

Distribution Workstream Minutes
Thursday 25 June 2009
Elexon, 350 Euston Road, London

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Andrew Wallace	AW	Ofgem
Anne Jackson	AJ	SSE
Bali Dohel	BaD	Scotia Gas Networks
Brian Durber	BrD	E.ON UK
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
David Thorne	DT	Gemserv
Erika Melén	EM	ENA
Gareth Evans	GE	Waters Wye
Jemma Woolston	JW	Shell Gas Direct
Joanna Ferguson	JF	Northern Gas Networks
Jonathan Dixon	JD	Ofgem
Linda Whitcroft	LW	xoserve
Mitch Donnelly	MD	British Gas
Phil Broom	PB	GDFsuez
Rosie McGlynn	RM	EDF Energy
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

Apologies

Richard Street	RS	Corona Energy
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1. Introduction and Status Review

1.1. Minutes from the previous meeting

The minutes from the previous meeting were approved.

1.2. Review of actions from previous Distribution Workstream meetings

Action Dis0903c: Ofgem to provide an update on the response to Corona's letter regarding meter labelling during the Prime and subs survey process.

Action Update: ST confirmed that a response has been provided to Corona Energy. **Complete.**

Action Dis0401: 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.

Action Update: SL provided a brief update, explaining that a series of sites are being looked at and that the examples are not restricted to meter reading issues, some are dead sites. He confirmed that some examples will be provided at the next workstream. **Carried Forward.**

Action Dis0402: UNC 0248 - xoserve to report the level for adjustments in a 12 month period.

Action Update: LW confirmed that the net affect of the adjustments were £15m for 37,000 MPRNs. **Complete.**

Action Dis0403: EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.

Action Update: SL reported that meetings have taken place with xoserve to look at varying solutions. He confirmed that a revised modification will be provided. **Carried Forward.**

Action Dis0505: UNC 0231 - British Gas to insert a revised scheme into the proposal

Action Update: MD confirmed that this has not been undertaken as he has had difficulty tracking the current version; he suggested that the insertion would simply add clarity and can be attached as an appendix. However, this would not change the intent of the proposal. **Closed.**

Action Dis0506: UNC 0231 - All parties to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream

Action Update: BF confirmed it was agreed this action was for DNs. AW asked DNs for a preference. ST was unsure if certain paragraphs in the Transporters licence could simply be switched off. He thought it would be cleaner to have a separate condition in the licence, highlighting that E3 would still need to work. CW concurred a new condition would be preferable. ST and CW confirmed that Option 1 was preferred. **Complete.**

Action: Dis0507 UNC 0224 - xoserve to establish the scope for cost savings against existing obligations if sites become DM elective.

Action Update: Iain Monksfield has provided the following note as an update:

“Under the current NDM regime if the tolerance is breached then xoserve systems automatically generate a User Suppressed Reconciliation Value (USRV), which in turn generates a query in ConQuest. This process is fully automated, does not require manual intervention from xoserve and the process is capable of managing volumes from 1 - 100,000 without increasing the cost of the service.

Once created, investigation and resolution of the USRV query remains responsibility of the shipper, who incur the cost of these activities in addition to the related incentive charges. Once the USRV reaches 30 months old xoserve will resolve under MOD192 methodology and charge the shipper accordingly.

xoserve operates a manual reporting and minimal support service to shippers, but again these services are not volume dependent. The xoserve costs for provision of these services are funded via the Distribution Networks Price Control, with the exception of MOD192 queries that is a Code User Pays service and follows the approved Agency Charging Statement (ACS) methodology.

Under the DM Elective regime a number of Supply Points, currently NDM and subject to the USRV rules will be nominated DM and therefore no longer follow the NDM processes. The proposed ACS prices for the DME services do not assume any cost savings as a result of savings to transportation services, given that the processes involved are automated and forecast demand in the first year(s) remains low.

It is recognised that there could be potential savings in the future if demand increases significantly, and xoserve will monitor this in readiness for 2013 PCR and any savings that can be attributed will be done accordingly.”

Complete.

Action Dis0508: UNC 0231 - British Gas to discuss the potential legal text with Scotia Gas Networks to identify how best to incorporate the scheme within the UNC.

Action Update: MD suggested that the scheme will be incorporated into the UNC as an appendix to code; he suggested that this could be done via an annex. AW clarified that the workstream had previously discussed the governance of the scheme and highlighted that insertion as an annex will be governed by the UNC modification process. MD was open minded about where the scheme could be inserted into code and would be guided by Scotia Gas Network's (SGN's) legal drafting. He thought the legal drafting should not delay the development of the proposal. **Complete.**

Action Dis0509: British Gas to amend Modification Proposal 0231 following discussions with Scotia Gas Networks.

Action Update: It was agreed to close this action in light of the previous update. MD advised the Proposal had not been amended and he thought the workstream report could be completed based on the version previously published by the Joint Office. **Closed.**

Action Dis0510: UNC 0231 - All to consider the draft Workstream Report in preparation for sign off by teleconference on 11 June.

Action Update: BF explained that the teleconference on 11 June had been cancelled and that the Workstream report will be updated. See item 2.1. **Closed.**

Action Dis0511: British Gas to redraft Proposal 0253 to reflect the issues discussed by the Workstream.

Action Update: An amended proposal had been provided. See item 2.3. **Complete.**

1.3. Review of Live Modification

BF provided an update on all live proposals.

2. Modification Proposals

2.1. Proposal 0231: Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft

Further to the action updates provided, MD was keen to complete the Workstream Report.

AW highlighted that Ofgem had previously asked for justification of the £1000 limit. However, they had only received one response. He explained that it would be difficult to make a decision with only one response. MD explained that this was discussed with Jenny Boothe at a previous meeting. MD thought from the conversation with Jenny Boothe that, as not all Shippers are actively incurring theft of gas investigation costs the information could be limited and as all costs claimed would have to be justified as part of the claim process and the £1,000 is simply a cap on claims, the response received may suffice. AW expressed the importance and a need for a level of protection for other industry players. MD confirmed that the £1,000 cap was suggested to ensure smaller suppliers costs are covered as larger industry players will have economies of scale. It was felt that smaller suppliers may have to procure an investigation service, which also needs to be considered and as this may not be actively undertaken now, it may be difficult for the smaller suppliers to indicate actual costs. MD expressed that he did not want the cap limited to the extent that it would discourage detection of theft.

The Workstream discussed the incentives contained in the scheme. AW felt the intent is for suppliers to be cost neutral and that the increase in the cap is not an incentive but a reduction in the current disincentive. MD confirmed that where there is a current cap for claim type 5 of £250, this would be replaced by an increased cap of £1000, claim type 7 would not be affected by a cap. MD agreed to provide an updated table to be added as an appendix to the Workstream Report for clarity. BF suggested that Shippers may want to provide justification of costs within their representations.

It was suggested that Shipper's investigation and operational costs would increase, however this is no different to the current process.

Whilst the Workstream report was being considered the following suggestions were made:

ST suggested that the proposal may wish to clarify that the scheme can only be amended by the modification process.

CW suggested that it may not be suitable for the scheme to be lifted in its current form and inserted into the UNC. MD highlighted that the current scheme is approved by Ofgem, and that if SGN have any problems with the insertion of the scheme this can be examined separately.

ST suggested that the legal text and implementation will need to line up with the required licence change. AW suggested that SGN's lawyer works through the legal text to identify any issues and a bi-lateral review in undertaken with Ofgem to consider and establish what needs to be done.

The Workstream felt the legal text would not be required for the consultation process but it may be requested to be drafted by the UNC Panel or Ofgem to consider. It was considered the proposal was sufficiently clear and could proceed to consultation. ST felt the nature and intent of the proposal would not change with the production of legal text and was comfortable that consultation could be undertaken without text. The key issue with the legal text was more about how the legal text will fit with licence changes.

AW asked if there was any concern if a licence change did not go through. MD thought that the proposal was contingent on a licence change and it may not be able to proceed without it. ST suggested that the licence change may not be required he suggested the proposal could result in two references to the scheme which could be passed through. MD confirmed that the proposal will be amended to acknowledge licence changes.

It was agreed that the draft Workstream report would be published along with the agreed amendments for further consideration. It was agreed to provide an updated Workstream Report on Monday 29 June for approval and that the final version would be published by Friday 03 July.

Action 0601: British Gas to submit an amended UNC0231 by Monday 29 June.

Action 0602: Joint Office to publish the Workstream Report including the amended proposal by Friday 03 July 2009.

2.2. Proposal 0248: Meter Read Replacement

SL had previously reported that a revised modification will be provided for consideration at the next Distribution Workstream. See Actions Dis0401 and Dis0403.

2.3. Proposal 0253: Facilitating a Supply Point Enquiry Service for Large Supply Points

BF confirmed that UNC0253 had been amended by the proposer and published by the Joint Office. The Workstream agreed to consider the amended Modification Proposal at short notice. CW made a request that the Joint Office provide marked up versions of amended modifications to assist the identification of changes. BF explained the difficulties with undertaking the production of modifications with marked up changes. It was suggested that the proposer could provide a marked up version which the Joint Office could publish along side the final version.

MD explained the amendments made to the proposal and the intent of the proposal. He explained that the provision of any report could be a non code service which can be procured from xoserve by any Shipper who requests the information; he explained that the proposal allows the release of such data and facilitates the provision of a non code service.

MD explained the element suggesting the removal of the word "contemplating" from UNC had been removed and the proposal was now silent on how the release of data could be facilitated within code, as this was being left to Scotia to draft the required legal text.

GE questioned if the release of Supply Point Enquiry data was for all supply points or if the report can be used to specify Supply Points in a particular DNO or EUC band for example. MD advised the proposal was not so specific and it would be down to the requester to agree the service specification and report content with xoserve. He explained that the provision of data will allow a timely quotation service to be provided to consumers for sites which need to be individually quoted. Quotes could be provided on point of contact.

Some additional clarification was suggested and recorded on the Workstream Report. It was agreed subject to the changes, the proposal was sufficiently clear.

Action 0603: British Gas to amend UNC0253 and submit to Panel for consideration at the July Panel Meeting.

Concern was expressed by GE that some Shippers will have had inadequate time to consider the proposal for the production of the Workstream report. However, other Workstream members were prepared to consider the Workstream report despite not having five days to consider the amended proposal. It was agreed that the Workstream Report could be produced and that a teleconference will be pre-arranged to discuss and include any elements not already captured by the report. It was agreed that a teleconference will be planned for 10:00 Monday 06 July which will only proceed if Shippers indicate that the Workstream Reports needs further consideration.

Action 0604: All to consider the draft Workstream report for UNC0253 and indicate to the Joint Office if the report needs further consideration or not.

JW highlighted that any information provided through the non code service may become out of date by the time it is utilised. PB suggested that there may an alternative solution whereby xoserve are tasked to provide a within day response to supply point queries. The varying forms in which the data could be provided were discussed. LW highlighted that the proposal does not stipulate the method of provision and would not preclude the use of IAD for the provision of the non code service.

AW asked if there were any data protection issues. MD confirmed that the data is industry data which can already be obtained through a supply point enquiry service. He confirmed advice had been sought from the ICO on this issue and the detail of this can be provided.

Action 0605: British Gas to present their conclusions on the impacts of data protect on the provision of supply point enquiry data without contact from a consumer.

SL challenged the loss of audit trails on what information has been requested and by whom. MD disagreed and felt that there would be an audit trail as the provision of a non code user report would be the evidence.

RM highlighted that the User Pays User Committee (UPUC) would have to agree any report production and that the benefits/advantages considered in the Workstream Report are limited.

The Workstream discussed the definition of “contemplating”. ST felt Shippers can currently submit a nomination without any customer communication. BrD suggested that the lack of information on LSPs could inappropriately imply or result in a perception that certain customers are undesirable.

MD highlighted that Shippers can request an individual supply point enquiry for every site and obtain the information for free. What this proposal enables is the data to be requested and reported collectively.

BF believed a lot of the concerns expressed were aspects surrounding the support or lack of support for the proposal and any resulting non code services and not if the proposal was sufficiently developed.

2.4. Proposal 0255: Publication of Objection Rates for LSP Supply Points

GE provided a presentation on behalf of Gazprom Marketing and Trading – Retail which provided the background and benefits of the proposal.

SL commented why the proposal was needed as Ofgem could use their existing powers to look into any concerns that the objection process is being used to retain customers.

SL expressed concern about the anonymity and the number of licences that some Shippers hold. Some shippers have a number of licences with small portfolios and these would not feature in the report.

LW queried if the report needs to indicate objections that have been withdrawn and allowing the transfer to continue. MD confirmed that withdrawn objections legitimately take place whereby a customer may contact the current Supplier and pay any outstanding balances to enable such a transfer. CW suggested that the objection code could be used to breakdown the report for example objections due to debt or contract issues.

ST questioned once produced what the report will be used for. GE explained that the information could be reviewed by Ofgem and Shippers. He suggested if the report illustrates a high objection rate for a Shipper in comparison to other Shippers, it may indicate that the objection process is being used as a customer retention tool which may need further investigation. The presentation provided an example of what the report could look like.

SL suggested that Ofgem could obtain this information without a modification proposal.

ST considered the proposal is trying to tackle a potential licence requirement not a UNC requirement. ST therefore challenged whether a modification to UNC was required. AJ believed if the report is incorporated into the UNC then it would be available to all UNC Parties. ST challenged if the proposal met any of the relevant objectives.

MD was concerned that the report may imply a Shipper is doing something wrong when it may be acting legitimately. He suggested more granularity is required for the report to be more meaningful.

JD suggested that the report may not indicate any wrong doing but provides activity information like other industry reports, which could be used to establish whether or not there is any misuse of supply point transfer objections.

SL suggested not all Shippers would be interested in the report and it should be funded by the parties who want it.

CH had no objection to Waterswye clients having the information but supported EDF Energy that they do not wish to have access to any such report and would not wish to fund its development. It was suggested if the costs are very minimal that the Shippers who want the report should fund it.

GE confirmed the aim of the proposal was to keep the cost of developing and providing the report as low as possible and its scope had been limited for these reasons.

ST suggested an anonymous report could be produced to ascertain if there may be high objection rates. MD suggested the production of a draft report would indicate if there is a potential problem and whether it is desirable to continue with the proposal and what further action may need to be taken.

GE confirmed further consideration would be given to the issues raised including the granularity of the report. He confirmed that he will amend the proposal for further discussion at the next Distribution Workstream. CW offered to raise a ROM once it was understood exactly what was required.

JF suggested that an anonymous report could be produced and if there is any shipper with a high percentage rate then Ofgem could actively find out who this relates to and if deemed necessary investigate it further. MD suggested such public information may create brand damage where as the suggested anonymous report would provide an indication of a problem with the option of exploration and an organisation would need to justify its position to Ofgem.

Action 0606: Gazprom to consider amending UNC0255 and submit to Panel for consideration at the July Panel Meeting.

3. Topics

3.1. 014Dis CSEP NExA Agreements

No update provided

3.2. 038Dis Emergency Contact Details

The discussion of this topic was deferred until next month. DT confirmed that the Gas Forum is planning to hold a conference which will include a review of the management of Emergency Contacts. GE asked if this would be an open meeting or restricted to Gas Forum Members. DT confirmed that the Gas Forum are currently considering if this will be an open forum and an update will be provided.

3.3. Any new topics

None.

4. AOB

4.1. Update from iGT mod panel

DT provided an update on some file format changes taking place.

4.2. AQ Review

PB raised a problem which occurs during the AQ Review. He explained when a Shipper takes on a new site there will be no read history. He questioned if there was any reason why Shippers could not access site read history from previous suppliers. He suggested that this may want to be considered. CW confirmed that he will investigate if there are any limitations on the provision of asset history and provide and update. MD felt there was no legal barrier as information is provided with the electricity market.

Action 0607: National Grid to investigate if there are any barriers to providing asset and previous read history to new suppliers.

5. Diary Planning for Workstream

Monday 06 July 2009, provisional teleconference to conclude UNC0253.

Thursday 23 July 2009, 10:00, Holiday Inn, 61 Homer Road, Solihull

Thursday 27 August 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 24 September 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 22 October 2009, 10:00, 31 Homer Road, Solihull

Thursday 26 November 2009, 10:00, Elexon, 350 Euston Road, London

Distribution Workstream Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	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)	Carried Forward
Dis0402	23.04.09	2.2	UNC 0248 - xoserve to report the level for adjustments in a 12 month period.	xoserve (AJ)	Complete
Dis0403	23.04.09	2.2	EDF Energy to revise proposal UNC0248 considering the discussions held at the Distribution Workstream.	EDF Energy (SL)	Carried Forward
Dis0505	14.05.09	2.2	UNC0231 - British Gas to insert a revised scheme into the proposal	British Gas (MD/DW)	Closed
Dis0506	14.05.09	2.1	UNC0231 - DNs to review Ofgem's response on the potential licence changes required and provide a response at the next Distribution Workstream	DNs	Complete
Dis0507	28.05.09	2.1	UNC0224 - xoserve to establish the scope for cost savings against existing obligations if sites become DM elective	xoserve (GF)	Complete
Dis0508	28.05.09	2.3	UNC0231 - Discuss the potential legal text with Scotia Gas Networks to identify how best to incorporate the Reasonable Endeavours scheme within the UNC	British Gas (MD)	Complete
Dis0509	28.05.09	2.3	Amend Modification Proposal 0231 following discussions with Scotia Gas Networks	British Gas (MD)	Closed
Dis0510	28.05.09	2.3	UNC0231 – Consider the draft Workstream Report in	All	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			preparation for sign off by teleconference on 11 June		
Dis0511	28.05.09	2.4	Redraft Proposal 0253 to reflect the issues discussed by the Workstream	British Gas (MD)	Complete
DIS0601	25.06.09	2.1	British Gas to amend UNC0231 by Monday 29 June.	British Gas (MD)	Pending
DIS0602	25.06.09	2.1	Joint Office to publish a draft Workstream Report for approval by Friday 03 July 2009.	Joint Office (BF/HC)	Pending
DIS0603	25.06.09	2.3	British Gas to amend UNC0253 and submit to Panel for consideration at the July Panel Meeting.	British Gas (MD)	Pending
DIS0604	25.06.09	2.3	All to consider the draft Workstream report for UNC0253 and indicate to the Joint Office if the report needs further consideration or not.	All	Pending
DIS0605	25.06.09	2.3	British Gas to present their conclusions on the impacts of data protect on the provision of supply point enquiry data without contact from a consumer.	British Gas (MD)	Pending
DIS0606	25.06.09	2.4	Gazprom to consider amending UNC0255 and submit to Panel for consideration at the July Panel Meeting.	Gazprom (GE)	Pending
DIS0607	25.06.09	4.2	National Grid to investigate if there are any barriers to providing asset and previous read history to new suppliers.	National Grid (CW)	Pending