

**Distribution Workstream Minutes**  
**Thursday 24 August 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
Alan Raper	AR	National Grid UK Distribution
Alex Thomason	ATh	National Grid NTS
Alex Travell	AT	E.ON UK
Edward Ntephe	EN	Ofgem
Gareth Evans	GE	Total Gas & Power
Joanna Ferguson	JF	Northern Gas Networks
Liz Spierling	LS	Wales & West Utilities
Marie Clark	MCl	Scottish Power
Mark Jones	MJ	Scottish and Southern
Mick Curtis	MC	E=MC <sup>2</sup>
Mike Vallance	MV	National Grid
Mitch Donnelly	MD	Centrica
Paul Smith	PS	Ofgem
Peter Bolitho	PBo	E.ON UK
Petra Phillips	PP	National Grid
Phil Broom	PBr	Gaz de France ESS
Phil Lucas	PL	National Grid
Ritchard Hewitt	RH	National Grid NTS
Sham Afonja	SA	RWE Npower
Shane Dancer	SD	E.ON UK
Simon Howe	SH	RWE Npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Mackay	SM	Ofgem
Tim Davis	TD	Joint Office of Gas Transporters
Vickey King	VK	National Grid

**Apologies**

Graham Wood	Centrica
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**1. Introduction and Status Review**

**1.1. Minutes from July Distribution Workstream**

Comments received:-

Amendment to Minute Ref 4.1. JM on behalf of Fiona Cottam, xoserve, clarified one point on Voluntary Discontinuance - thirteen months need to elapse after the last SSP site leaves the Shipper's portfolio (and all other conditions met) because the site will attract RbD charge for the next twelve months.

The Minutes of the previous meeting were approved.

## 1.2. Review of Actions from June Distribution Workstream meeting.

**Dis0905:** Ofgem to provide view of Network Ownership and Network Licence Conditions beyond ECV at Prime and Sub-deduct Meter Configurations.

**Action Update:** Provided under Agenda item. Action Complete

**Dis0700:** Mod Proposal 0099 - RWE Npower (SA and JB) to review Proposal and amend it in the light of the discussion, bringing it to next month's meeting.

**Action Update:** Complete

**Dis0701:** Specially Commissioned Credit Ratings – National Grid (PL and AR) UKD to review proposal in light of discussion.

**Action Update:** Complete

**Dis0702:** Exclusion from Domestic Load from stage three of the Firm Load Shedding Process - National Grid UKD (PL and AR) to review proposal in light of discussion.

**Action Update:** Presentation provided. Action: Complete

**Dis0703:** Ofgem (JD) to confirm date of publication of document on Theft of Gas (previously scheduled for June 2006).

**Action Update:** JD informed the Joint Office that this will be postponed while work is carried out by the ERA and ENA, via an incentives workgroup. As they will be having their first meeting at the end of August, Ofgem anticipate that a further consultation on new arrangements would be issued in the new year. Action: Complete

## 1.3 Review of Live Modification Proposals and Topics Log

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

## 2. Modification Proposals

### 2.1 Proposal 0099: “Management of erroneous Domestic AQs during the Registration process”

SH explained the revisions made to the Proposal.

The Workstream debated how the Change of Supplier process may cause problems when trying to ascertain the correct AQ especially without having reads for validation. SH explained the difficulties of customer knowledge and their ability to accurately confirm BTU ratings for appliances, as required by the present process.

PL suggested that the Proposal may need to be changed to refer to a change in User rather than supplier.

A discussion evolved around the impacts of incorrect asset data, the consequences of incorrect meter reads, filter failures and potential over booking of capacity.

MD said that manifest errors can be changed outside of the AQ Process and that the Manifest Error Appeals Process allows Suppliers to obtain previous Supplier reads through xoserve, to validate appeals.

xoserve to confirm how current use of BTU form interacts with AQ Review Process

**Action 0801:** xoserve be invited to attend the September Distribution Workstream to help clarify process.

AR expressed concerns with the potential implementation costs of the Proposal given its present drafting. However, SH clarified that the intent of the Proposal was largely to replace the existing BTU form with something which would be more straightforward to complete. He did not envisage, therefore, anything beyond a minor systems change.

In view of the differing interpretations, JM recommended giving an interim report to the Panel and requesting an extension in order to finalise an optimum solution and complete the Workstream Report at the September meeting.

SH as Proposer, agreed that the Workstream Report should be reconsidered at the next meeting to enable consideration of xoserve processes.

It was agreed that the Panel would be requested for a month extension for the production of the Workstream Report.

### 3. Topics

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

PS stated that it has proved difficult for Ofgem to provide a simplistic view having looked at the range of provisions. It is clear that the Gas Distribution Networks legally have ownership up to the primary ECV, but not beyond this. So although specific responsibilities can be ascertained from the legal provisions, it is not clear on who has responsibility beyond that point.

Ofgem have examined the primary duty in terms of customers and safety issues. PS stated that although it is clear from a Safety perspective for DNs to be responsible to make safe, there is an underlying concern at the potential lack of clarity regarding ownership.

PS confirmed that Ofgem will be approaching the DTi in terms of policy perspectives, and will look into the situation further over the next month, month and a half for further clarity on the legal position.

PS therefore agreed with DNs that the Network beyond the ECV was not part of the DN Network but said it is less clear who is responsible in terms of the law and who is responsible with regards to statutory duties and that an answer needs to be found that better fulfils the statutory duties.

MC requested if Ofgem would provide a written response of Ofgem's preliminary views for parties to consider with their respective Legal teams, and feed back to Ofgem to assist with the development of any policies.

**Action 0802:** Ofgem to consider providing a written response, outlining its preliminary view on Network Ownership beyond the ECV, to assist with policy development.

#### 3.2. 014Dis CSEP NExA Agreements

MCI provided an update confirming that IGTs have not yet produced Legal Text to support modification of all iGT Network Codes. MCI confirmed another Modification Proposal will be raised to address nested CSEPs issues, seeking to ensure obligations on data provisions are fulfilled.

PL noted that IGTs have a concern regarding double jeopardy, by having provisions both within the UNC and within NExAs and that National Grid

would look to remove the relevant provisions from the NEXAs, via the UNC Modification Process.

### **3.3. 016Dis: Termination of Dormant Shipper Licences**

GE provided an update stating that consideration is still being given to the required mechanisms before raising a Modification Proposal.

### **3.4. Firm Load Shedding**

PL provided the attached presentation, which included details on the Consultation Process.

Concern was expressed regarding how vulnerable customers would be identified to ensure no loss of supply, for example within a district heating scheme.

PBo expressed concern about appropriate consultation on Safety Case changes which had a commercial impact.

### **3.5. Any new topics**

#### **Draft Credit Modification Proposals**

MV introduced the following draft Modification Proposals confirming that they have all been drafted in line with the Ofgem Best Practice Guidelines Consultation Document, September 2005. The Modification Proposals are considered to be the final suite required.

#### **3.5.1. Quantification of Value at Risk (VAR) to determine maximum User Credit Security Requirements**

MV presented this draft Modification Proposal.

Some concerns were expressed with the wording and comments were provided to improve the clarity of the Proposal. The Proposal will be reviewed and formally submitted to the Panel with a recommendation that it should proceed to consultation.

#### **3.5.2. Aggregation of Credit Positions or Use of Group Ratings**

MV presented this draft Modification Proposal and there were no comments in response. The Proposal will now be formally submitted to the Panel with a recommendation that it should proceed to consultation.

#### **3.5.3. Availability of Unsecured Credit Based on User Payment Record or Independent Assessment**

MV presented this draft Modification Proposal.

Some concerns were expressed with regards to the Proposal and suggestions were made to improve the clarity. The Proposal will be reviewed and formally submitted to the Panel with a recommendation that it should proceed to consultation.

#### **3.5.4. Management of Users Approaching and exceeding Upper Limits of Credit Limit**

MV presented this draft Modification Proposal. Some suggestions were made to improve clarity of the Proposal. Clarification was

provided that Legal text will be provided with the Draft Modification Report, if not submitted with the Proposal. The Proposal will be reviewed and formally submitted to the Panel with a recommendation that it should proceed to consultation.

**4. AOB**

**5. Diary Planning for Workstream**

Next Meetings:

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

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

**Action Table (Appendix 1)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
Dis0905	22/09/05	3.1	BS, Ofgem to provide view of Prime and Sub-deduct Network ownership and Network Licence Conditions.	Ofgem (BS)	27.07.06: A presentation was made at the August meeting. Action Complete.
Dis0700	27/07/06	2.1	Mod Proposal 0099 - RWE Npower to review proposal and amend it in the light of the discussion, bringing it to next month's meeting.	RWE (SA and JB)	Action: Complete
Dis0701	27/07/06	3.3.2	Specially Commissioned Credit Ratings – National Grid UKD to review proposal in light of discussion.	NG UKD (PL and AR)	Action: Complete
Dis0702	27/07/06	3.3.3	Exclusion from Domestic Load from stage three of the Firm Load Shedding Process - National Grid UKD to review proposal in light of discussion.	NG UKD (PL and AR)	Action: Complete
Dis0703	27/07/06	4.1	Ofgem to confirm date of publication of document on Theft of Gas (previously scheduled for June 2006).	Ofgem (JD)	Action: Complete
Dis0801	14/08/06	2.1	xoserve to be invited to the September Distribution Workstream to help clarify interaction with AQ Review Process.	JO	Action: Pending
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