

Distribution Workstream Minutes
Thursday 23 November 2006
Elexon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alex Travell	AT	E.ON UK
Chris Warner	CW	National Grid Distribution
Fiona Upton	FU	E.ON UK
Gareth Evans	GE	Total Gas & Power
Graham Wood	GW	British Gas Trading
James Crosland	JC	Corona Energy
Jenny Boothe	JB	Ofgem
Linda Whitcroft	LW	Xoserve
Marie Clark	MCI	Scottish Power
Mark Jones	MJ	Scottish and Southern
Mick Curtis	MC	E=MC ²
Nicolas Rubin	NR	Ofgem
Phil Broom	PB	Gaz de France ESS
Phil Lucas	PL	National Grid Distribution
Sallyann Blackett	SB	Xoserve
Sham Afonja	SA	RWE Npower
Simon Howe	SH	RWE Npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	xoserve
Tim Davis	TD	Joint Office of Gas Transporters

Apologies

1. Introduction and Status Review

1.1. Minutes from October Distribution Workstream

Comments received:-

Amendment to Minute Ref 2.1 Proposal 0115: "Correct Apportionment of NDM Error"

CWa requested the following statement is added for clarity:

"CWa identified that the intent of the proposal is to smear all unreconciled energy, that is currently placed solely upon the SSP sector, more equitably across all NDM supply points"

CW requested the following amendments:

Workstream members expressed concern at this principle and identified that it appeared to significantly widen the scope of the Proposal. CW noted that if such regime applied, 'exempt' Smaller Supply Points (those with AMR) would never be subject to reconciliation and that Larger Supply Points without AMR equipment installed would be subject to a 'double' reconciliation. CW also

commented that Shippers who elected not to install AMR equipment may be inequitably treated.

~~DM sites and AMR will continue to be excluded from the Mod and the~~ It was noted that the Proposer is working with xoserve on a solution to identify AMRs. Reform is constrained by the current systems. xoserve thought an ad hoc invoice may offer a potential cost effective solution, possibly early 2007.

~~In response to questions Cwa confirmed that it was proposed that RbD is allocated and not the examples of the error.~~ Currently the Proposer and xoserve are looking at how the invoice will operate, and any extensions to the RbD process. It is the intention to update the meeting in November with progress made.

JB requested that her apologies are recorded within the October minutes

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 are still seeking legal advice. It is intended that a view will be provided early next year.

Action: Carried forward

Dis0903: Proposal 0115 “Correct Apportionment of NDM Error”, GW to work with xoserve and the Distribution Networks to understand the scale of the issue and provide a more detailed proposal for the Workstream.

Action Update: GW confirmed work is ongoing. See Item 2.1.

Action: Carried Forward

Dis1001: Proposal 0115: “Correct Apportionment of NDM Error” – JM to request Panel for an extension before final report is submitted to Modification Panel.

Action Update: Complete. However, JM will request a further extension at the December Panel Meeting, until March 2007. See item 2.1.

Action: Complete

Dis1002: SL to discuss 0117 with Ofgem and decide how to proceed.

Action: Complete

Dis1003: FC to advise the date and details once the next Billing Operational Forum has been arranged.

Action Update: xoserve advised that the next Billing Operational Forums are: Friday 24 November – Extraordinary Billing Operations Forum – Ramada Hotel, Solihull, 10:00 for 10:15.

Wednesday 6 December – Billing Operations Forum – xoserve Offices, Solihull, 10:15 for 10:30.

Action: Complete

Dis1004: JM to write to Ofgem in support of the Transporter and Shipper initiatives and record the Workstream’s disapproval of the apparent unwillingness of the IGTs to enter into a dialogue.

Action: Complete

Dis1005: JO to add new topic "LDZ RbD reconciliation Notification Process" to the register, with an assigned Priority of 'medium' and place it on the agenda for November's meeting.

Action: Complete

Dis1006: Ofgem's Proposed RbD Issues Log JM to contact Ofgem and enquire as to the status of the proposed issues log.

Action Update: JB confirmed that Ofgem have prepared a Conclusions Document and intend to provide an issue log as an annex. This will be placed on the Ofgem website requiring a review after six months. The Issue Log will be discussed within the RbD Sub Group Meetings managed by xoserve following the Billing Operational Forums.

Action: Carried Forward

1.3 Review of Live Modification Proposals and Topics Log

JM reviewed the current Distribution Modification Proposals and Topic Status Report.

Modification Proposal 0088: "Extension of DM service to enable Consumer Demand Side Management". SB confirmed that xoserve are targeting the beginning of December for the Proposal's Change Order request submitted by National Grid. The costs will be provided with a tolerance but these will be very high-level estimates.

TD confirmed that Ofgem have requested Legal text for this Modification and that the JO will issue the Legal text as soon as it is received. The Workstream was advised that it may be possible to include the Legal text with the Draft Modification Report depending on its submission date, however if the Legal text is received later on in the consultation process there may be inadequate time for the text to be considered.

Modification Proposal 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers". CW requested if Ofgem have a "minded to" decision on Modification Proposal 0089. JB confirmed she will endeavour to provide this information.

2. Modification Proposals

2.1 Proposal 0115: "Correct Apportionment of NDM Error"

JM reiterated that the Panel will be requested for an extension until March 2007 to finalise the Workstream Report.

GW confirmed that further offline meetings and discussions will need to be undertaken to assist with the development of this Modification Proposal and that a meeting will be arranged in early December. GW agreed to advise the JO of the meeting dates.

Further development of the Proposal has taken place with xoserve and British Gas Trading (BGT). BGT intend to amend the Modification Proposal in light of discussions already held to add further clarity.

GW provided a presentation to update the Workstream on the intent of the Proposal.

A number of concerns were expressed within the Workstream:

MC expressed concern that the intent of the proposal appears to rewrite the entire RbD Reconciliation process and that this is a huge change involving 100% reallocation of the reconciliation pot.

SB clarified that xoserve was requested to examine the cheapest solution to facilitate what BGT was looking to provide and two options had been identified: An entire online system to alter the Reconciliation Invoice process (this being the optimum solution but with significant system impacts); or no change to the way the system calculates the invoice, with the RbD calculation staying as it is currently, but then undertaking an offline energy smear, including large Supply Point shares and issue by way of an adhoc invoice.

GW acknowledged that there are other scenarios

GE expressed concern with receiving energy back for sites which have already been reconciled.

AT expressed concern about the efficiency of the second option and how the EUC issue/solution could impact the costing of a contract price for larger Supply Points.

CW clarified that smearing will also include Transportation as well as Energy.

MC suggested avoiding several Modifications to the UNC to achieve the result required, by identifying what is required then developing a Proposal and the solutions to achieve this.

GW confirmed his intention to provide more detailed options.

Action Dis1101: GW to provide the JO with an amended Proposal 0115

Action Dis1102: GW to advice of planned meetings to discuss Proposal offline

2.2 Proposal 0124: “Amendment to the window for acceptance of Meter Reads by the Transporter”

GW summarised the intent of the proposal. The potential impact on RbD was then discussed.

NR asked whether the potential increase of meter reads that are likely to be submitted by extending the read submission window can be quantified, as this would assist Ofgem understanding the materiality of the Proposal.

SN suggested that some Shipper processes are automated and reads that are likely to miss the current 10 day read submission window would probably not be submitted. However xoserve would be able to identify the number of meter reads that were submitted and rejected because these were outside the 10 day window.

NR suggested Shippers may want to include within a Confidential Representation the likely number of additional valid meter reads that could be accepted by extending the read submission window. This would help Ofgem with their decision process.

SN provided a presentation on the 10-day rule within UNC M3.3.4 and the current limitations of UK Link. The presentation highlighted the benefits this Modification Proposal would allow. However there were a number of detrimental system impacts that would be likely to occur, in particular stockpiling of reads by extending the read submission window.

SN confirmed that no detailed IS analysis has been undertaken so xoserve have been unable to provide any statistical information. However, xoserve

indicated that until the UK Link refresh in November 2007 they could only manage a 15 day read submission window, and may be able to offer a trial of 20 days following the UK Link refresh. xoserve suggested that as part of the UK Link Refresh there may be the potential increase to the current 400,000 maximum read submission cap across all Shippers per day.

CW suggested that transitional terms could be incorporated into the UNC to facilitate re-addressing the possibility of a 20 day window.

It was suggested that the 50% within 10 days read submission standard remains in situ. However ST suggested that the Shipper's Meter Read validation process is examined more closely to assess if the 50% within 10 day window ought to be increased to 90% within 10 days.

NR suggested that Shipper validation issues may want to be clarified within the Proposal as this would assist Ofgem with their decision making process – why would the additional time be useful?

It was agreed that the Read Submission window would be amended within the Proposal from 20 day to 15 days.

The Workstream produced a Workstream Report for the 07 December 2006 Panel Meeting.

Action Dis1103: GW to provide the JO with an amended Proposal 0124

3. Topics

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

See Action update Dis0802 within item 1.2.

3.2. 014Dis CSEP NExA Agreements

CW confirmed that National Grid Distribution attended the AiGT Meeting and had proposed that an agreement is provided by the AiGT to remove certain provisions from the CSEP NExA.

On 06 November, the Joint Office reissued a previous email dated 11 August 2006 together with a draft UNC Modification Proposal. The Joint Office received a response on the behalf of the AiGT expressing sympathy with the issues, but only giving conditional support to the intention to raise the necessary UNC Modification Proposal to remove certain provisions from the NDM CSEP NExA .

CW believes that Shippers are being compromised by the iGTs reluctance to support a remedy. MCI confirmed that analysis has been undertaken on the associated information provision and that this analysis suggests the iGTs may not be adhering to their obligations.

NR confirmed Ofgem are aware of the situation and are willing to facilitate a meeting to progress this issue. MCI requested that Shippers are invited to any such meeting.

Action 1104: Ofgem to consider facilitating a meeting with the AiGT, Transporters and Shippers to assist with the CSEP NExA issue resolution

3.3. 016Dis: Termination of Dormant Shipper Licences

JB confirmed that Ofgem's Licence team met on 22 November 2006. The Workstream agreed to place this Topic on hold until the outcome from this meeting is available and further progress can be made.

3.4. 017Dis: LDZ RbD reconciliation Notification Process

SL confirmed that a paper was issued to the community on 22 November 2006 entitled Topic Discussion Paper on Mod Review Process 643 – LDZ RbD Reconciliation Notification Process, requesting views.

CW suggested that a Review Group may be required for the end to end process to be considered.

A discussion evolved as to whether it would be best to form a Review Group rather than dealing with the issue as a Topic within Transmission and Distribution Workstreams.

It is intended that a Review Proposal will be raised for the next Modification Panel Meeting and a Review Group formed.

SL requested any comments to be submitted to his issued paper.

Action Dis1105: LDZ RbD Reconciliation Notification Process, Review Proposal to be raised for the December Modification Panel meeting.

Action Dis1106: All to review Topic Discussion Paper on Mod Review Process 643 – LDZ RbD Reconciliation Notification Process and submit comments to: Stefan.Leedham@edfenergy.com

3.5. Any new topics

3.5.1. Charging for reconciliation quantities

As a result of the Farningham incident RWE have looked at how charges are allocated. SH provided a presentation highlighting concerns with changing portfolios, new entrants and Shipper of Last Resort risks and issues.

SH expressed willingness to raise a Modification Proposal for an LDZ adjustment error to more equitably share RbD costs.

Some concern was expressed about the charging mechanism for companies that no longer exist or the situation where a Shipper of Last Resort is hit with charges potentially preceding their Shipper Licence. MC highlighted the legal differences between a Shipper which has taken over a company with all its liabilities and having to take a portfolio as a Shipper of Last Resort.

SH wished the topic to be raised as a high priority Topic until a Modification Proposal is submitted.

4. AOB

4.1. Project Delta

GW raised an issue within Project Delta where potential sites were identified as not registered on UK Link. SB confirmed that xoserve were not able to progress the issue due to not having access to Shipper systems that may identify potential billing for the sites identified or having the resources to undertake door to door enquiries. However, xoserve agreed that they would

approach the relevant Transporter to request the publication of the identified sites, to enable further investigation.

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

4.2. Ofgem Attendance

ST highlighted the added benefit of Ofgem's attendance at meetings and, on behalf of the Workstream, welcomed the contribution of Ofgem today.

5. Diary Planning for Workstream

Next Meetings:

Thursday 25 January 2007, 10:00 at Novotel, Birmingham International Airport

Thursday 22 February 2007, 10:00 at Elexon, 350 Euston Road, London

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

Thursday 26 April 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
Dis0903	28/09/06	2.2	Proposal 0115 "Correct Apportionment of NDM Error", GW to work with xoserve and the Distribution Networks to understand the scale of the issue and provide a more detailed proposal for the Workstream.	BGT (GW) and xoserve	Action: Pending
Dis1001	26/10/06	2.1	Proposal 0115: "Correct Apportionment of NDM Error" – JM to request Panel for an extension in monthly report.	Joint Office (JM)	Action: Pending
Dis1002	26/10/06	2.2	SL to discuss 0117 with Ofgem and decide how to proceed.	EDF (SL)	Action: Complete
Dis1003	26/10/06	2.2	FC to advise the date and details once the next Billing Operational Forum has been arranged.	xoserve (FC)	Action: Pending
Dis1004	26/10/06	3.2	JM to write to Ofgem in support of the Transporter and Shipper initiatives and record the Workstream's disapproval of the apparent unwillingness of the IGTs to enter into a dialogue.	Joint Office (JM)	Action: Complete
Dis1005	26/10/06	3.4	JO to add new topic "LDZ RbD reconciliation Notification Process" to the register, with an assigned Priority of 'medium' and place it on the agenda for November's meeting.	Joint Office (HC)	Action: Complete
Dis1006	26/10/06	4.1	Ofgem's Proposed RbD Issues Log JM to contact Ofgem and enquire as to the status of the proposed issues log.	Joint Office (JM)	Action: Pending
Dis1101	23/11/06	2.1	GW to provide the JO with an amended Proposal 0115	BGT (GW)	Action: Pending
Dis1102	23/11/06	2.1	GW to advice of planned meetings to discuss Proposal offline	BGT (GW)	Action: Pending
Dis1103	23/11/06	2.2	GW to provide the JO with an amended Proposal 0124	BGT (GW)	Action: Pending
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

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis1105	23/11/06	3.4	LDZ RbD Reconciliation Notification Process, Review Proposal to be raised for the December Modification Panel Meeting.	EDF Energy (SL)	Action: Pending
Dis1106	23/11/06	3.4	All to review Topic Discussion Paper on Mod Review Process 643 – LDZ RbD Reconciliation Notification Process and submit comments to: Stefan.Leedham@edfenergy.com	All	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: Pending