

Distribution Workstream Minutes 6th June 2005

**Minutes of
Extraordinary Meeting of Distribution Workstream
6th June 2005
10 Old Bailey, London**

Attendees

Tim Davis	TD	Joint Office of Gas Transporters
Dennis Rachwal	DR	Joint Office of Gas Transporters
Julian Majdanski	JM	Joint Office of Gas Transporters
Brian Durbar	BD	E.On
Carl Wilkes	CWi	RWE npower
Chris Warner	CW	NGT
Gareth Evans	GE	Total
Mike Vallance	MV	NGT
Paul Hemsley	PH	SSE
Phil Kershaw	PK	NGT
Phil Lucas	PL	NGT
Simon Howe	SH	RWE npower
Steve Mulinganie	SM	BP Gas

1 UNC Modification Proposal 005 (previously MP 0726)

'Provision of a Guarantee of Pressure for Meter Points operating above 21 mbar by the Relevant Transporter'.

SM reported he had completed some development work on flow charts following the discussions at the workstream on 2nd June but would not be able to complete drafting revision of a revised proposal until 8th June.

There was continued debate of some of the issues discussed at the workstream on 2nd June. There was failure to agree on a number of points between shippers and NGT. Additional issues debated included:-

- How peak day, maintenance days and interruption aspects should be addressed
- Whether the historical relationship with established customers will carry forward to new network owners
- The materiality of the issue – shippers expressed the view many sites rely on enhanced pressures

There was consensus that for new or changed sites, end users should bear any appropriate specific costs arising if they wished to secure guaranteed enhanced pressures.

CW agreed to clarify NGT Distribution's policy on entering into agreements with end users, which would require internal sign-off in July.

Distribution Workstream Minutes 6th June 2005

TD presented a draft Workstream report and invited attendees, section by section to propose additions, deletions and alterations with a view to capturing views and refining the draft.

There was a consensus that detailed procedures will need further review and development, but this need not delay submission of the Workstream report.

There was a consensus that the Workstream report, incorporating amendments identified during the meeting, should be submitted to the June Panel with a recommendation that the proposal was sufficiently developed to be issued for consultation, but that a 6 week consultation period would be appropriate.

[Post meeting notes:-

- i) EON note on Electricity Connection Agreements received by Joint Office – attached to these minutes.
- ii) The attached Workstream report, including revised proposal from BP, was included in papers submitted for Panel meeting of 16th June]

(PK and BD left the meeting at this point)

2 UNC requirements as a consequence of Ofgem's review of Best Practice Guidelines – Credit consultation

PH expressed concerns about aspects of Ofgem's Best Practice guidelines in particular 100% pass through, suggesting that the Proposals should not be issued for consultation while uncertainty remained. CW stated there could be serious implications if Ofgem do change their view. MV stated that NGT Mod Proposals are not linked to 100% pass through and that efforts to get clarification were on going.

CW stated that Ofgem are seeking good progress on implementation of Best Practice by October 2005.

NGT sought views on previously circulated draft modification proposals as to whether they were sufficiently developed to request June Panel to send them direct to consultation. There was a request that NGT should where possible put cross-references in the proposals to relevant sections of the Ofgem document, which CW agreed to do. Additionally NGT were asked to make it clear where the proposed changes were not precisely the same as those put forward by Ofgem.

Distribution Workstream Minutes 6th June 2005

2.1 “Reassessment of Users Unsecured Credit Limits”

In response to queries MV reported that 36 Users could have improved unsecured credit and none would be adversely affected as far as Transco Distribution was concerned.

CW noted that the proposal did not cover the full range of credit ratings in the Ofgem document. MV agreed to clarify that the proposal could not address lower credit ratings at this time, explaining that there were outstanding queries with Ofgem.

NGT accepted that further clarification and development is required and will therefore request the Panel to refer the proposal to the UNC Distribution Workstream.

2.2 Independent security provision by an entity with an Investment Grade Rating of ‘A’ or above.

There was a request for the proposal to make it clear that Code Credit Rules would be revised.

The consensus of attendees was that this Proposal was sufficiently developed and should proceed to consultation.

2.3 Notice of Period for Credit Limit Downgrade and Remedies for Non-compliance

SH expressed concern that 2 days may not be enough notice.

NGT agreed to clarify that statutory demand is optional.

NGT accepted that further clarification and development is required and will therefore request the Panel to refer the proposal to the UNC Distribution Workstream.

2.4 Application of Charges consistent with Late Payment of Commercial Debts (Interest) Act 1998

SM asked why 3% interest was not enough – 8% could have a large impact. MV responded that Ofgem’s view was that when needed there was not always adequate response to 3%.

In response to a query NGT agreed to amend the proposal to make the charging of fees mandatory rather than discretionary.

CW asked about Ofgem recommendation to move the value at risk from 63 to 45 days. He will consider whether to raise a mod proposal for this or wait for NGT.

Distribution Workstream Minutes 6th June 2005

NGT accepted that further clarification and development is required and will therefore request the Panel to refer the proposal to the UNC Distribution Workstream.

2.5 Right of set off under Uniform Network Code

There were concerns about the clarity of arrangements in respect of new Network owners.

There were concerns expressed that credit and debit mechanism could be confused across transportation invoice types.

CW asked whether the proposal would increase efficiency and MV responded that he considered it would.

There was a suggestion that the provision should only apply with the shipper's consent.

NGT accepted that further clarification and development is required and will therefore request the Panel to refer the proposal to the UNC Distribution Workstream.

[Post meeting note. NGT has submitted all five proposals for June Panel consideration, having taken account of views expressed in the workstream]

3. UNC requirements – Third Party Undertakings

NGT sought views on previously circulated draft modification proposal as to whether it was sufficiently developed to request June Panel to send it direct to consultation.

There was a request to clarify whether the proposal was for all transporters or whether it was proposed to change short form code(s) of one or more transporters.

The consensus of attendees was that this Proposal was sufficiently developed and should proceed to consultation.

[Post meeting note. NGT has submitted the proposal for June Panel consideration, having taken account of views expressed in the workstream]

4. Date of Next Meeting

Thursday 24 June 2005, 10:00, 10 Old Bailey