

**Distribution Workstream Minutes**  
**Thursday 24 August 2008**  
**Elxon, 350 Euston Road, London**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alison Chamberlain	AC	National Grid Distribution
Arijit Shetty	AS	E.ON UK
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Erika Melén	EM	E.ON UK
Fiona Cottam	FC	Xoserve
Gareth Evans	GE	Waters Wye
Jemma Woolston	JW	Shell Gas Direct
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
John Bradley	JB	Joint Office
Linda Whitcroft	LW	Xoserve
Mark Jones	MJ	SSE
Mitch Donnelly	MD	British Gas
Richard Street	RS	Corona Energy
Sallyann Blackett	SB	E.ON UK
Stefan Leedham	SL	EDF Energy
Steven Sherwood	SS	Scotia Gas Networks

**Apologies**

Chris Hill	CH	RWE npower
Julian Majdanski	JM	Joint Office
Phil Broom	PB	Gaz de France
Simon Trivella	ST	Wales & West Utilities

**1.0 Introduction and Status Review**

**1.1 Minutes from July Workstream**

The minutes of the previous meeting were approved.

**1.1 Review of Actions from previous meetings**

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

**Action Update:** LW provided a presentation having considered the changes required to bill I&C Shippers for theft of Gas. LW was unsure what the next steps would be and whether a modification proposal would need to be raised. LW highlighted that the action was to consider the I&C market however she questioned if consideration should also be given to the domestic market. FC summarised the process for domestic site theft explaining that these sites are billed in line with the AQ. It was briefly discussed how theft could affect the AQ of a site. It was confirmed that there was nothing explicit in code for the settlement of stolen gas. CW volunteered to consider the code implications.

**Complete**

**New Action 0801:** National Grid Distribution to consider code implications for billing detected theft of gas.

**Action: Pending**

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

**Action Update:** No update available.

**Carried forward**

**Action 0701:** SB to consider amendments UNC0218.

**Action Update:** SB confirmed the modification had been amended and published on the Joint Office Website.

**Complete**

**Action 0702:** JO to issue a further invitation to the 21 August Governance Workstream.

**Action Update: Complete**

## 1.1 Review of Live Modification Proposals

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

CW confirmed that Ofgem had approached National Grid for a system impact assessment for UNC0202.

## 2.0 Modification Proposals

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

MD confirmed that a request to withdraw this proposal had been submitted to the Joint Office today.

### 2.3. Proposal 0218: “Amendment to the base period used to define Seasonal Normal weather”

SB provided an update on the changes made to the proposal and an explanation for the amendments.

RS questioned the health and safety aspects of the proposal and how any potential risks could be mitigated.

SB explained that there is no specific code methodology for derivation of peak loads.

SL questioned what the concerns with the use of peak loads were. He explained that the 1 in 20 is based on historical weather and that this is probably out of date compared to recent trends.

RS expressed concern about there being enough capacity to meet the firm demand and avoid firm load shedding.

SB confirmed that a cold winter was experienced in 1995. SL believed that with current levels of temperature change, if an historically based 1 in 20 winter was reached the winter would be more representative of a 1 in 50. SS believed that the potential severity of a 1 in 20 winter remains exactly the same and it hasn't changed despite warmer summers and warmer winters due to the potential volatility of weather and temperature.

SL expressed concern about the inconsistency of current weather data used.

SB confirmed consideration would be given to clarifying that the modification would not include 1 in 20 winter planning as set out in UNC TPD Section O. However, she confirmed that this would affect xoserve processes that calculate Seasonal Normal demand. FC confirmed that Transporters would have to agree operating a consistent process.

SS questioned the cost implications. SB confirmed that the provision of the forecast does not change the supply of actual data. She confirmed that the Forecast Climatology could be used and can be released by the Climate Project Board for xoserve for analysis.

FC explained that there may be cost implications if an alternative service provider was used for the provision of data or for future provision following the provision of data from the Project Board. She explained the charges levied for the current data provision, in particular the 10 year forecasts.

AJ expressed concern about the uncertainty of information going forward and the cost of data provision in the future.

FC questioned whether the data is provided on five geographical areas. SB responded that 20 weather stations are used and would be the basis of the data provided to the gas industry.

It was discussed whether the Workstream Report could be prepared for further consideration at next months Workstream or for Panel. It was agreed that the Workstream Report could be produced for Panel and that additional clarification would be included within the Proposal.

**Action 0802:** SB to Amend Modification Proposal 0218.

The Workstream Report was considered by the Workstream.

A debate occurred about forecasting demands and the use of 1 in 20 winters in relation to the relevant objective A11.1 (a).

SS believed that the planning process would not be changed. SL agreed the planning process would not be changed but questioned the licence conditions for cost reflective charges. It was agreed that more accurate allocation would provide an opportunity for targeting costs. Therefore this was recorded under relevant objective A11.1(c).

The impact on Shipper Strategies was discussed. It was acknowledged some Shippers may amend processes therefore impacting operating costs.

The Workstream Report was completed.

#### **2.4. Proposal 0220: “Invoicing Arrangements for Late Payments”**

EM provided a presentation summarising the current UNC Arrangements for Late Payment Invoices and the suggested changes to the UNC. EM confirmed comments have been received in relation to the 30 day period suggesting this may wish to be extended. JF initial thoughts were that this could be based on month end + 31 days.

CW gave a presentation highlighting the issues which would need further clarity within the proposal.

RS expressed a preference for the production of business rules to clarify the proposal.

Setting-off was discussed. CW clarified that Transporters would have to obtain Shipper approval before a Transporter set-off.

RS questioned if simply implementing a 31 day invoice issue period would be sufficient to overcome any issues being experienced.

EM confirmed that she would consider the proposal further.

**Action 0803:** EM to consider and amend Modification Proposal 0220.

**Action 0804:** E.ON to produce a set of Business Rules for UNC 0220.

### **3.0 Topics**

### 3.1 014Dis, CSEP NExA agreements

CW confirmed that Ofgem have issued a letter for comment by 05 September and that a meeting is being held on 13 September 2008.

### 3.2 025Dis, User Pays

An additional Governance Workstream meeting was held on 21 August to discuss Modification Proposal 0213. SL confirmed that the Workstream Report was produced and is currently out for comment.

### 3.3 026Dis, RbD Issues Log

No update to report.

### 3.4 030Dis, DN Shrinkage Changes

It was agreed that this Topic could be closed.

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

No further update was available however it was acknowledged that Ofgem have agreed to consider whether they would wish to lead any further work in this area which was recognised as a cross-industry issue.

### 3.6 Any New Topics

#### 3.6.1. Correct Apportionment of Energy under Modification 0194 Framework

MD confirmed that a draft Modification Proposal had been provided to the Joint Office to publish on the website alongside the minutes of today's meeting. He welcomed feedback on the proposal, with particular focus on the methodology.

## 4. AOB

### 4.1 Update from iGT Modification Panel

CW highlighted that some initiatives are under way to improve the current regime.

### 4.2 Prime and Subs

RS highlighted a letter that had been issued by Ofgem on the 11 August 2008 relating to Prime and Subs Meter configurations. RS requested if Transporters would be able to provide a presentation on the long term strategy for Prime and Subs. SL questioned the co-ordination of letters and asked if Shippers and Transporters can work together.

**Action 0805:** Joint Office to raise a new topic on behalf all DNO's with a Medium priority.

**Action 0806:** National Grid Distribution to provide a presentation on its proposed activities concerning the surveying of sub-deduct arrangements.

**Action 0807:** All Transporters to report on their potential survey methodologies.

## 5.0 Diary Planning for Workstream

Next Meetings:

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
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: Complete
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: Carried Forward
DIS0701	24/07/08	2.4	SB to consider amendments to the Proposal	E.ON (SB)	Action: Complete
DIS0702	24/07/08	3.2	JO to issue a further invitation to the 21 August Governance Workstream	Joint Office (JM)	Action: Complete
DIS0801	28/08/08	1.2	National Grid Distribution to consider code implications for billing detected theft of gas.	National Grid Distribution (CW)	Action: Pending
DIS0802	28/08/08	2.3	SB to Amend Modification Proposal 0218.	E.ON UK (SB)	Action: Pending
DIS0803	28/08/08	2.4	EM to consider and amend Modification Proposal 0220.	E.ON UK (EM)	Action: Pending
DIS0804	28/08/08	2.4	E.ON to produce a set of Business Rules for UNC 0220.	E.ON UK (EM)	Action: Pending
DIS0805	28/08/08	4.2	Joint Office to raise a new topic on behalf all DNO's with a Medium.	Joint Office (HC/BF)	Action: Pending
DIS0806	28/08/08	4.2	National Grid Distribution to provide a presentation on its proposed activities concerning the surveying of sub-deduct arrangements.	National Grid Distribution (CW)	Action: Pending
DIS0807	28/08/08	4.2	All Transporters to report on potential survey methodologies for Primes and Subs.	All Transporters	Action: Pending