

Distribution Workstream Minutes
Thursday 26 October 2006
Novotel, Birmingham International Airport, Solihull

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Alex Travell	AT	E.ON UK
Alison Jennings	AJ	National Grid Distribution
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Claire Walsh	CWa	British Gas Trading
Fiona Cottam	FC	xoserve
Gareth Evans	GE	Total Gas & Power
Joanne Ferguson	JF	Northern Gas Networks
Karen Kennedy	KK	Scottish Power
Lorraine Goodall	LG	Scotia Gas Networks
Marie Clark	MCl	Scottish Power
Mark Jones	MJ	Scottish and Southern
Mick Curtis	MC	E=MC ²
Phil Broom	PBr	Gaz de France ESS
Phil Lucas	PL	National Grid Distribution
Robert Cameron-Higgs	RCH	Northern Gas Networks
Sallyann Blackett	SB	xoserve
Sham Afonja	SA	RWE Npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Briggs	SBr	British Gas Trading
Steve Nunnington	SN	xoserve
Vickey King	VK	National Grid Shared Services
Yasmin Sufi	YS	ENI UK

Apologies

Alan Raper	AR	National Grid Distribution
Jenny Boothe	JB	Ofgem
Liz Spierling	LS	Wales & West Utilities

1. Introduction and Status Review

1.1. Minutes from September Distribution Workstream

There were two comments in respect of the previous minutes:

Attendees List – Sallyann Blackett should be shown as SB

Paragraph 2.2 – amended to: “SN expressed a view that DM supply points should be included.”

The Minutes of the previous meeting were approved.

1.2. Review of Actions from September Distribution Workstream meeting

Dis0802: Ofgem to consider providing a written response, outlining its preliminary view on Network Ownership beyond the ECV, to assist with policy development.

Action Update: The following written update was provided by Jenny Boothe (Ofgem): *“Due to the potentially significant implications for responsibilities for the ownership and maintenance of these sub-deduct networks Ofgem will be seeking additional legal advice on the matter.”*

I shall be attending the November meeting at which I will provide any further update on the matter.”

Action: Carried forward

Dis0901: xoserve to clarify the process for capturing erroneous AQ changes - particularly if an AQ has been amended using the BTU Form for an appeal from an I&C to Domestic AQ and this amendment turns out to be erroneous. xoserve to clarify how the energy and the AQ calculation would be reconciled.

Action Update: xoserve clarified that where a supply point has its AQ reviewed as part of the Modification 0099 process; if it subsequently crosses the SSP/LSP threshold in the next AQ review it will be subject to a Modification 0640 adjustment. This applies whether the adjustment is from LSP down to SSP or a reduction of AQ within the SSP market.

Action: Complete

Dis0902: Workstream Report 0099 to be published with September’s Minutes for review. Any comments or further changes required need to be provided to the Joint Office no later 17:00hours on 09 October 2006.

Action Update: Complete

Dis0903: Graham Wood to work with xoserve and the Distribution Networks to understand the scale of the issue and provide a more detailed proposal for the October Workstream (Modification 0115).

Action Update: Graham Wood was absent from the meeting. CWa covered this in Agenda Item 2.1 (see below)

Action: Carried forward

1.3 Review of Live Modification Proposals and Topics Log

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

JM confirmed that a further amendment to Modification Proposal **0088** “Extension of DM service to enable Consumer Demand Side Management” has been produced as Version 3.1.

Modification Proposals **0094, 0095, and 0096** – Ofgem had advised that a decision is expected early next week.

Modification Proposal **0087** – Ofgem had advised that it is minded to approve.

2. Modification Proposals

2.1 Proposal 0115: “Correct Apportionment of NDM Error”

CWa provided an update on this Proposal and clarified a few points on the scope. DM sites and AMR will continue to be excluded from the Mod and the Proposer is working with xoserve on a solution to identify AMRs. Reform is constrained by the current systems. xoserve thought an ad hoc invoice may offer a potential cost effective solution, possibly early 2007.

In response to questions CWa confirmed that it was proposed that RbD is allocated and not the examples of the error. Currently the Proposer and xoserve are looking at how the invoice will operate, and any extensions to the RbD process. It is the intention to update the meeting in November with progress made.

JM questioned whether a variation was being considered, but CWa responded that it was intended to develop the Proposal as it was currently written. SN stated that it was difficult to identify an AMR as it stands. A short discussion on the identification of different categories, the ability to spot trends/patterns, and smearing followed.

This led to a further discussion on the limitations of the Modification Proposal. SBr commented that the method of measurement in each market and the allocation of residual errors are currently not aligned. It was questioned whether the scope of the Proposal should be widened and there was some support for the Proposal to be taken away and worked on. JM commented that if there were still issues outstanding then perhaps Panel should be asked for an extension. The meeting was in favour of this.

Action 1001: JM (Joint Office) to request Panel for an extension in monthly report.

2.2 Proposal 0117/0117a: “Amendment to Invoice Billing Period”

SL gave a presentation to clarify apparent misconceptions of the impacts of this particular Modification Proposal.

Slide 6 (bullet point 1): LG questioned the relevance of this to the Proposal and whether this would need a variation and have to go to Panel. Concerns were raised that the community was being asked to consult on something that may be changing. It was then questioned could an Urgent Modification Proposal be varied. JM stated that Ofgem would first need to be consulted, as provided for in the Modification Rules with respect to Urgent Proposals.

Slide 7 (3 questions): There was a discussion on the proposed invoice limitation periods and the impact that these might have not only on the primary and secondary invoicing, but also on the supporting processes. SL reiterated that the intent was not to limit the processes that went behind the invoicing, but to halt any ‘nasty surprises’ and the costs associated with reconciliation. It was questioned how Income Adjusting Events (IAEs) might be dealt with. SL observed that it was up to Ofgem to decide on IAEs.

Some of the group expressed a view that a proposal to deal with examples such as Farningham would be relevant now, with perhaps a longer term solution to be worked on later. SL was happy to extend the consultation period but would have to discuss with Ofgem first.

ST gave some background to the raising of alternate Modification Proposal 0117A, which was based on concerns that 0117 could not be implemented as

it currently stood. This did not need to carry urgent status. The Alternative did not provide a solution but did raise awareness of other issues. (unrealistic timescales, does not tackle Farningham error, etc). It was acknowledged that all Transporters supported changing the process, and that ideally the two modification proposals should be withdrawn and that a single one should be raised.

However, this would not solve Farningham, and making changes to xoserve processes would not be easy. The Alternative Modification Proposal contained suggestions but would really require more discussion. A short discussion on the frequency of date changes ensued - the more frequent the backstop date change the more complicated the impacts become.

AJ observed that there were two distinct issues - a full-scale close out, for which more than one Modification Proposal would be required, and Farningham. MC wondered whether a proposal could be refined to accommodate Farningham now, and then work towards the other longer term solution(s). SL had considered this but had decided to take his current route. JM stated that a different Modification Proposal would need to be raised to facilitate development. SBr observed that it was urgent that Farningham be dealt with.

A short discussion on billing issues followed.

LG felt that consideration should be given to the preliminary processes before any close out; nothing should be decided upon if there was any doubt as to the ability to deliver, and approval of this proposal appeared to risk the integrity of the system. GE wondered if a Price Control period could be included as a cut off date.

GE felt that the Modification Proposal needed a set date to cover a significant period of time for now, and then this should be built on through a non-urgent Proposal. SBr agreed. SL stated this could be considered a significant variation.

FC presented slides (prepared at the request of LS who was unable to be present at the meeting) to summarise WWU's thinking around 0117 and 0117A. FC responded to comments as the presentation progressed, and stated that xoserve would need one date for all Transporters and one set of invoicing routines.

Moving on to the 'bigger picture' at the end of the presentation ST asked if there was anything outside of the Modification Proposal that Transporters could do to alleviate Farningham and remove the desire for an Urgent Modification Proposal. MJ asked whether Farningham was a Notifiable Error under the UNC, and referred to Modification 0643.

SL stated that if given the comfort of enough time to sufficiently develop an alternative to Modification Proposal 0117, then it could be withdrawn. Given that it had taken a year to notify Shippers of the error Shippers would also like a year to analyse the error, not 15 working days. There was a short discussion on some alternative routes. Following this SL, stated there was a possibility of raising a new Urgent Modification Proposal to deal specifically with Farningham, with 0117 being withdrawn. SL agreed to consider this and would contact Ofgem before deciding his preferred approach.

Action 1002: SL to discuss 0117 with Ofgem and decide how to proceed.

MJ suggested that a time limit on large LDZ reconciliations could be introduced. FC clarified that the relevant UNC paragraph is E7.6.1 (a). LG

wondered whether an Urgent Modification Proposal was needed to deliver this.

SL observed that billing was retrospective to 1999, whereas EDF only became a Shipper in 2001 and therefore the process as it stands is inequitable, and a Modification Proposal to limit the effect of Farningham would be continued with. LG was concerned that such a Proposal carried risks to invoicing that outweighed the benefits to Shippers.

PB asked how feasible it might be if xoserve was asked by the Transporters to partially suppress and just bill back 2 years. In response FC said that xoserve would process whatever the Transporters gave it (full or partial). This could potentially be split up into different periods.

JM advised that the most appropriate forum for development would be a Work Group or the Workstream, and that it was probable that this route would generate a whole suite of Modification Proposals once all the issues had been identified in greater detail.

Throughout the meeting it was variously observed that it would have been beneficial to the debate had a representative from Ofgem been present. The group wished to strongly emphasise the level of frustration experienced that Ofgem was not present to hear the different viewpoints and absorb the atmosphere of the debate.

The cancellation and deferral of the Billing Operational Forum also generated much comment and concern.

Action 1003: FC to advise the date and details once the next Billing Operational Forum has been arranged.

3. Topics

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

Jenny Boothe (Ofgem) had provided the following written update on current status:

“Due to the potentially significant implications for responsibilities for the ownership and maintenance of these sub-deduct networks Ofgem will be seeking additional legal advice on the matter.

I shall be attending the November meeting at which I will provide any further update on the matter.”

Carried forward to the next meeting.

3.2. 014Dis CSEP NExA Agreements

Jenny Boothe (Ofgem) had provided the following written update on current status:

“There is some concern that NG have not been able to engage effectively with the iGTs on this issue. The next Association of iGT (AiGT) meeting is next Thursday in Scotland, it may be useful if NG were able to attend.”

In response to this, CW confirmed that National Grid UK Distribution always attended the meetings, and that CW and PL had planned to go to the next meeting. Letters had been written to the iGTs but no responses had been

received. MCI reported that National Grid's efforts were appreciated. She had also received a positive response from Ofgem after she had written asking that Ofgem facilitate a meeting for all parties to bring the various issues to the table. After some discussion the meeting agreed that the Distribution Workstream Chairman should write to Ofgem in support of these initiatives and highlight the Workstream's disapproval of the apparent unwillingness of the iGTs to enter into a dialogue.

Action 1004: JM to write to Ofgem in support of the Transporter and Shipper initiatives and record the Workstream's disapproval of the apparent unwillingness of the iGTs to enter into a dialogue.

PB asked if there was any prospect of this area of governance being managed by the Joint Office (JO). JM explained that the JO could do this if requested; the iGTs would have to sign the Joint Governance Arrangements Agreement and financially contribute to the running costs, etc.

Comments were made that it would have been beneficial for Ofgem to be present for the debate surrounding this topic.

CW provided the following post-meeting note

"We would like to clarify the actions so far taken by ourselves:

While National Grid Distribution (NG) has elected to work with Scottish Power in support of its iGT Network Code Modification Proposals and take the lead in seeking changes to the CSEP NExA to ensure consistency, we would like to emphasise that the subject matter is pertinent to all Transporters (DNs) not just NG. CSEP NExAs exist on all iDNs. The actions taken by NG (described below) were supported by all iDNs.

We have taken several steps to engage with iGTs to seek their support for amendment of the CSEP NExAs to remove the 'double jeopardy' issue identified by iGTs as a concern.

We attended the August 2006 meeting of the AIGT and in light of the potential 'double jeopardy' issue, summarised the UNC governance process that would need to be followed to remove relevant provisions from the CSEP NExA in the event that the Network Code changes were implemented.

In summary this governance process stipulates that removal of CSEP NExA provisions can only be achieved via a UNC Modification Proposal albeit provided iGTs and DNAs have agreed to the NExA changes.

We confirmed that on behalf of all DNAs, the JO would be writing to all iGTs subsequent to the meeting, seeking their approval to raise a UNC Modification Proposal (as in the first instance iGT authority is required to raise such a Proposal). This letter was issued by the JO on 11 August 2006 and copied to Ofgem. To date no responses from any iGT have been received.

In light of today's discussions, we have formally requested that this item be placed on the agenda of the AiGT meeting scheduled for 2nd November 2006"

We also note that the JO today agreed to write to Ofgem on behalf of Workstream members to reflect their concerns with regard to the absence of a response from iGT's to National Grid's attempts to seek resolution of the 'double jeopardy' issue (as articulated in the note to iGTs issued by the JO on 11th August 2006)."

3.3. 016Dis: Termination of Dormant Shipper Licences

Jenny Boothe (Ofgem) had provided the following written update on current status:

“Ofgem is currently considering whether to issue a consultation document on this matter. The Licensing team are the contact for this project.”

3.4. Any new topics

LDZ RbD reconciliation Notification Process

This topic, raised by SL, highlighted a requirement to formalise and improve the LDZ RbD reconciliation Notification Process that arose from Review Group 0643. (SL had supplied a paper in advance of the meeting, which contained background and a summary of the issue.) Discussion of the topic ensued.

‘0643’ was not referenced in UNC and was apparently a ‘gentlemen’s agreement’ (with no legal backing) that was workable when there was only one Transporter. However this was less acceptable as there were now multiple Transporters, and a more formalised arrangement was being sought that would give more flexibility.

The meeting agreed to assign this new topic a Priority of ‘medium’ and place it on the agenda for November’s meeting.

Action 1005: JO to add this topic to the register, with an assigned Priority of ‘medium’ and place it on the agenda for November’s meeting.

4. AOB

4.1 Ofgem’s Proposed RbD Issues Log

CWa asked whether anything had been agreed and had the JO been approached. JM confirmed that the JO had not been approached and that he would follow this up with Ofgem.

Action 1006: JM to contact Ofgem and enquire as to the status of the proposed issues log.

4.2 Special Distribution Workstream Meeting for Modification Proposal 0090

JM advised the group that a meeting to address the legal drafting for Modification Proposal 0090 had been arranged for 17 November 2006 (10:00, Elexon Offices).

4.3 Modification Proposal 0088

JM advised that an amended proposal had been submitted.

5. Diary Planning for Workstream

Next Meetings:

Thursday 23 November 2006, 10:00 at Elexon, 350 Euston Road, London

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

Thursday 22 February 2007, 10:00 at Elexon, 350 Euston Road, London

Thursday 22 March 2007, 10:00 at Novotel, Birmingham International Airport

Thursday 26 April 2007, 10:00 at Elexon, 350 Euston Road, London

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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
Dis0901	28/09/06	2.1	xoserve to clarify the process for capturing erroneous AQ changes - particularly if an AQ has been amended using the BTU Form for an appeal from an I&C to Domestic AQ and this amendment turns out to be erroneous. xoserve to clarify how the energy and the AQ calculation would be reconciled.	xoserve (SB)	Action: Complete
Dis0902	28/09/06	2.1	Workstream Report 0099 to be published with September's Minutes for review. Any comments or further changes required need to be provided to the Joint Office no later 17:00hours on 09 October 2006.	All	Action: Complete
Dis0903	28/09/06	2.2	GW to work with xoserve and the Distribution Networks to understand the scale of the issue and provide a more detailed proposal for the October Workstream.	BGT (GW) and xoserve	Action: Pending
Dis1001	26/10/06	2.1	Proposal 0115: "Correct Apportionment of NDM Error" – JM to request Panel for an extension in monthly report.	Joint Office (JM)	Action: Pending
Dis1002	26/10/06	2.2	SL to discuss 0117 with Ofgem and decide how to proceed.	EDF (SL)	Action: Pending
Dis1003	26/10/06	2.2	FC to advise the date and details once the next Billing Operational Forum has been arranged.	xoserve (FC)	Action: Pending
Dis1004	26/10/06	3.2	JM to write to Ofgem in support of the Transporter and Shipper initiatives and record the Workstream's disapproval of the apparent unwillingness of the IGTs to enter into a dialogue.	Joint Office (JM)	Action: Pending
Dis1005	26/10/06	3.4	JO to add new topic " LDZ RbD reconciliation Notification Process " to the register, with an assigned Priority of 'medium' and place it on the agenda for November's meeting.	Joint Office (HC)	Action: Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis1006	26/10/06	4.1	JM to contact Ofgem and enquire as to the status of the proposed issues log.	Joint Office (JM)	Action: Pending