

**Distribution Workstream Minutes**  
**Thursday 26 February 2009**  
**Elaxon, 350 Euston Road, London**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alan Raper	AR	National Grid Distribution
Alison Meldrum	AM	Corus Group
Anne Jackson	AJ	SSE
Bali Dohel	BDo	Scotia Gas Networks
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE Npower
Chris Warner	CW	National Grid Distribution
Clare Temperley	CT	Gemserve
Dave Addison	DA	xoserve
Erika Melén	EM	ENA
Jemma Woolston	JW	Shell Gas Direct
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Jon Dixon	JD	Ofgem
Linda Whitcroft	LW	xoserve
Martin Brandt	MB	SSE
Mitch Donnelly	MD	British Gas
Phil Broom	PB	Gaz de France
Richard Street	RS	Corona Energy
Simon Howe	SH	RWE npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	xoserve
William Humphreys	WH	Total

**Apologies**

**1. Introduction and Status Review**

**1.1. Minutes from the 29 January 2009 Workstream**

The minutes of the previous meeting were approved.

**1.2. Review of Actions from the 29 January 2009 meeting**

**Action 0903a:** DNO's to confirm whether they will be labelling Prime and Subs configurations as part of survey process

**Action Update:** ST had previously suggested that this could be completed as a follow on exercise. He confirmed that WWU would not be asking agents to label any meters as part of the survey process, however any meters identified as not labelled through the survey process would be noted and labelled through normal operating procedures. BD challenged the intention. RS asked if WWU could confirm this intention in writing to enable Shippers to respond with their concerns as a number of Shippers believed the survey process provides an ideal opportunity to overcome missing meter labels. NGD, NGN and SGN agreed to confirm their position. **Carried forward.**

**Action 0903b:** WWU to confirm their intention to notify the relevant party rather than provide labels when Sub deduct installations are found incorrectly or insufficiently labelled. **Pending.**

**Action 0101:** Shippers to provide Transporters with contact details for the sub-deduct survey process.

**Action Update:** WWU confirmed very few contacts have been received. **Carried forward.**

**Action 0102:** Transporters to provide Shippers with contact details for the sub-deduct survey process.

**Action Update:** Wales & West Utilities and Scotia Gas Network contacts have been circulated via the Joint Office. National Grid and Northern Gas Networks to provide the Joint Office with contact details for onward communication. **Carried forward**

**Action 0104:** Joint Office to create a UNC0232 report incorporating Ofgem's letter for archiving on the Joint Office website.

**Action Update:** See item 2.3. **Complete.**

**Action 0105:** Joint Office to record a Topic for UNC0232 and place on hold with a future review date.

**Action Update:** See item 2.3. **Complete.**

**Action 0106:** Transporters to provide Shippers with a draft copy of the "Customer contact letter".

**Action Update:** WWU confirmed that they have provided a draft customer letter to Shippers. It was also confirmed that a standard letter had been published on the Joint Office website, these are available with the Distribution Workstream Minutes on 06 January 2009.

(<http://www.gasgovernance.com/Code/Workstreams/DistributionWorkstream/2009/>). **Complete.**

**Action 0107:** All to consider the consequences of meter read replacements.

**Action Update:** See item 3.5. **Complete.**

**Action 0108:** xoserve to investigate how Shippers will be able to identify USRVs removed for investigation by xoserve.

**Action Update:** LW confirmed that reports have been provided to Shippers. **Complete.**

### 1.3. Review of Live Modification Proposals

BF summarised the current situation of all the live Modifications for the Distribution Workstream.

## 2. Modification Proposals

### 2.1. 0224: "Facilitating the use of AMR in the Daily Metered Elective Regime"

**Action DG0224 013:** Strawman proposal to be developed by Shippers and Transporters and bring to the next meeting for further discussion.

**Action Update:** PB confirmed that a strawman has been provided and that this action has now been superseded. **Complete.**

**Action DG0224 015:** Modification Proposal and Development Group Report to be amended to reflect required comments and changes discussed in the meeting.

**Action Update:** PB requested this action is carried forward. **Carried Forward**

**Action DG0224 016:** All to provide feedback on xoserve's proposed file format changes.

**Action Update:** DA provided a short presentation incorporating a summary of the comments received. **Complete.**

SH provided a presentation listing a set of User Pay Arrangement Questions. He challenged the aspect of targeting costs and acknowledged that these need to be fair to all parties. He understood the proposal is to spread costs across the population of EUC bands 4 to 8. However he has looked at RWE's portfolio and the size of meters within each EUC band. He confirmed that xoserve had previously indicated that the number of sites which are voluntary daily metered are fairly small possibly 5%. He believed that the likely take up in EUC band 4 and 5 is likely to be very low. MD conferred. SH explained even if there was a 10% take up of Elective DMs in the larger bands, this is still only a small number. He believed that EUC band 6 to 8 are likely to have a greater take up. He challenged with this information in mind whether it was appropriate to include EUC bands 4 and 5 when targeting costs, is it reasonable to spread costs across these bands if the take up is likely to be very minimal. He asked whether costs should be targeted membership basis rather than spreading the costs across all potential participants and EUC bands.

PB suggested that the impact assessment by Ofgem on the potential take-up may be more revealing. He confirmed that the terms of fairness was considered at the previous meeting where 2 models were presented these were based on a membership fee or a availability fee. He confirmed that there was a debate on how the set up costs could be recovered against a specific and a targeted pricing scheme, the initial view was that banded costs would be fair, on balance the view was that security was needed on what the price might be.

SH believed that having considered the proposal further that the membership fee maybe fairer than the banded availability fee.

SH questioned the period for recovery of set up costs and whether this would be over 1 year or a longer period. PB believed that the DNs would need to take a snapshot of the portfolios and this could be used as a guide at the start of the rollout.

ST believed it was likely that the cost may be spread out over an 18 month roll out.

MD questioned if any further costs would be going into the ACS, ST confirmed that take up of the service will attract operational costs for that service.

It was suggested that the development costs may have to be delayed and phased over the roll out period, to ensure early take up is not deterred by potentially higher costs.

BD asked about the possibility of late membership, PB explained that this is a fee on take up. CH believed that with membership costs these ought to be recovered over a longer period time. ST wished to avoid stranded costs that Transporters may not be able to recover. He believed that users who want the service will need to be prepared to pay for its development.

MD suggested that the membership system may encourage Shippers to register a membership but not actually take up the service which may have an impact on cost recovery.

SL suggested that the start up costs may want to be accounted for immediately as the costs may only be £5-£10 per site, with this in mind socialising maybe appropriate.

MD confirmed that British Gas may not use the service but would not object to socialising the set up costs as they may want to use the service in the future.

RS recognised the value of the service but also confirmed that Corona may not actually use the service. He acknowledged that this is the first step to providing a functionality which will have longer term value to the industry and that investment is likely to be minimal.

SH was of the belief that the set up investment should not be spread over EUC bands 4 and 5. SL questioned if SH was suggesting that EUC bands 4 and 5 should be excluded from the service. ST believed that excluding EUC bands 4 and 5 could increase the costs to as much as £100 per meter point on take up.

SH questioned if there will be a minimum period required for usage of the service, he also questioned the change of supplier process and whether there would be a flag assigned on sites and meters.

CW confirmed that voluntary DMs do not have any minimum period.

SH provided a grid illustrating the preference view of the options measured against cost reflectivity, targeting, transparency and confidence.

SL questioned if there would be difference in invoicing costs with the use of a membership fee, it was acknowledged that a system would have to be developed to recognise memberships and bill accordingly. This would be more costly.

The Workstream re-assessed their preferred view, consideration was given to the membership or availability models and that 2b was still the preferred view.

RS expressed concern that if customers believe that they can avoid costs if they withdraw from a particular regime. Qualifying criteria was discussed including the transfer of supplier.

ST suggested that demand information may need to be collated by Ofgem, he questioned if it was possible for xoserve to provide Ofgem Shipper portfolio data and for Ofgem to approach Shippers on the likely take up dependant on varying costs against the portfolios. RS also suggested that this analysis could also include the likely take up of AMR. ST asked JD if Ofgem would be willing to facilitate the analysis. MD confirmed that he would be comfortable with providing the data to either Ofgem or xoserve as long as the information was provided anonymously.

ST asked why wouldn't Shippers want to be settled daily when they have AMR connected. BD responded the service reduces exposure to risks around ratchets.

**Action DWG 0224 017:** xoserve to provide Shipper Portfolio information to Ofgem for the provision of likely take up of DME and AMR.

DA gave a presentation providing a summary of the responses received on the file format information discussed at the last meeting.

MB asked what the trigger would be for creating a Datalogger, DA confirmed if it was automated xoserve would add dummy Datalogger details.

RS believed it would be helpful if xoserve could provide more detail on file formats for dummy Dataloggers.

DA asked the Workstream if it was appropriate to take a non response as acceptance. MD suggested that the changes are considered by the UK Link committee, RS believed that the workgroup is an ideal forum in addition to the UK Link committee to consider system changes.

**Action DWG 0224 018:** xoserve to make the implementation summary available to the UK Link Committee for consideration on 12 March 2009.

It was suggested that an expert group could be linked to the UK Link Committee on the 09 April 2009. DA asked if the Joint Office would be able to administer.

**Action DWG 0224 019:** Joint Office to organise an expert group to consider the proposed implementation plan.

DA provided a further presentation on the Transfer scenarios which summarised the principles and approach xoserve proposed to take.

The transfer read was discussed for different scenarios and how transfer reads would be managed, particularly if the incoming shipper wishes to replace an opening read. An estimate would be generated by xoserve using the previous read provision which can be appealed by the incoming shipper. It was confirmed that a read can be submitted by the new shipper within D+5. RS expressed a concern that there could be a scenario where the meter is a drift and may need an eyeball read.

If reads are provided by both parties the outgoing shipper's read would be rejected.

## **2.2. 0227: "Implementation of an Industry AMR database to facilitate the change of supply process"**

RS confirmed that the SPAA considerations will be able to determine whether to proceed with this modification. RS confirmed that when SPAA have provided a view consideration will be given whether to withdraw this modification.

## **2.3. 0232: "Allocation of Unidentified Gas via the Distribution Network Charges"**

BF confirmed that the item has been set as a topic however a review date needs to be set to ensure that a review is undertaken at the appropriate time.

CW challenged the need for a Topic and suggested that the current Topic could be closed and a new topic re-opened if it was deemed necessary in the future. The Workstream agreed closure of the Topic.

BF invited views on the draft report published on the Joint Office website. He confirmed that a link to Ofgem's letter was included within the report. No comments were provided on the draft report. The report was therefore accepted as a final report to be published on the Joint office website within the Closed Modification section.

## **3. Topics**

### **3.1. 014Dis, CSEP NExA agreements**

CW confirmed that no further update was available.

### **3.2. 025Dis, User Pays**

BF confirmed that the Final Modification report for UNC0213V had been considered by the Panel on 19 February 2009 and that Ofgem have requested the final Legal Text.

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The Workstream agreed that the Topic could be closed.

### **3.3. 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover**

JD suggested that the Workstream carry this Topic over as Ofgem are currently considering the topic. ST confirmed that WWU are also considering a potential modification.

### **3.4. 032Dis, Primes & Subs**

The Workstream agreed to close this Topic on the provision that the outstanding actions are monitored.

### **3.5. 033Dis, Meter Read Replacements**

SL confirmed discussions have taken place with various parties. He believed that the provisions could be progressed in two stages, firstly develop a simple solution which considers the impact on AQ going forward, then consider an enduring solution as part of Nexus with full functionality for reconciliation. SL confirmed that further discussions will take place with the intention of bringing a draft proposal to look at the short term solution at the next Workstream meeting.

CW provided a presentation to highlight National Grid Distributions initial views and concerns, particularly in relation to the change of ownership.

A brief discussion took place on the change of ownership and whether the outgoing shipper would want to change meter reads for a site no longer in their ownership, the existing process to challenge inaccurate meter reads on site transfer was discussed.

SL acknowledged that what the industry want to achieve compared to what is achievable short term will be different. He confirmed that he will review the information provided by National Grid Distribution.

### **3.6. 034Dis, AQ Appeals and the BTU Form**

SL provided a presentation highlighting the high level issues, including the interpretation for the use of the BTU form and change in the economic climate. He explained the objective of the draft proposal, he expressed concern that the bottom stop SOQ restricts the reduction of the SOQ and subsequently AQ. RS expressed concern where customer gas usage significantly reduces due to the economic down turn. A debate occurred about the ability to change the Bottom Stop SOQ and the impact this would have.

AR highlighted the way costs are allocated across the network and that the Bottom SOQ reflects the ability to take a certain volume. The intent is to facilitate genuine AQ changes and to avoid users profiling the AQ during the year, for example reducing AQ in the summer and increasing in the winter.

SL believed that the BTU form allows any potential site changes to be considered by measuring the potential output of a supply point if equipment has been removed or installed.

A debate occurred about the treatment of new supply points and existing supply points and the ability to use projected data.

SH highlighted that if a site's AQ is reduced to 1 then the site will become an SSP as it cannot remain a DM site. SL suggested to a way avoid to this, if a site wishes to remain a DM voluntary site it should reduce the AQ to 73,201kWh/pa so it is above the SSP threshold. If a site is vacant but there is a wish to keep the site registered as DM voluntary site, the only option available would be to reduce the AQ but not below the threshold. It was

acknowledged this would not be an accurate AQ, nevertheless it would be more accurate than leaving a vacant site with a much higher AQ, though it would not prevent capacity being booked by another site if it is released due to AQ changes.

AM asked why capacity could be lost if the AQ was reduced to 1 above the SSP threshold. AR replied Transporters could not prevent others taking capacity if it wasn't already booked by a site, Transporters would be in breach of their licence.

SL confirmed further development is required with a view for an FMR to be available in April.

CW also provided a presentation.

Some debate occurred about the existence of a supplier contracts, misallocation and site access to site for meter readings to validate use of gas.

CW raised a point that approved methods of isolation are detailed in MAMCoP and isolation is an alternative to reducing AQ. BD was concerned that some of the methods listed were not suitable to demonstrate or confirm no flow on site but thought it would be worth reviewing methods in MAMCoP.

SL provided a timeline to develop and implement the draft proposal. MD thought the timeline was ambitious due to the wide scope and suggested the scope is amended to DM sites only. RS saw merits in reducing the scope offered to support SL in redrafting the proposal to help meet the proposed timeline. MB added electricity modification 0196 was developed for a similar situation and the rules maybe transferable.

CW reminded the group that where DM equipment is installed charges would still apply.

MD thought there would be benefits if the draft proposal could be discussed at the next workstream.

**Action DIS0201:** Include draft proposal AQ Appeals within the next Distribution Workstream agenda (04.03.09).

### 3.7. Any New Topics

None

## 4. AOB

### 4.1 Update from iGT Modification Panel

No update available.

## 5. Diary Planning for Workstream

Thursday 12 March 2009, 11:00, Holiday Inn, 61 Homer Road, Solihull (UNC0229)

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

Thursday 09 April 2009, Holiday Inn, 61 Homer Road, Solihull

Thursday 23 April 2009, Holiday Inn, 61 Homer Road, Solihull

Thursday 28 May 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 25 June 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 23 July 2009, Holiday Inn, 61 Homer Road, Solihull

### Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0903a	25.09.08	3.5	DNO's to confirm whether they will be labelling Prime and Subs configurations as part of survey process	NGD, NGN, SGN	Action: Carried Forward
DIS0903b	26.02.09	1.2	WWU to confirm their intention to notify the relevant party rather than provide labels when sub deduct installations are found incorrectly or insufficiently labelled.	WWU (ST)	Action: Pending
DIS0101	06.01.09	3.4	Shippers to provide Transporters with contact details for the sub	All Shipper	Action: Carried Forward
DIS0102	06.01.09	3.4	Transporters to provide Shippers with contact details for the sub	All Transporters	Action: Carried Forward
DIS0104	29.01.09	2.3	Joint Office to create a UNC0232 report incorporating Ofgem's letter for archiving on the Joint Office website.	Joint Office	Action: Complete
DIS0105	29.01.09	2.3	Joint Office to record a Topic for UNC0232 and place on hold with a future review date.	Joint Office	Action: Complete
DIS0106	29.01.09	3.4	Transporters to provide Shippers with a draft copy of the "Customer contact letter"	Transporters	Action: Complete
DIS0107	29.01.09	3.5.1	All to consider the consequences of meter read replacements.	All	Action: Complete
DIS0108	29.01.09	4.3	xoserve to investigate how Shippers will be able to identify USRVs removed for investigation by xoserve.	xoserve (LW)	Action: Complete
DIS0201	26.02.09	3.6	Include draft proposal AQ Appeals within the next Distribution Workstream agenda (04.03.09).	Joint Office (BF)	Action: Complete



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**Action Table – Development Work Group 0224 (Appendix 2)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DG0224 013	27.11.08	2.0	Strawman proposal to be developed by Shippers and Transporters and bring to the next meeting for further discussion.		Action: Complete
DG0224 015	06.01.09	2.0	Modification Proposal and Development Group Report to be amended to reflect required comments and changes discussed in the meeting.	GDF (PB)	Action: Carried Forward
DG0224 016	29.01.09	5.1	All to provide feedback on xoserve's proposed file format changes.	All	Action: Complete
DG0224 017	26.02.09	2.1	xoserve to provide Shipper Portfolio information to Ofgem for the provision of likely take up of DME and AMR.	xoserve	Pending
DG0224 018	26.02.09	2.1	xoserve to make the implementation summary available to the UK Link Committee for consideration on 12 March 2009.	xoserve	Pending
DG0224 019	26.02.09	2.1	Joint Office to organise an expert group to consider the proposed implementation plan.	Joint Office	Action: Pending