

# Joint Office of Gas Transporters

Distribution Workstream Minutes 23 June 2005

## Distribution Workstream Minutes

Thursday 23 June 2005

10 Old Bailey, London

### Attendees (Morning session)

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Tim Davis	TD	Joint Office of Gas Transporters
Adam Frak	AF	SSE
Bryony Sheldon	BS	Ofgem
Charles Ruffell	CR	RWE NPower
Chris Warner	CW	NGT (DN)
Gareth Evans	GE	Total
George Donoghue	GD	ScottishPower
Graham Wood	GW	BGT
Heidi Martin	HM	RWE NPower
Joanna Ferguson	JF	NGN
Mark Pearce	MP	Corona Energy
Mick Curtis	MC	E=mc <sup>2</sup>
Mike Vallance	MV	NGT (DN)
Nicholas Rubin	NR	Ofgem
Rebecca Nolan	RN	Xoserve
Rosie McGlynn	RM	E.On UK
Sam Parmar	SP	Statoil
Savita Shaunak	SS	EDF Energy
Simon Howe	SH	RWE NPower
Steve Courtney	SC	Scotia Gas Networks
Steve Mulinganie	SM	BP Gas
Steve Nunnington	SN	xoserve
Sue Davies	SD	WWU
Toni Tait	TT	NGN

### Apologies

Phil Broom	Gaz de France
Hazel Doyle	EDF Energy

**1. Introduction**

**2. Status Review**

- 2.1. Minutes from May Distribution Workstream  
No comments received. Minutes approved.
- 2.2. Minutes from June extraordinary Distribution Workstreams  
06 June Attendees to be amended. Minutes approved
- 2.3. Review of Actions from May SP&B Workstream meeting.  
See Action Table Appendix
- 2.4. Review of Live Modification Proposals and Topics Log  
JM reviewed Live Modification Proposals and Topics Log. Closure of Topics 003Dis and 004Dis, Credit Modifications, was agreed.

**3. Modification Proposals**

- 3.1. (0649) 'Referencing Incident Notification governance Within Network Code'.  
CW provided Implementation Update (attached).  
  
CW reiterated complex modification for implementation however notice provided 31 May 05 for proposed implementation with effect 01 October 05.  
  
Concern was expressed that the UNC does not recognise Web Communications. If this is the case Transco will need to propose an additional Modification in time for 01 October 05 Implementation date.  
  
**Action:** Transco to review UNC to ensure e-mail/web communications recognised for implementation of Mod 0649 on 01 October 05 and provide update at next meeting.  
  
SM expressed concern with web security issues. Transco confirmed that there will be a choice of systems web being one of them. Clarification sought on implications of some DNs not using web system.  
  
**Action:** Transporters to collate and bring views to next meeting  
  
**Action:** Transco to clarify if RIDDOR / Incident Notifications will have to be actively monitored by Shippers on the web.  
  
**Action:** Transco to provide further detail and information on system ownership.
- 3.2. 0023 'Re-assessment of User Unsecured Credit Limits'. Attached Workstream Report produced and agreed. Shipper concerns relayed and captured within report including; proposal is not in line with Ofgem's Best Practice Guidelines and the consequent requirement for additional modifications.  
  
Transco confirmed Ofgem have been approached for guidance / clarity.  
  
Discussion revolved around the preference for a single modification incorporating all of Ofgem's Best Practice Guidelines. Ofgem highlighted the implications of raising one modification including the complexity of accepting all elements. A suggestion was made to take existing Credit Rules and insert

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into UNC. Ofgem commented this was unlikely to be acceptable, as the existing Credit Rules are not in line with the Best Practice Guidelines.

Transco confirmed they wish to proceed with the Credit Modifications as they are.

Transco highlighted the only element of the existing Credit Rules not to be included in the UNC is the Number of Days security as this would not have been in line with Ofgem's Best Practice Guidelines.

**Action:** Joint Office to contact Members of Transmission Workstream for additional comments for the Workstream reports

- 3.3. 0024 'Independent security provision by an entity with an Investment Grade Rating of 'A' or above'.

Attached Workstream Report produced and agreed, incorporating comments from attendees.

- 3.4. 0025 'Notice Period for Credit Limit Downgrade and Remedies for Non-compliance'.

Attached Workstream Report produced and agreed, incorporating comments from attendees. Shippers challenged the application of 8% above base interest, as this was inconsistent with best practice and should be deemed inappropriate for the industry given existing contractual arrangements and that 3% has been sufficient to date.

Concern was expressed about the notice period not reflecting the commercial environment with Letter of Credit (LOC) applications. It was suggested that Shippers may have indications of possible downgrading. Transporters argued the 2 day operation provides greater security and protection.

Clarification was provided when interest rates are charged. The Notice Period is Business Days but interest would be applied on Calendar Days.

Concern was expressed with regards to the consequences of a 2-day deadline and any action that may be taken against a Shipper, which could result in foreclosure.

- 3.5. 0026 'Application of Charges consistent with Late Payment of Commercial Debts (interest) Act 1998'.

Attached Workstream Report produced and agreed, incorporating comments from attendees. Shippers in particular challenged application of 8% above base interest.

- 3.6. 0027 'Right of Set Off under Uniform Network Code'.

Set-Off Illustration provided. Transco confirmed amendment made to proposal prior to submission to Panel as agreed at the Workstream meeting 6 June 2005.

Attached Workstream Report produced and agreed, incorporating comments from attendees.

Shippers expressed concern with the potential for significant system implications and the associated costs of development, which for some may override the possible efficiency savings. Set off should be elective for Shippers. If mandatory, at least 3 months notice would be required to make any change - the preference would be 6-9 months to allow testing and training.

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Ofgem commented the Modification reduces a Transporters exposure.  
Shippers emphasised they want a choice to use or not.

#### 4. Topics on Agenda

##### 4.1. Primary and Sub-deduct Meters.

Process flow diagram circulated (attached).

**Action:** Shippers to provide feedback on Prime and Sub-deduct Meter Process Flow Diagram to Steve Nunnington

Summary of Asset Queries provided (attached). Soft Landing period until September.

##### 4.2. Arrangements for Isolation for Prime & Sub-deduct

Transco set out position in circulated paper, including Safety and Legislative obligations. CW invited alternative solutions.

CW presented main points of UNC Distribution Workstream Primary and Sub-deduct Network Arrangement for Isolations (Presentation attached)

Discussion evolved over Legacy of Prime Sub-deduct and Transco's obligations. Pre 1996 all Prime & Sub configurations were by British Gas and transferred to Centrica in accordance with the Gas Act 1995 (except competitive sites).

Shippers believed NGT have an obligation to transport gas to sub-deduct meters and believe NGT are using a technicality to avoid responsibility. Transco re-iterated that sub-deducts are not part of the NGT Network. However Shippers strongly believed Sub-deducts are part of the Network.

Transco provided a summary of retained Prime and Sub-deduct configurations (attached).

CW outlined the implications of isolating prime meters when sub-deduct meters are connected. Concern was expressed that customers are unprotected. Clarification was sought on who would be liable for cutting off Sub-deduct meters due to isolating a Primary Meter and why NGT could not take responsibility.

**Action:** Transco to seek legal advice regarding sub-deduct customer protection.

**Action:** Transco to consider providing Legal Guidance with regards to the referred Prime and Sub-deduct Agreement as currently ambiguous.

SM suggested a Shipper could raise a modification to place a contractual obligation on Transporters or an alternative solution to ensure no discrimination on sub-deduct customers.

SM suggested Transco provide a solution that maintains supply – option to re-instate isolation arrangements for Prime and Sub-deduct configurations.

*Post Meeting Note: further to discussion at the last meeting, Ofgem's initial view is that it does not agree with Transco's position on primary and sub-deduct meters - provisions governing isolation of the primary meter. Ofgem anticipate providing further information by the next meeting.*

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4.3. Shipper Initiated Capacity Referrals

CW presented information under UNC Section G5.1.4 Capacity Revision Application to revise registered capacity (attached)

Transco indicated possible Modification Proposal.

Shippers challenged a number of the proposed additional items required for Network Analysis i.e. AQ. Concern was expressed on the duplication of the current Siteworks process.

**Action:** Transco to examine Siteworks process and ensure Shipper Initiated Capacity Referral Proposals will not create duplication.

4.4. Any new topics

None.

**5. AOB**

5.1. AQ Analysis (Mod 18)

SN provided headline figures of review so far (attached) confirming full analysis will be provided at the end of the AQ Review.

**6. Diary Planning for Workstream**

Next Meetings:

Thursday 28 July 2005, 10:00, 10 Old Bailey

Thursday 25 August 2005, 10:00, 10 Old Bailey

Thursday 22 September 2005, 10:00, 10 Old Bailey

Thursday 27 October 2005, 10:00, 10 Old Bailey

Thursday 24 November 2005, 10:00, 10 Old Bailey

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Action Table (Appendix 1)

Action Ref	Meeting Date	Action	Owner	Status Update
2.3.1	26/05/05	Modification 0649 - 'Referencing Incident Notification governance With Network Code' Transco provided a brief update requesting an agenda item at the next meeting to provide detail of progress.	Transco	Progress update provided 23 June 05. Action Complete
2.3.8	26/05/05	Xoserve telephone number recharging clarification	Transco	Clarification provided. Action Complete
3.1	26/05/05	Mod Proposal 005(0726) Provision of a Guarantee of Pressure for Meter Points Operating above 21 mbar by the Relevant Transporter'. CW confirmed consideration for a contractual arrangement will be undertaken.	Transco (CW)	DMR out for Reps by 7 July 05. Action Complete
4.1	26/05/05	Legal Text for mods 0023, 0024, 0025, 0026, 0027	Transco (CW)	C/F
4.5	26/05/05	Changes to Prime and Subs Read Process following Asset Unbundling. SN to bring Process Flow Diagrams to next meeting	Transco (CW/SN)	Process Flow Diagram Provided. Action Complete
4.6	26/05/05	Isolations for Prime & Sub-deducts. Transco to confirm HSE have been consulted on Transporters' obligations under GSMR beyond ECV	Transco	Transco Paper issued. Action Complete
4.6	26/05/05	SM and RP requested locations of Prime & Sub-deducts per Distribution Network.	Transco	High-level summary provided. Action Complete
4.6	26/05/05	CW agreed to clarify where Gas Act acknowledges existence of Prime & Sub-deducts.	Transco (CW)	Transco Paper issued. Action Complete
4.6	26/05/05	CW will try and distribute letter prior to next Workstream Meeting.	Transco (CW)	Transco Paper issued. Action Complete
4.8	26/05/05	Ofgem agreed to provide history on previous Must Read Modification Proposals.	Ofgem	Most recent decision letter provided. Action Complete

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3.1	23/06/05	Transco to review UNC to ensure e-mail/web communications recognised for implementation of Mod 0649 on 01 October 05 and provide update at next meeting.	Transco (CW)	
3.1	23/06/05	Transporters to collate and bring views to next meeting	Transco (CW)	
3.1	23/06/05	Transco to clarify if RIDDOR / Incident Notifications will have to be actively monitored by Shippers on the web.	Transco (CW)	
3.1	23/06/05	Transco to provide further detail and information on system ownership.	Transco (CW)	
3.2	23/06/05	Joint Office to contact Members of Transmission Workstream for additional comments for the Workstream reports	Joint Office (JM)	
4.1	23/06/05	Shippers to provide feedback on Prime and Sub-deduct Meter Process Flow Diagram to Steve Nunnington	Shippers (All)	
4.2	23/06/05	Transco to seek legal advice regarding sub-deduct customer protection	Transco (CW)	
4.2	23/06/05	Transco to consider providing Legal Guidance with regards to the referred Prime and Sub-deduct Agreement. As currently ambiguous.	Transco (CW)	
4.2	23/06/05	Post Meeting Note/Action: Ofgem's initial view is that it does not agree with Transco's position on primary and sub-deduct meters - provisions governing isolation of the primary meter. Ofgem to provide further information by the next meeting.	Ofgem (BS)	

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