	2.1	xoserve to make the implementation summary available to the UK Link Committee for consideration on 12 March 2009.	xoserve	Complete
DG0224 020	26.03.09	2.2	xoserve (AM) to provide further information on the cost bands provided for consideration by the Shippers by 02 April 2009.	Xoserve (AM)	Complete
DG0224 021	26.03.09	2.2	Joint Office to issue an email explaining a revised set of cost bands are to be provided for Shippers to consider.	Joint Office (HC/BF)	Complete