

## Distribution Workstream Minutes

### Thursday 26 June 2008

### Elexon, 350 Euston Road, London

#### Attendees

Julian Majdanski (Chair)	JM	Joint Office
Alan Raper	AR	National Grid Distribution
Alison Chamberlain	AC	National Grid Distribution
Angela Love	AL	Energy Networks Association
Bob Fletcher	BF	National Grid Distribution
Chris Warner	CW	National Grid Distribution
Jemma Woolston	JW	Shell Gas Direct
Jenny Boothe	JB	Ofgem
Joel Martin	JMa	SGN
Karen Kennedy	KK	Scottish Power
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	SSE
Mitch Donnelly	MD	British Gas
Phil Broom	PB	Gaz de France
Richard Street	RS	Corona Energy
Robert Cameron-Higgs	RCH	Northern Gas Networks
Shelley Rouse	SR	Statoil (UK)
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	xoserve
Tim Davis	TD	Joint Office
Victoria Richardson	VR	Energy Networks Association

#### Apologies

Chris Hill	RWE npower
Helen Cuin	Joint Office

#### 1.0 Introduction and Status Review

##### 1.1 Minutes from May Workstream

The minutes of the previous meeting were approved.

##### 1.1 Review of Actions from previous meetings

**Action 0201:** All to consider the suggested 50% threshold for cost recovery.

**Action Update:** MD had not received any feedback. **Action Closed.**

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

**Action Update:** No further feedback received since last meeting. **Action Closed.**

**Action 0501:** CW to clarify the proposed process for dealing with previous Shippers and other parties, such as MAMs

**Action Update:** See 2.1 below. **Action Closed.**

**Action 0502:** MD to amend Proposal 0197

**Action Update:** See 2.2 below. **Action Closed.**

**Action 0503:** MD to amend Proposal 0199

**Action Update:** See 2.3 below. **Action Closed.**

**Action 0504:** JM to ask Panel to extend the deadline for Review Group 0175 reporting by a further three months

**Action Update:** An extension was requested and granted. **Action Closed.**

## 1.1 Review of Live Modification Proposals and Topics Log

JM summarised changes to the Modification Register since the previous Distribution Workstream meeting.

## 2.0 Modification Proposals

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

An amended Proposal had been published on 25 June, and AC explained the changes made – which sought to capture what had been discussed and agreed at Workstream meetings. A number of issues were raised concerning the wording of the Proposal, which AC clarified, emphasising that National Grid Distribution was open to further amending the Proposal should the Workstream feel that was necessary. It was agreed that the requirement to provide information should not be restricted to the current Registered User, but the Proposal would be amended to “Users should provide any additional information .....”

**Action 601:** National Grid Distribution to amend Proposal 0192

LW indicated that the present xoserve cost estimate implied a charge being introduced of around £40 per USRV for a desktop resolution and £80 if additional investigations were necessary. The Agency Charging Statement (ACS) would need to be amended to incorporate the actual charges which are proposed, and it was agreed that it would be beneficial for the Modification and ACS change processes to proceed in parallel. MD felt that the indicative charge levels sounded reasonable, supported by KK and RS – who emphasised that the xoserve effort should not be limited to that consistent with the cost. ST confirmed this was not the intent and that the charge would be kept under review in light of the actual costs incurred. SL believed that the principle of transparency is important and that information on how the charges have been calculated should be published – i.e. investment costs, ongoing costs, demand assumptions. AR explained that, rather than involving an allocation of investment and ongoing costs, the proposed charge was based on assumptions about the average time needed to undertake resolutions.

RS questioned whether the RGMA data flows ensure that, when asset data information is corrected, all previous Shippers at that meter point are informed. CW agreed to take an action to clarify this.

**Action 0602:** National Grid Distribution to clarify the RGMA data flows when asset data is corrected and there has been a change/changes of Supplier since the correction should have been made

The Workstream Report was then completed and it was agreed to recommend to the Modification Panel that the Proposal should be issued for consultation (see [www.gasgovernance.com/Code/Modifications/LiveMods/](http://www.gasgovernance.com/Code/Modifications/LiveMods/)). JB emphasised that Ofgem would find it helpful if Shippers could provide explanations of the impacts on themselves were the Proposal to be implemented, and would welcome this being included in consultation responses.

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

MD explained that BGT believed they had identified a perverse incentive for I&C Shippers not to report theft – they would be exposed to costs if theft was reported. However, they now believed this was incorrect and I&C Shippers would not see additional costs if theft was detected and reported. RS emphasised that I&C Shippers were commercially incentivised to detect theft as they billed based on consumption. SN felt that there was no incentive to report theft even if discovered and the small number of incidents reported (3 or 4 a year) was consistent with this – RS was not aware, in his experience, of any instance where theft had been detected but not reported.

MD wanted to be clear whether there was a Code issue such that this position arose or whether it was xoserve practice, as opposed to an obligation, that charges are not levied on the basis of discovered theft volumes - if there is no obligation in the Code to bill at present, MD would want to amend his proposal to address this. SN would prefer to see a holistic approach to theft rather than addressing this single issue.

xoserve confirmed that they are looking at what changes would be needed to bill for these volumes, and will report to the next Workstream.

**Action 0603:** xoserve to clarify the changes needed if I&C Shippers were to be billed in respect of detected theft volumes

The DNs agreed to take an action to clarify the present Code obligation and report to the next Workstream.

**Action 0604:** DNs to clarify the UNC obligations with respect to billing when I&C theft is discovered

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

MD continued to believe this Proposal was necessary as a housekeeping change to provide clarification as to what was possible under the Code. It was agreed that a Workstream Report would be completed at the July meeting.

**Action 0605:** JO to produce a draft Workstream Report and add Proposal 0199 as an agenda item for the July Workstream meeting

## 2.1 Proposal 0201: “ Small value Invoice payment deferral”

It was confirmed that this was discussed at the Billing Operations Forum and BGT did not propose to amend the Proposal, believing it was clear. A report to this effect will be forwarded to the Modification Panel.

**Action 0606:** JO to provide the July Modification Panel with a report on Proposal 0201

## 3.0 Topics

### 3.1 014Dis, CSEP NExA agreements

The final Review Group 0157 Report has been published inviting comments. An Ofgem CSEP NExA Meeting is planned for 14 July.

ST raised iGT UNC Review Proposal 008 looking at requiring the iGTs to use a single agency, and for the large Transporters to be required to use the same agency. ST agreed to clarify whether attendance at the iGT Review Group would be restricted to members or open to any who wished to attend.

**Action 0607:** Wales & West Utilities to ascertain the attendance rules for meetings of iGT Review Group 008

*Post meeting note provided by ST: The ToR for the group states:*

*"Any iGT UNC Operator, Pipeline User, Affected Person, the Authority Representative, the Consumer Representative, the Suppliers Representative or the Large Transporters Representative may attend any meeting of the Review Group."*

*LT Representative is singular, however, anyone else that wishes to attend should be considered as an Affected Person:*

*"Affected Person": in relation to a Modification Proposal, a person (other than a Pipeline User) likely to be materially affected were such a Proposal to be implemented.*

### 3.2 025Dis, User Pays

An additional Governance Workstream meeting has been planned for 7 July to discuss Modification Proposal 0213. All were encouraged to attend and the JO was asked to issue a further note drawing attention to the Workstream.

**Action 0608:** JO to issue a further invitation to the 7 July Governance Workstream.

### 3.3 026Dis, RbD Issues Log

No update to report.

### 3.4 030Dis, DN Shrinkage Changes

ST indicated that DN shrinkage proposals would shortly be published on the basis of both the existing regime and that which is due to commence on 1 October. A Shrinkage Forum meeting to discuss this is booked for 11 July.

### 3.5 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover

ST felt establishing a cross-industry group would be helpful. Ofgem agreed to consider whether they would wish to lead any further work in this area which JB recognised was a cross-industry issue.

**Action 0609:** Ofgem to consider whether they would wish to lead any further cross-industry work on credit best practice

### 3.6 Any New Topics

None

#### **4.0 AOB**

##### **4.0 Update from iGT Modification Panel**

See 3.1 above regarding iGT Review Proposal 008.

##### **4.0 National Gas Incident Site (NGIS)**

AL and VR presented on behalf of the Energy Networks Association (ENA). On behalf of the DNs, the ENA have developed a single internet site with details of all GB gas incidents. The site has a go-live date of end June 2008. This covers CO Poisoning, fire/explosions and local gas supply failures affecting 250 or more customers. The ENA are focussed on maintaining an accurate contact list and would welcome feedback in this respect to ensure that every Shipper is covered and that appropriate people in each organisation receive all incident notifications. The site can be viewed at [www.gas-incident.org](http://www.gas-incident.org) and the ENA can be contacted at either [angela.love@energynetworks.org](mailto:angela.love@energynetworks.org) or [victoria.richardson@energynetworks.org](mailto:victoria.richardson@energynetworks.org).

#### **5.0 Diary Planning for Workstream**

Next Meetings:

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	Action: Complete
DIS0302	27/03/08	3.6	Shippers to consider what Reported Shrinkage information would be required from Transporters	All Shippers	Action: Complete
DIS0501	22/05/08	2.1	CW to clarify the proposed process for dealing with previous Shippers and other parties, such as MAMs	National Grid Distribution (CW)	Action: Complete
DIS0502	22/05/08	2.2	MD to amend Proposal 0197.	British Gas (MD)	Action: complete
DIS0503	22/05/08	2.3	MD to amend Proposal 0199.	British Gas (MD)	Action: complete
DIS0504	22/05/08	4.2	JM to ask Panel Meeting to extend the deadline for Review Group 0175 reporting by a further three months	Joint Office (JM)	Action: Complete
DIS0601	27/06/08	2.1	National Grid Distribution to amend Proposal 0192	National Grid Distribution (AC)	Action: Pending
DIS0602	27/06/08	2.1	National Grid Distribution to clarify the RGMA data flows when asset data is corrected and there has been a change/changes of Supplier since the correction should have been made	National Grid Distribution (CW)	Action: Pending
DIS0603	27/06/08	2.2	xoserve to clarify the changes needed if I&C Shippers were to be billed in respect of detected theft volumes	xoserve (LW)	Action: Pending
DIS0604	27/06/08	2.2	DNs to clarify the UNC obligations with respect to billing when I&C theft is discovered	All DNs	Action: Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0605	27/06/08	2.3	JO to produce a draft Workstream Report and add Proposal 0199 as an agenda item for the July Workstream meeting	Joint Office (JM)	Action: Pending
DIS0606	27/06/08	2.4	JO to provide the July Modification Panel with a report on Proposal 0201	Joint Office (JM)	Action: Pending
DIS0607	27/06/08	3.1	WWU to ascertain the attendance rules for meetings of iGT Review Group 008	Wales & West Utilities (ST)	<i>Post-meeting note included in minutes</i> Action: Completed
DIS0608	27/06/08	3.2	JO to issue a further invitation to the 7 July Governance Workstream	Joint Office (JM)	Action: Pending
DIS0609	27/06/08	3.2	Ofgem to consider whether they would wish to lead any further cross-industry work on credit best practice	Ofgem (JB)	Action: Pending