

Distribution Workstream Minutes
Thursday 27 July 2006
Elxon, 350 Euston Road, London

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Alan Raper	AR	National Grid UK Distribution
Alex Travell	AT	E.ON UK
Bali Dohel	BD	Scotia Gas Networks
Claire Walsh	CW	Centrica
Don Stickland	DS	Box Ten Limited
Fiona Cottam	FC	xoserve
Gareth Evans	GE	Total Gas & Power
Graham Wood	GW	Centrica
James Boraston	JB	RWE Npower
James Crosland	JC	Corona Energy
Joanna Ferguson	JF	Northern Gas Networks
Jon Dixon	JD	Ofgem
Lewis Hodgart	LH	Ofgem
Linda Whitcroft	LW	xoserve
Lorraine Goodall	LG	Southern Gas Networks
Marie Clark	MCI	Scottish Power
Mark Jones	MJ	Scottish and Southern
Mick Curtis	MC	E=MC ²
Ndidi Njoku	NN	Ofgem
Phil Broom	PB	Gaz de France
Phil Lucas	PL	National Grid UK Distribution
Richard Fairholme	RF	E.ON UK
Rob Cameron-Higgs	RCH	Northern Gas Networks
Sham Afonja	SA	RWE Npower
Steve Nunnington	SN	xoserve
Tim Davis	TD	Joint Office of Gas Transporters

Apologies

Chris Warner	National Grid UK Distribution
Simon Howe	RWE Npower
Adam Frak	Scottish and Southern

1. Introduction and Status Review

1.1. Minutes from June Distribution Workstream

Comments received:-

Addition to Minute Ref 3.3: GW requested that it was minuted that the workstream had agreed a recommendation to the Modification Panel that the three draft AQ reconciliation proposals discussed should proceed direct to consultation.

The Minutes of the previous meeting were then approved.

1.2. Review of Actions from June Distribution Workstream meeting.

Dis0905: JM reported that Ofgem would be making a presentation at the August meeting on their thoughts regarding Network Ownership beyond ECV at Prime and Sub-deduct Meter Configuration. Action Carried Forward.

Dis0506: Modification Proposal Raised at the Mod Panel 20.07.06.
Action: Completed

Dis0602: Transporters have reviewed the legal text. Action: Completed

Dis0603: Covered under Agenda item 3.2 and handout provided. Action: Completed

1.3 Review of Live Modification Proposals and Topics Log

JM reviewed the current Distribution Modification Proposals and Topic Status Report. (See attached)

2. Modification Proposals

2.1 Proposal 0099: “Management of erroneous Domestic AQs during the Registration process”

SF and JB described the proposal and a discussion followed.

GW commented that not only should there be a move to reduce erroneously high AQs, but there should also be one to increase erroneously low AQs, and that more visibility was required to see that Shippers are active on both fronts.

SN observed that there would be system impacts and that changes would be required. He was also concerned in terms of the numbers that might be expected. JB advised that he did not think that thousands were involved. It was not intended to be a single clearing exercise but should be an ongoing activity.

GW questioned what were reasonable grounds for expecting an AQ to be incorrect. MC agreed that there was a need to be more specific, and that any Business Rules should be made robust.

FC asked whether a supplier would have to gain access to a property to obtain information. SA advised that this information should be gathered when a customer was first registered. AT commented that a Shipper would therefore be warranting this information and not a CORGI member.

GW asked what would happen if a change of supplier happened within the timescales for correcting the AQ. SA responded that the new supplier would be unaware that the change process was going on and the unchanged AQ would therefore roll into the next AQ review.

It was generally felt that there would be benefits from this proposal.

Action Dis0700: RWE Npower (SA and JB) to review proposal and amend it in the light of the discussion, bringing it to next month’s meeting.

3. Topics

3.1. 014Dis CSEP NExA Agreements

JD confirmed that Ofgem had issued an initial consultation letter on 21 July 2006, examining the issues and the potential level of Ofgem's involvement in IGT Network Code Governance. He thought that there would be some addressing of governance anomalies, which should simplify some areas, but was not sure if this would directly impact on NExAs (Ofgem would look at any issues as they arose).

JD also confirmed that Mod 0083 and the complementary IGT Modification Proposals were now with Ofgem, but that legal text was required. MC commented that the IGTs have not produced the legal text because they do not support them. GW advised that this had been raised at the IGT group, and they were looking to put an obligation on IGTs to produce legal text within their Modification Rules.

MCI stated that she was in the process of drafting another Modification Proposal to effect the passing of data between IGTs which it was hoped could be implemented by 01 October 2006.

JD was unable to comment on the timescale, but understood the need for this to be in place by next year's AQ review.

JM confirmed with the group that this topic would remain as high priority.

3.2. 016Dis: Termination of Dormant Shipper Licences

FC provided a handout (attached) to the group.

Voluntary Discontinuance is a defined activity within UNC, and is generally triggered by the submission of a request in writing by a User to a Transporter or xoserve. UNC sets out various conditions that must be complied with before a User can exit the market, and xoserve use a checklist to monitor progress through the exit process. FC advised that, in essence, there should be no invoices or suppressed reconciliations outstanding, no remaining sites in a portfolio, no CSEPs, and deregistration from any Interconnectors should have taken place. A User should have ceased from actively using its licence and querying invoices, and at least three months needed to elapse after the last supply point had left the portfolio (attracts RbD). The return of all UKLink manuals and equipment also needed to be arranged.

AT questioned whether liability could be transferred to another legal entity, but FC advised not while still actively billing. GE asked what happened if for example the UK Link manual was not returned, or if they suddenly received an unforeseen bill. FC advised that generally some security was left in place for a period to cover such possibilities.

FC reiterated that all parties are contacted to agree the request before the process for Voluntary Discontinuance can be commenced.

FC observed that the UNC only acknowledged the concept of an individual User and not multiple Users, and there was nothing in place where one User can take on the responsibilities of another. The UNC protected the Transporters and the industry in respect of energy balancing exposure.

The group were advised that any questions/problems should be directed to the Customer Lifecycle Team in xoserve.

GE commented that he had found the discussion and handout to be most useful, but would like the topic to remain open as it did not fully address the

circumstances of a multiple User. A Modification Proposal may be required and he would consider this further.

3.3. Any new topics

3.3.1 Acceptable Security Tools available to Users for Transportation Credit Arrangements

PL presented this draft Modification Proposal and there were no comments in response. The Proposal would now be formally submitted to the Panel with a recommendation that it should proceed to consultation.

3.3.2 Specially Commissioned Credit Ratings

PL presented this draft Modification Proposal and there was a short discussion where attendees felt that a new User should be able to move to other forms of security once a credit rating was established. In response PL advised that the credit rating need only be commissioned once. AR also confirmed to AT that UNC took precedence over the Code Credit Rules. UNC was the contract, and the Code Credit Rules were applied to operate the contract.

Action Dis0701: National Grid UKD (PL and AR) to review proposal in light of the discussion.

3.3.3 Exclusion from Domestic Load from stage three of the Firm Load Shedding Process

PL gave a presentation in support of this draft Modification Proposal (attached). At the end of the presentation, views were sought.

AT and MC agreed that the option of a UNC Modification Proposal was easier and may achieve the required result.

GE voiced some concern about responsibilities, in that it was often difficult to get customers to give the correct information to enable it to be established if they should be flagged as a priority customer, and this could result in inadvertent shut down of a domestic load. AT observed that this should probably be addressed at the point of registration of a customer and went on to query the definition of a domestic site as this seemed to vary. AT suggested that this should be defined using exactly the same text as that in the Supplier Licence. AT also queried the reference to Condition 16.12, which he thought might have been part of the old Supplier Licence.

SN stated that the DTI was in the process of reviewing priority lists and that there may be additional categories, other than those currently listed in the presentation. SN was also concerned that identifying these sites and extracting data may prove difficult on the current systems.

Action Dis0702: National Grid UKD (PL and AR) to review proposal in light of the discussion.

3.3.4 Removal of Failure Notices in respect of Energy Balancing Credit

GW advised that this draft Modification Proposal had been raised following a review by the Energy Balancing Credit Committee (EBCC) of last winter's

terminations and had already been agreed by EBCC members. The group was satisfied with the content and there were no comments made.

The Proposal would now be formally submitted to the Panel with a recommendation that it should proceed to consultation.

3.3.5 Introduction of the right for the Energy Balancing Credit committee to instruct National Grid NTS as to appropriate Recovery Steps in respect of Energy Balancing debt

GW advised that this draft Modification Proposal had been raised following a review by the Energy Balancing Credit Committee (EBCC) of last winter's terminations and had already been agreed by EBCC members.

JD questioned the setting of the proposed date of implementation (01 October 2006). AT commented that it would be good to see it implemented before next winter. GW stated that it should be as soon as possible. JM advised that the modification process could be reduced from 15 days consultation in order to facilitate an early implementation.

The Proposal would now be formally submitted to the Panel with a recommendation that it should proceed to consultation.

4. AOB

4.1 Reconciliation by Difference (RbD) – Initial thoughts

A presentation (attached) was given by NN (Ofgem). NN advised that 15 responses had been received to this consultation document, and Ofgem had decided to create an RbD Issues Log on its website. It was Ofgem's intention to liaise with different groups to gather further details and append the results to the consultation document.

JD explained that it was not Ofgem's intention to be proactive in this area but having launched a review it felt that it needed to maintain momentum and take a collaborative approach with appropriate groups who were best placed to take forward each identified issue. Once ways forward had been agreed Ofgem would capture details in its consultation document conclusions.

JD acknowledged that some issues may be related to other areas of work that Ofgem is involved in, but some were probably best raised through the UNC modification process. JD reiterated that it was the responsibility of Users and not Ofgem to identify solutions to issues.

PB asked when Ofgem was likely to look at this again. JD advised it was likely if a recognised trigger point became visible (none as yet), for example AMR take up in the future or possibly a Price Control Review.

DS queried whether an escalation in Theft of Gas would provide a trigger, as Ofgem's progress on producing the document on Theft of Gas (scheduled for June 2006) appeared to be slow. JD was unable to confirm a date of publication but agreed to find out.

Action Dis0703: Ofgem (JD) to confirm date of publication of document on Theft of Gas (previously scheduled for June 2006).

JD stated that Ofgem was currently of the view that there was not sufficient transparency around the cost drivers for RbD, and was therefore unable to establish what the benefits were. In the meantime Ofgem was focusing on the issues and factors involved in RbD.

Ofgem did not want to go through a review every 6 months, but were content to let events take their course in the interests of promoting current stability. Any RbD issues were likely to surface from this forum, and JD made it clear that Ofgem had not reached any conclusions yet, but were reflecting on initial thoughts.

Taking further questions on the RbD Issues Log, JD explained that it was aimed at coordinating all issues and activities to promote awareness of what was going on across the industry. The concept could be applied to other areas of work, if it was seen to work well, be of benefit, or be appropriate. JD advised that further comments on RbD would be welcome, as would suggestions as to which groups would be most appropriate at which to raise issues, etc.

4.2 Modification proposal 0081 “AQ Review Process – publication of information”

GW sought clarification on when xoserve would be in a position to provide the information that this proposal sought (by 01 November 2006) and whether they would provide it before the Ofgem decision. SN advised that it would be provided, if necessary, before the Ofgem decision.

5. Diary Planning for Workstream

Next Meetings:

- Thursday 24 August 2006, 10:00 at Elexon, 350 Euston Road, London
- Thursday 28 September 2006, 10:00 at Elexon, 350 Euston Road, London
- Thursday 26 October 2006, 10:00 at Novotel, Birmingham International Airport
- Thursday 23 November 2006, 10:00 at Elexon, 350 Euston Road, London.

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0905	22/09/05	3.1	BS, Ofgem to provide view of Prime and Sub-deduct Network ownership and Network Licence Conditions.	Ofgem (BS)	27.07.06: A presentation will be made at the August meeting. Action Carried Forward.
Dis0506	25/05/06	3.3.5	SH to raise a Proposal relating to Erroneous AQs	RWE (SH)	Raised at the Mod Panel 20.07.06 Action: Completed
Dis0602	22/06/06	2.2	Transporters to review suggested Legal Text for 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers"	0089 Legal Text Provider	Text reviewed. Action: Completed
Dis0603	22/06/06	3.2	xoserve to provide a note explaining what requirements / restrictions exist before a Dormant Shipper Licence can be voluntarily discontinued.	xoserve	27.07.06: Discussed under Agenda item 3.2 and handout provided.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
					Action: Completed
Dis0700	27/07/06	2.1	Mod Proposal 0099 - RWE Npower to review proposal and amend it in the light of the discussion, bringing it to next month's meeting.	RWE (SA and JB)	Action: Pending
Dis0701	27/07/06	3.3.2	Specially Commissioned Credit Ratings – National Grid UKD to review proposal in light of discussion.	NG UKD (PL and AR)	Action: Pending
Dis0702	27/07/06	3.3.3	Exclusion from Domestic Load from stage three of the Firm Load Shedding Process - National Grid UKD to review proposal in light of discussion.	NG UKD (PL and AR)	Action: Pending
Dis0703	27/07/06	4.1	Ofgem to confirm date of publication of document on Theft of Gas (previously scheduled for June 2006).	Ofgem (JD)	Action: Pending