

Distribution Workstream Minutes
Thursday 24 April 2008
31 Homer Road, Solihull, B91 3LT

Attendees

John Bradley (Chair)	JBr	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alex Travell	AT	E.ON UK
Alison Chamberlain	AC	National Grid Distribution
Andrew Margan	AM	Centrica
Bali Dohel	BDo	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Clare Thorneywork	CT	National Grid Transmission
Fiona Cottam	FC	xoserve
Jemma Woolston	JW	Shell
Jenny Booth	JB	Ofgem
Linda Whitcroft	LW	xoserve
Mitch Donnelly	MD	British Gas
Phil Broom	PB	Gaz de France
Richard Street	RS	Corona Energy
Rob Cameron-Higgs	RCH	Northern Gas Networks
Simon Howe	SH	RWE npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	xoserve

Apologies

Shelley Rouse	SR	Statoil (UK)
Julian Majdanski	JM	Joint Office of Gas Transporters

1.0 Introduction and Status Review

1.1. Minutes from March Workstream

Minutes were approved.

1.2. Review of Actions from previous meetings

Action 0201: All to consider the suggested 50% threshold for cost recovery.
Action Update: MD confirmed that British Gas intends to amend UNC 0197.
Views were still welcomed. **Action Carried Forward.**

Action 0206: MD to amend Proposal and the Joint Office to create a Workstream Report for UNC0199 for the March Panel Meeting.
Action Update: MD confirmed that the Modification Proposal requires significant amendment. He confirmed that the intention will be to withdraw the Proposal, and consider whether to raise a new Modification or not.
Action Closed.

Action 0301: Transporters to assess the amended UNC0205 and provide an explanation at next month's meeting on the chosen methodology.
Action Update: UNC0205 has been withdrawn. **Action Closed.**

Action 0302: Shippers to consider what reported Shrinkage information would be required from Transporters

Action Update: See Topic 0030Dis, DN Shrinkage Changes. **Action Carried Forward.**

1.3. Review of Live Modification Proposals and Topics Log

JBr provided a summary of the changes to the Modification Register from the previous Distribution Workstream meeting.

Also see items 2.0 and 3.0.

2.0 Modification Proposals

2.1. Proposal 0192: “Introduction of DNO obligations to facilitate resolution of unresolved USRVs”

LW provided a timeline for the application of multiple and aged USRVs. She explained what linked USRVs are, how they are managed, the complication of linked USRVs and how the reconciliation period may overlap the cut-off period.

A discussion took place on liable items linked to USRVs that are older than 30 months old and whether the new linked USRVs should be given an opportunity for Shippers to resolve or for xoserve to step in.

Concern was expressed about the loss of value in resolving the USRV. SH suggested giving Shippers a small window of opportunity to resolve all linked items, before xoserve step in.

It was agreed that xoserve would pick up all items older than are 30 months including linked USRVs, however linked items not older than 30 months old would remain with the Shipper for resolution.

LW believed that once a USRV has been passed to xoserve, the USRV could be resolved within 2 months. However this would rely on a constant level of USRVs requiring amendment. LW also pointed out that where additional information is required from Shippers xoserve would be looking to have a service level agreement to ensure the timely provision of required data.

JBr questioned if National Grid Distribution had produced a set of Business Rules for this Modification Proposal. AJ confirmed that a draft amended proposal had been produced. AJ provided an update on the draft amended proposal published on the Joint Office Website, highlighting the amendments made.

JBr asked the Workstream if the Modification Proposal considering today’s discussion could now be provided for consultation.

CW highlighted a concern that was raised at the April UNC Panel meeting regarding the user pay element of the Modification.

JB welcomed some cost and benefit analysis within the modification, and any rationale on a possible two tier pricing mechanism.

A discussion took place on having the cost information and charges within the proposal to allow Shippers to understand the charges costs of the proposal.

FC advised that xoserve have been working hard to identify a charge and the changes required to the ACS. AT expressed interest in understanding how the ACS changes would be consulted upon. Concern was expressed that the Proposal could proceed without consideration of the charges. ST believed that a proposed change to the ACS could be submitted to Ofgem in parallel to the Modification’s Consultation.

AJ agreed to produce a detailed set of Business Rules for further consideration at the May Distribution Workstream Meeting.

Action 0401: National Grid Distribution to produce a set of detailed business rules for UNC 0192 evaluation at the May meeting.

2.2. Proposal 0197: “Increasing User Incentives for the Investigation and Detection of Theft through the Reasonable Endeavours Regime”

MD confirmed that the Modification needs to be amended. It was therefore agreed to defer the production of the Workstream Report.

2.3. Proposal 0199: “Clarification around the application of the UNC Dispute Resolution Process”

MD confirmed the intention to withdraw the proposal. Further consideration will be given whether or not to raise a new Modification.

2.4. Proposal 0202: “Improvement to More Frequent Reading Provisions to allow benefits of AMR”

RS confirmed that the Modification has been amended in line with the discussion at the March Distribution Workstream.

The Workstream produced and agreed a Workstream Report.

2.5. Proposal 0210: “Implementation of DNPC03 (LDZ System Charges – Capacity / Commodity Split and Interruptible Discounts).....”

LW provided a presentation on the capacity / commodity split and suppressed reconciliations.

A discussion evolved around TRE, ZRE and the volume measurement. FC confirmed that the filter is primarily an LSP Shipper protection mechanism, from large erroneous charges. LW confirmed that xoserve are proposing an amendment to the suppression guidelines and that the proposal will be to use ZRE.

ST confirmed that the Proposal has been issued for a 20 day consultation and invited any questions the Workstream may have. He also confirmed that John McNamara from Ofgem had been contacted regarding the proposed changes.

2.6. Proposal 0211: “Suspension of the RbD Audit”

JB confirmed that the Modification had been referred to the Distribution Workstream and RbD Audit sub-committee for the production of a Workstream Report. The Distribution Workstream agreed that the Workstream report should be completed by the RbD Audit Sub-Committee.

3.0 Topics

3.1. 011Dis, Must Reads

It was agreed that this Topic be closed.

3.2. 014Dis, CSEP NExA agreements

CW confirmed that work is ongoing, and that considerations are being given to short term benefits in relation to validations. He confirmed that a detailed presentation will be provided on the short term solution at the next Review Group 0157 meeting on 29 April 2008 at Ofgem, Millbank. He suggested all interested parties should attend the meeting.

CW summarised a number of long term regime changes that are to be considered further by the Review Group. The Review Group RG0157 will continue to meet monthly.

3.3. 025Dis, User Pays

JBr confirmed that Ofgem had directed implementation of UNC0188 and rejected UNC0188A. CW confirmed that there is an outstanding issue relating to SPAA Schedule 23 changes. It was therefore agreed to keep the topic open.

3.4. 026Dis, RbD Issues Log

No update provided, ongoing.

3.5. 030Dis, DN Shrinkage Changes

ST provided a list of relevant reports published on National Grid's website (<http://www.nationalgrid.com/uk/Gas/Data/>) that Transporters are examining. These included: SV01-Daily Shrinkage Factors and Quantities, AB25-Shrinkage Factor, NORM13 - Total Shrinkage Figures. NORM14 - Shrinkage Trends and NORD01 - Daily Balance Report.

ST invited feedback from Shippers on the Shrinkage Information required by Shippers currently contained in these reports. He also wanted parties to consider the reporting mechanisms and whether these reports need to be removed or replaced. Action 0302 was therefore carried forward.

3.6. 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover

Further consideration required. Topic ongoing.

4.0 AOB

4.1. Update from iGT Modification Panel

No further update provided.

4.2. Ofgem Environmental Open Letter

JBr introduced the Ofgem Open Letter: "Proposed Guidance - Environmental Issues and the Code Objectives" which suggested Code Panels should take into account the value of carbon associated with Greenhouse Gas Emissions when evaluating Modification Proposals against economic and efficient operation criteria. The Governance Workstream had agreed that both Workstreams be made aware of this letter, particularly as the UNC Panel looks at consultation responses prior to reaching a decision.

CT expressed concern that Ofgem were seeking to introduce this before the current review of governance was completed. JBr responded that this view had been expressed to Ofgem at the Governance Workstream. JBr also clarified that the UNC Panel had not asked the Joint Office to make a response to the open letter on its behalf, so it was up to parties to make whatever response they wished.

JBr confirmed responses to the letter are required by 30 April 2008.

5.0 Diary Planning for Workstream

Next Meetings:

Thursday 22 May 2008, 10:00, Elexon, 350 Euston Road, London

Thursday 26 June 2008, 10:00, Elexon, 350 Euston Road, London

Thursday 24 July 2008, 10:00, 31 Homer Road, Solihull, B91 3LT

Thursday 28 August 2008, 10:00, Elexon, 350 Euston Road, London

Thursday 25 September 2008, 10:00, Elexon, 350 Euston Road, London

Thursday 23 October 2008, 10:00, 31 Homer Road, Solihull, B91 3LT

Thursday 27 November 2008, 10:00, Elexon, 350 Euston Road, London

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0201	28/02/08	2.1	All to consider the suggested 50% threshold for cost recovery – UNC0197.	All	Some amendments to the Proposal are expected. Action: Carried Forward
DIS0206	28/02/08	2.6	MD to amend Proposal 0199 & JO to create Workstream Report for Panel	British Gas (MD) & JO	Action: Closed
DIS0301	27/03/08	2.6	Transporters to assess the amended UNC0205 Proposal and provide an explanation at next month's meeting on the chosen methodology.	All Transporters	Action: Closed
DIS0302	27/03/08	3.6	Shippers to consider what Reported Shrinkage information would be required from Transporters	All Shippers	Transporters highlighted the current relevant reports on the National Grid website Action: Carried Forward
DIS0401	24/04/08	2.1	National Grid Distribution to produce a set of detailed business rules for UNC 0192 evaluation at the May meeting.	National Grid Distribution (AJ)	Action: Pending