

**Distribution Workstream Minutes**  
**Thursday 29 January 2009**  
**31 Homer Road, Solihull, B91 3LT**

**Attendees**

Bob Fletcher (Chair)	BF	Joint Office
Helen Cuin (Secretary)	HC	Joint Office
Alan Raper	AR	National Grid Distribution
Andy Miller	AM	xoserve
Beverley Viney	BV	National Grid Transmission
Brian Durber	BD	E.ON UK
Chris Warner	CW	National Grid Distribution
David Addison	DA	xoserve
Erika Melén	EM	ENA
Gareth Evans	GE	Waterswye
Jemma Woolston	JW	Shell Gas Direct
Joel Martin	JM	Scotia Gas Networks
Jon Dixon	JD	Ofgem
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	SSE
Martin Brandt	MB	SSE
Mitch Donnelly	MD	British Gas
Phil Broom	PB	Gaz de France
Richard Dutton	RD	Total Gas and Power
Richard Street	RS	Corona Energy
Rosie McGlynn	RM	EDF Energy
Simon Howe	SH	RWE npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Nunnington	SN	xoserve
Tim Davis	TD	Joint Office

**Apologies**

Rob Caneron-Higgs	RCH	Northern Gas Networks
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**1. Introduction and Status Review**

**1.1. Minutes from October Workstream**

The minutes of the previous meeting were approved.

**1.2. Review of Actions from previous meetings**

**Action 0903a:** National Grid to examine the possibility of meter labelling as part of the Prime and Subs survey process.

**Action Update:** ST had previously suggested that this could be completed as a follow on exercise or as part of the survey process. **Ongoing**

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

**Action Update:** BF reported that some Shipper contacts have been received by the Joint Office and had been forward on to the provided Transporter Contacts. **Carried forward**

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

**Action Update:** Wales & West Utilities and Scotia Gas Network contacts have been circulated via the Joint Office. National Grid and Northern Gas Networks are to provide contacts for circulation. **Carried forward**

**Action 0103:** Draft sub-deduct survey letters to be provided and published on the Joint Office website.

**Action Update:** Joint Office have published the provided letters with the minutes of the 06 January 2009 Distribution Workstream documentation.

**Complete**

### 1.3. Review of Live Modification Proposals

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

## 2. Modification Proposals

### 2.1. 0208: “Information relating to Unallocated Energy”

BF confirmed that a draft Review Group letter had been published for discussion at today’s meeting and that this will be incorporated within the review group report. No comments were provided on the letter and it was agreed the letter could be attached to the report and provided to the February Panel Meeting.

### 2.2. 0231: “Changes to the Reasonable Endeavours Scheme to better incentives the detection of Theft”

CW confirmed that the gas illegally taken scheme 1997 has been discussed with MD.

MD explained that the next steps are to quantify the £1,000 claim limit and for the expert group to review the scheme for gas illegally taken at the 09 February 2009 meeting. MD confirmed that he will bring details of the average costs incurred pursuing theft to the next meeting to ensure that the £1,000 is right figure.

MD questioned how it was best to insert the provisions into the UNC. He believed that an ancillary document may be the better option as it is easier to review and amend an ancillary document.

BF asked if an extension was required. MD believes an extension may be required until March. RS suggested that a three month extension could be requested and report to Panel early if possible.

SH asked about the burden of proof and whether this will be increased. MD did not anticipate an increase in the burden of proof for the recovery of costs.

AR suggested that limitations may want to be increased for I&C investigations. MD suggested that this could be considered in the future.

### 2.3. 0232: “Allocation of Unidentified Gas via the Distribution Network Charges”

BF confirmed that the Panel had considered this Proposal. RD confirmed that that the proposal should not proceed and that he will withdraw the modification. BF questioned if a document should be produced including the Ofgem Letter to document the considerations. RD was in favour of making a record

**Action 0104:** Joint Office to create a UNC0232 report incorporating Ofgem’s letter for archiving on the Joint Office website.

JD questioned how the industry will keep track of such required developments to ensure they are not missed at the next price control review.

BF confirmed that the item could be set as a topic with a review date in the future to ensure that such reviews are undertaken at the appropriate time.

**Action 0105:** Joint Office to record a Topic for UNC0232 and place on hold with a future review date.

### 3. Topics

#### 3.1. 014Dis, CSEP NExA agreements

RM confirmed that strategic solutions for CSEP NExA's are being considered within SPAA, a scoping group has been set up to define the requirements from iGTs, including an examination into single service provider provisions, this due to complete March/April 2009. RM explained that this will look at agency services and costing information and that evidence gathering by the Gas Forum will also feed into this group. She also confirmed that reconciliation will be taken out to look at the supply points registered by iGTs and xoserve. xoserve are hosting a workshop on the 10 Feb 2009.

#### 3.2. 025Dis, User Pays

SL provided a presentation on 0213V which is currently out for consultation. The aim of presentation was to provide the background to User Pays which was introduced as part of GDPCR, what the process is and the expected outcomes. The objective is based on the beneficiary pays whether User or Transporter or both.

SL explained that UNC 0213V only impacts new code services. To support such modification proposals a user pays guidance document has been developed to provide detail to the process.

SL suggested a development budget could be funded by all that allows modifications to be investigated for the period of time between now and the next price control.

MD asked about new charge types and the system changes to introduce a new charge type. It was envisaged that there would only be one User Pays invoice and administration of the service would be included within the charge. It was discussed whether there should be separate charge items.

PB asked how the alternates would be treated which may have different types of allocations and cost recovery periods. SL confirmed that alternates could be considered by the group to determine which one better meets the relevant objectives. Arrangements are incorporated to allow Ofgem to provide a view on proposals, to help determine the best cause of action. SH expressed a concern that Ofgem may be reviewing different business models and how businesses are to operate. RS confirmed that Shippers are not obliged to accept non core services and that within the consultation phase Shippers can put forward to Ofgem any concerns on services which they believe could harm competition.

JD confirmed that if one modification suggests 90% cost absorption in one market compared to 10% in another then there would be a need for review including impact analysis. In such cases Ofgem would feel it appropriate to provide a view.

SL confirmed that Urgent modifications are out of scope, the charging may have to be considered after implementation.

RS asked how accurate the Rough Order of Magnitudes (ROM) are from comparing previous ROMs to the modification's final costs. AM confirmed that once a decision has been made to press forward with a development on the basis of the ROM more detailed business rules are developed and requirements can change so it can be difficult to compare if a ROM was accurate or not.

SL confirmed that the Panel can determine that a Detailed Cost Analysis (DCA) is required for consultation. RS expressed concern where the ROM may significantly differ to the DCA.

Concern was expressed on the cost recovery of DCAs where the proposal is rejected. SL confirmed that there are controls in place which will limit DCAs being conducted on modifications which are unlikely to be accepted. RD asked if the cost of DCA's should be included within xoserve's costs and recovered through their charges. SL advised these are to be recovered through the ACS.

MD asked about the provision of likely demand, which can on occasion be difficult to determine without understanding the full extent of costs. JD considered volumes and take to be key information for Ofgem when considering a modification proposal for implementation.

RD asked about financial tolerances being breached. ST assured that Transporters would not wish to proceed with a modification if the costs show signs of significantly changing. He believed that further consideration would need to be taken on modifications that appear to have spiralling costs.

RD was keen to have certain levels of protection and asked for greater visibility of the make up of charges from xoserve and Transporters. RM concurred with this view. She confirmed that it is difficult for Shippers to verify the accuracy of costs. However this will be considered by the Governance Review. ST added Ofgem approve service charges and are likely to want assurance as to its cost reflectivity.

AR believed that the provision of costs is much improved to what would have been provided in the past.

BV questioned who would pay the costs if there was an extreme alternate view ie. 100% Shipper cost verses 100% Transportation costs and Ofgem rejected both proposals. JD suggested that a view may be obtained earlier on in the process however if both alternates are rejected it is likely that Ofgem would explain in detail why this decision had been made to allow the industry to review how the proposals could be reconsidered and formulated into a new proposal which would pick up the costs.

### **3.3. 031Dis, Maintenance of Best Practice Guidelines for gas and electricity network operator credit cover**

No updated provided.

### **3.4. 032Dis, Primes & Subs**

RM asked about the anticipated suite of Primes and Subs letters required for the project. RS confirmed that the letters for Customers have not yet been drafted. ST suggested that Customer letters will need to be drafted and approved by Shippers before issuing to customers.

**Action 0106:** Transporters to provide Shippers with a draft copy of the "Customer contact letter".

## **3.5. Any New Topics**

### **3.5.1. Meter Read Replacements**

SL provided a presentation on a possible modification for replacing meter reads.

LW expressed concern about replacing old reads due to the impact this would have on AQ recalculation and possibly RbD.

MD confirmed that it is plausible for reads to be entered incorrectly if digits have been transposed. Subsequent reads then may result in a negative consumption. He gave an example of a five dial meter where the last two digits have been transposed.

ST confirmed that he has been in discussion with SL about replacement meter reads. He suggested that consideration may wish to be given to removing reads rather than replacing, he briefly explained the impacts a replacement may have giving a number of examples which included filter failures, consequences of system recalculation ie. market share and the potential impacts to rolling AQs. He questioned if there are other ways of dealing with the issues an inaccurate read creates.

It was suggested that all parties need to consider the suggestion further and provide a response at the next meeting.

SL confirmed that he will examine all the areas involved and the barriers that have precluded such this development in the past. The Transporters will also consider the likely impacts.

AM asked if Shippers could also consider the likely use of such a service for consideration of User Pays.

**Action 0107:** All to consider the consequences of meter read replacements.

It was agreed the Workstream would create a new Topic with a Medium priority.

### **3.5.2. AQ Appeals and the BTU Form**

SL confirmed that an email was issued on 22 January 2009 regarding the use of BTU forms. He confirmed that following a review a decision had been made that Shippers can no longer use the BTU for a manifest AQ appeal to reduce the AQ to a value of 1. SL was concerned with the interpretation of the UNC. CW made a suggestion that sites not consuming gas ought to be isolated and withdrawn. MD questioned if Ofgem's view has changed in light of electricity market developments whereby sites can reduce the AQ to 0. ST questioned the basis of not isolated and withdrawing. MD confirmed that some landlord contracts have stand-by provisions, to avoid landlords disconnecting and reconnecting a supply for short term letting contracts.

SL asked why the letter has been issued now and if the BTU form had been used to reduce AQs to the value of 1. SL challenged the interpretation of the UNC and wish for this to be considered further.

SL asked if a modification ought to be raised to be able to use the BTU form for AQ reductions to 1. CW was concerned about the likely increase of requests. RM confirmed that Ofgem have approved a framework for the same purposes within the electricity industry, whereby vacant sites can have the AQ reduced to 0 whilst unoccupied and then increased upon occupancy.

The Workstream agreed to consider this further and that a new Topic would be raised with a High priority.

## **4. AOB**

### **4.1 Update from iGT Modification Panel**

No update available.

## 4.2 Proposed Revision to DN Interruption Timeframes

ST confirmed that Northern Gas Networks intend to provide a presentation at the Next Transmission Workstream with a view to modifying the interruption process timeframe. A Modification Timeframe was presented on behalf of Northern Gas Networks.

It was discussed whether this could be done at the same time as the annual process and what action the other Transporters intended to take. It was believed that a modification is required and ST asked if any feedback could be directed to Northern Gas Networks.

## 4.3 Update on 0192

LW confirmed the implementation of UNC0192 on 21 February 2009 and the impact on USRVs with an original creation date of at least 30 months old. LW explained what would happen to USRVs that would normally become thirty months old on a weekend or non business day. She also confirmed that the first invoice would be issued in April 2009.

MD asked if new downloads would be available for Shippers as British Gas download USRVs in batches and would need to ascertain which USRVs xoserve had removed for investigation to prevent British Gas investigating failures which cannot be completed.

LW confirmed that she would investigate.

**Action 0108:** xoserve to investigate how Shippers will be able to identify USRVs removed for investigation by xoserve.

## 5. Review Group / Work group Discussions

### 5.1. Proposal 0224: Facilitating the use of AMR in the Daily Metered Elective Regime

**Action DG0224 013:** Strawman proposal to be developed by Shippers and Transporters and bring to the next meeting for further discussion.

**Action Update:** PB confirmed that a strawman has yet to be developed.

**Carried Forward**

**Action DG0224 014:** xoserve to raise an agenda item at the next DESC meeting and provide a presentation to DESC on DME supply point sampling.

**Action Update:** BF confirmed that FC provided a presentation. LW explained that the DESC members were still not comfortable keeping the DME sites within the sample, however monitoring could be undertaken.

**Complete**

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

**Action Update:** PB requested this action is carried forward. **Carried Forward**

PB provided a presentation for the consideration of User Pays elements of the Proposal, this illustrated two options for paying for the service. One was based on a membership fee, the other on an availability fee model. There was clear benefits for availability fee, the flat fee allowed more transparency whereas the banded fee was more targeted. PB invited feedback on the presentation.

SH expressed concern that with the cap of 25,000 and that some users could be paying for the service but until Nexas removes the cap the potential 50,000 would not benefit.

ST explained the benefits of squaring-off the development costs up front. Consideration of the operational costs, development costs was discussed and how these could be split. Further consideration was given to splitting the costs down into fixed and variable costs.

RS was concerned about the weighting of costs being appropriately targeted to ensure costs do not deter take up of the scheme.

ST expressed a preference for the transactional costs being reflective over time and the developmental costs up front. If the developmental costs were to be built in then take up may be discouraged because of the high costs.

How the costing could be phased in was discussed. It was discussed whether to set a fee on perceived demand for the first year and reconciling this at a later stage.

It was agreed that further consideration would be required of costs.

The majority appeared to be in favour of Model 2 – availability fee. However parties were not adverse to Model 1. The majority preferred banded compared to flat within model 2.

DA provided a presentation on behalf of xoserve in relation to system impacts and the tactical changes to UK Link systems. xoserve are trying to minimise changes to existing systems and trying to ascertain a cost effective solution.

DA highlighted documents xoserve are going to issue on the implementation plan.

He confirmed that there has been a request for non DME parties not to be impacted by any system changes. In an attempt to do this xoserve are trying to make existing DM processes available for DME.

DA provided a flow diagram of the proposed changes to the DM Processes for DMEs, he explained a number of issues which need to be considered further, for example, the provision of daily opening and closing reads and consumption calculations.

DA asked for views from the group on the daily start and end readings for DME sites. DA also suggested an agreement for Transfer reads also needs to be established. He confirmed that he would provide copies of documents discussed for publication on the Joint Office website.

DA asked for feedback on the file format changes and whether they were deemed appropriate or not. DA agreed to provide the material for further consideration. RS suggested that alternative file formats could be discussed with xoserve and that he was prepared to do this offline.

**Action DG0224 016:** All to provide feedback on xoserve's proposed file format changes.

DA confirmed when the implementation plan is provided all points will be included within the implementation plan for all parties to consider. He asked what response time would be required for consideration; concern was expressed that the standard UK Link representation period of 10 days would not allow sufficient time for a thorough consideration. DA expressed it will be difficult to finalise developmental costs without Shipper responses. RS suggested developmental costs could be estimated from the current xoserve documentation. DA suggested a 10/15 day period to obtain as many views as possible for the next meeting on 26 February 2009.

DA also provided a presentation for consideration on the Transfer scenarios and principles. This considered the provision of meter reads, estimates for transfer reads and the requirement for consumption adjustments when required.

RS believed sites that are to be transferred to DME are likely to be nominated as NDM before transferring to DME.

RS expressed concern about processes being set in stone within Texas. He believed that the process needs to be considered as a tactical solution which needs to be revisited.

RS asked about the scenario where two pieces of AMR equipment is attached to a site both providing a different index reading. DA confirmed in this scenario a consumption adjustment would need to be undertaken for any drifts.

**5.2. Proposal 0227: Implementation of an industry AMR database to facilitate the change of supply process**

RS asked for this item to be deferred until the February meeting.

**6. Diary Planning for Workstream**

Additional Workstream Meetings:

ERP Mods: 09 February 2009, 10:00 Holiday Inn, 61 Homer Road, Solihull.

ERP Mods: 04 March 2009, 10:00 Holiday Inn, 61 Homer Road, Solihull.

Ordinary Distribution Workstream Meetings:

Thursday 26 February 2009, 10:00, Elexon, 350 Euston Road, London

Thursday 26 March 2009, 10:00, Elexon, 350 Euston Road, London

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

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

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

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

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**Action Table (Appendix 1)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DIS0903	25/09/08	3.5	National Grid to examine the possibility of meter labelling as part of the Prime and Subs survey process	National Grid (CW)	Action: Ongoing
DIS0101	06.01.09	3.4	Shippers to provide Transporters with contact details for the sub	All Shipper	Action: Carried Forward
DIS0102	06.01.09	3.4	Transporters to provide Shippers with contact details for the sub	All Transporters	Action: Carried Forward
DIS0103	06.01.09	3.4	Draft sub-deduct survey letters to be provided and published on the Joint Office website.	Transporters	Complete 07.01.09
DIS0104	29.01.09	2.3	Joint Office to create a UNC0232 report incorporating Ofgem's letter for archiving on the Joint Office website.	Joint Office	Pending
DIS0105	29.01.09	2.3	Joint Office to create a UNC0232 report incorporating Ofgem's letter for archiving on the Joint Office website.	Joint Office	Pending
DIS0106	29.01.09	3.4	Transporters to provide Shippers with a draft copy of the "Customer contact letter"	Transporters	Pending
DIS0107	29.01.09	3.5.1	All to consider the consequences of meter read replacements.	All	Pending
DIS0108	29.01.09	4.3	xoserve to investigate how Shippers will be able to identify USRVs removed for investigation by xoserve.	xoserve (LW)	Pending

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**Action Table – Development Work Group 0224 (Appendix 2)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
DG0224 013	27/11/08	2.0	Strawman proposal to be developed by Shippers and Transporters and bring to the next meeting for further discussion.		Carried Forward
DG0224 014	06/01/09	1.1	xoserve to raise an agenda item at the next DESC meeting and provide a presentation to DESC on DME supply point sampling.	xoserve (FC)	Complete
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)	Carried Forward
DG0224 016	29/01/09	5.1	All to provide feedback on xoserve's proposed file format changes.	All	Pending