

Distribution Workstream Minutes
Thursday 26 March 2009
Elxon, 350 Euston Road, London

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alan Raper	AR	National Grid Distribution
Anne Jackson	AJ	SSE
Bali Dohel	BDo	Scotia Gas Networks
Chris Hill	CH	RWE Nnpower
Chris Warner	CW	National Grid Distribution
David Watson	DW	British Gas
Erika Melén	EM	ENA
Jemma Woolston	JW	Shell Gas Direct
Joel Martin	JM	Scotia Gas Networks
Jon Dixon	JD	Ofgem
Linda Whitcroft	LW	Xoserve
Mitch Donnelly	MD	British Gas
Phil Broom	PB	Gaz de France
Phillip Hobbins	PH	National Grid Transmission
Richard Street	RS	Corona Energy
Shelley Rouse	SR	Statoil (UK)
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	Xoserve
Sue Sherry	SS	Xoserve

Apologies

Mark Jones	MJ	SSE
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1. Introduction and Status Review**1.1. Minutes from the 26 February 2009 Workstream**

The minutes of the previous meeting were approved.

1.2. Review of Actions from the 26 February 2009 meeting

Action 0903a: DNO's to confirm whether they will be labelling Prime and Subs configurations as part of survey process by 09 April 2009.

Action Update: ST had previously confirmed that WWU would not be asking agents to label any meters as part of the survey process. RS confirmed that a letter has not yet been provided from WWU, however Corona Energy has written to Ofgem expressing their concerns. A response from NGD, NGN and SGN is still awaited. A discussion took place on which party was responsible for meter labelling; the difficulties associated with shared supply points and site access issues for suppliers. Some Shippers expressed concern regarding site access believing that the DNs have better access rights as configurations may have multiple suppliers. RS reiterated that the survey process provided an ideal opportunity to ensure meter labels are in situ. MD asked why DNs would not want to label meters and whether this was a cost issue or about concerns for setting a precedent. MD confirmed that the prime and sub meters remain within the bundled meter service and that the DNs are reading these sites. JM/AR acknowledged the concerns

raised and will reconsider the situation. It was agreed that all DNOs will provide a response to meter labelling on 09 April 2009. **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. **Carried Forward.**

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

Action Update: It was agreed that as the process is under way this action could now be closed. All parties were aware of the need to provide contacts. **Complete.**

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

Action Update: It was agreed that as the process is under way this action can now be closed. All parties were aware of the need to provide contacts. **Complete.**

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

Action Update: Complete

1.3. Review of Live Modification Proposals

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

RS confirmed that UNC0227 will be withdrawn.

2. Modification Proposals

2.1. 0244: "Amending DM Supply Point Data for Sites with Significant Changes in Usage"

Action ERP 0047: RS to amend the Proposal in light of feedback. **Complete**

Action ERP 0048: DNs to consider the ramifications of UNC0244 and provide a response. **Complete**

Action ERP 0049: Ofgem to provide a view on the Proposal and highlight any areas to be covered within the consultation. **Complete**

SN provided a presentation which looked at the impacts of UNC0244, this included how many sites could potentially be impacted, the background to capacity charges on DM sites, how the system is set up to amend the BSSOQ, current thresholds and ratchet mechanisms. The presentation also provided the number of eligible sites under UNC 0244 and an analysis showing actual increases and decreases of throughput. The presentation concluded with providing some considerations and possible solutions; however all of the possible solutions would need further analysis.

SN highlighted that 158 sites are currently below the AQ of 73,200 Kwh which shouldn't be and that xoserve are having difficulty getting Shippers to re-nominate these sites as NDM and concerns were expressed that any solution shouldn't exacerbate this problem.

AR confirmed that a site cannot drop its SOQ below BSSOQ. It was also confirmed applications can be made at any time to increase capacity rights.

A discussion evolved about the emergency impacts if SOQs are incorrect, this could result in sites being asked to turn down in an emergency situation which already have significantly low consumptions than the expected SOQ.

SN confirmed that the development period for an off line or online system is likely to be in the region of 3-6 months.

RS questioned the statistics provide by xoserve as they suggested the absolute worse case scenario i.e. that all sites would want to use the service. SN asked what the likely take up would be as this would drive the solution. MD explained that this is dependant on the current economic climate. However he suggested that xoserve may wish to plan for about one third taking up the service, this would equate to approximately 200 sites. SN suggested if the likely take up was 100 sites or more xoserve would require a systemised solution.

A discussion evolved about the risks of reducing the SOQ and that consumers would loose their capacity rights. The risks and costs associated with reinstating capacity rights were acknowledged by Shippers.

BF provided a list of questions captured at the UNC Panel, these included whether the proposal was clear enough for it to be issued to consultation and for the Workstream to consider further the impacts on SHQs, NExAs, ARCAs, shared supply points, storage, DM sites on iGT Networks and charging. The Panel also suggested that consideration is given to drafting the legal text. The Workstream considered all these elements.

RS acknowledged the questions and made amendments to the proposal to clarify some of the points before the Workstream Report was considered.

DN charging methodologies were briefly discussed and whether this could be considered as an alternative.

The cost recovery of development was discussed. RS envisaged the service being classed as a core service and that the initial development costs would be recovered accordingly.

JD asked about the use of the BTU form and that it was not apparent why the BTU form could not be used for DM sites. He also asked about the use of the reconfirmation process. A discussion considered the isolation and withdrawal of sites and how this does not remove the site history. JD also asked about significant changes in users profiles impacting on the metering arrangements for that site.

The Workstream considered and completed the Workstream Report. It was agreed that the amended modification proposal should form part of this report before it is considered by the UNC Panel on the 02 April 2009.

Action 0301: RS to provide amended Modification Proposal for inclusion within the UNC0244 Workstream Report.

Ofgem asked for a view by Friday 03 April 2009 from the WWU lawyer if it possible to produce the legal text. It was agreed to recommend to the Panel that the Legal Text is included with the Draft Modification Report.

Action 0302: WWU to confirm to Ofgem the ability to produce legal text for inclusion in the UNC0244 Draft Modification Report.

2.2. 0224: “Facilitating the use of AMR in the Daily Metered Elective Regime”

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

Action Update: BF published an amended Review Group Report for completion today. **Complete**

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

Action Update: LW and PB confirmed that the information has been provided to Ofgem. **Complete.** However, PB provided a slide for publication on the Joint Office website and expressed a concern on the cost bands provided and that these are different to those within the ROM,

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

Action Update: LW confirmed that the UK Link representatives will be considering the implementation summary on 09 April 2009. **Carried Forward**

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

Action Update: BF confirmed discussions have taken place with xoserve and confirmed that the UK Link committee would first consider the implementation plan on 09 April 2009. **Complete**

PB reiterated his concern about the cost bands provided by xoserve. PB highlighted that the costs that have been identified in the ROM are different. He provided a spreadsheet illustrating an operational cost analysis.

PB believed xoserve may not have utilised the ROM and would like xoserve to review the cost bands provided as he was unaware that the ROM was incorrect. LW agreed to take an action for Andy Miller to provide some more information on the figures provided by 02 April 2009.

Action DWG0224 020: xoserve (AM) to provide further information on the cost bands provided for consideration by the Shippers by 02 April 2009.

PB requested if the Joint Office could issue an email confirming that the cost bands provided by xoserve may be subject to change. BF asked if xoserve could provide the Joint Office with the original email issued to allow an appropriate message to be compiled.

Action DWG0224 021: Joint Office to issue an email explaining a revised set of cost bands are to be provided for Shippers to consider.

AR was unable to conclude why the cost bands were different to the figures provided within the ROM, however he suggested that the prices may include the developmental costs not simply the operational costs.

The Workstream went onto to consider the Development Group Report, PB confirmed that section 5 has had some further detail added to include some of the processes David Addison previously outlined; he also highlighted some other changes relating to the User pays cost charging.

JW asked what the likely worse case scenario for costs are likely to be, PB suggested that the core system costs are in the region of £380k and £550k. However he was not able to confirm what the worse case scenario was likely to be, he suggested it may be towards the high end of the core system cost estimate.

The Workstream considered and completed a Development Group Report for the next UNC Panel meeting.

3. Topics

3.1. 014Dis, CSEP NExA agreements

CW provided a presentation providing a CSEP update. He confirmed that SPAA have been undertaking a review on a single service provision. He welcomed any questions for consideration.

3.2. 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover

The Workstream have kept this Topic on the register as Ofgem are currently considering the topic. ST had also confirmed last month that WWU are also considering a potential modification.

3.3. 033Dis, Meter Read Replacements

SL requested comments on a draft modification proposal which he intends to raise at the 16 April 2009 Panel.

3.4. 034Dis, AQ Appeals and the BTU Form

See item 2.1. The Workstream agreed to continue to review the Topic. However, its priority was to be changed to Low.

3.5. 037Dis, Review of arrangements relating to theft

The Workstream agreed the Topic could be closed.

3.6. Any New Topics

None

4. AOB

4.1 Update from iGT Modification Panel

No update available

4.2 Review of Flow Weighted Average CV Rules

PH provided a presentation on National Grid NTS proposed review on calorific values (CVs). This was to introduce the considerations before a UNC Review Proposal is raised. The presentation gave the background to CVs and how daily CVs are calculated at present, including the use and calculation of flow weighted averages. PH also explained about a cap which is applied based on the lowest sourced CV+1 and how this used to calculate Billable Energy and Unbilled Energy (CV shrinkage). PH went on to explain why National Grid NTS are reviewing this process which could result in higher levels of unbilled energy, leading to higher transportation costs for NTS shippers.

SL asked how much of National Grid NTS' allowed revenue is recovered from SO commodity charges.

Action 0303: National Grid NTS to confirm how much revenue is recovered from SO commodity charges. **Action Complete.**

Post Meeting Update: National Grid NTS has confirmed the latest estimate of the allowed revenue to be recovered from SO commodity charges for formula year 2009/10 is £298.9M. This figure is contained within the quarterly updates the Charging Team produce which appears on the website at the following location:

<http://www.nationalgrid.com/NR/rdonlyres/5890E962-B732-4413-948E-1BCA24EEA1AF/31746/NTSChargeSettingSupportingInformationApr09.pdf>

PH confirmed the intention to establish a UNC Review Group to look at the existing arrangements, what the future supply mix is likely to be, consider the issues which impact accuracy of actual energy versus billed energy and

develop potential methodology changes. He confirmed that a Review Proposal has been drafted for presentation to the April Modification Panel with a view to report by Autumn 2009

RS asked if National Grid NTS will be engaging the Department for Energy and Climate Change (DECC). MD confirmed that DECC needs to be included within any review.

RS was keen to understand how big a problem NTS believe there is now and how this is likely to change in the future. PH acknowledged that this would be considered within the Review Group and any actions resulting from this presentation would be included in the Review Group.

5. Diary Planning for Workstream

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

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

Thursday 14 May 2009, venue to be confirmed

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

Thursday 11 June 2009, 10:00, Elexon, 350 Euston Road, London

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

Thursday 09 July 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 by the 09 April 2009.	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: Carried Forward
DIS0101	06.01.09	3.4	Shippers to provide Transporters with contact details for the sub	All Shipper	Action: Complete
DIS0102	06.01.09	3.4	Transporters to provide Shippers with contact details for the sub	All Transporters	Action: Complete
DIS0201	26.02.09	3.6	Include draft proposal AQ Appeals within the next Distribution Workstream agenda (04.03.09).	Joint Office	Action: Complete
DIS0301	26.03.09	2.1	RS to provide amended Modification Proposal for inclusion within the UNC0244 Workstream Report.	Corona Energy (RS)	Pending
DIS0302	26.03.09	2.1	WWU to confirm to Ofgem the ability to produce legal text for inclusion in the UNC0244 Draft Modification Report.	WWU (ST)	Pending
DIS0303	26.03.09	4.2	National Grid NTS to confirm how much revenue is recovered from SO commodity charges.	National Grid NTS (PH)	Action: Complete Post meeting note included in the minutes.

ERP Action Table (Appendix 2)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
ERP 0047	12.03.09	2.2	RS to amend Proposal UNC0244	Corona Energy (RS)	Action: Complete
ERP 0048	12.03.09	2.2	DNs to consider the ramifications of UNC0244 and provide a response	All DNs	Action: Complete
ERP 0049	12.03.09	2.2	Ofgem to provide a view on UNC0244 and highlight any areas to be covered within the consultation	Ofgem (JC)	Action: Complete

Action Table – Development Work Group 0224 (Appendix 3)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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: 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	Action: Complete
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	Action: Carried Forward until 09 April 2009
DG0224 019	26.02.09	2.1	Joint Office to organise an expert group to consider the proposed implementation plan.	Joint Office	Action: Complete
DG0224 020	26.03.09	2.2	xoserve (AM) to provide further information on the cost bands provided for consideration by the Shippers by 02 April 2009.	Xoserve (AM)	Pending
DG0224 021	26.03.09	2.2	Joint Office to issue an email explaining a revised set of cost bands are to be provided for Shippers to consider.	Joint Office (HC/BF)	Pending