

Gas Customer Forum Minutes
Monday 27 July 2009
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD) Joint Office
John Bradley (Secretary)	(JB) Joint Office
Alison Beech	(AB) National Grid NTS
Alex Spreadbury	(AS) B&Q
Anna Taylor	(AT) Northern Gas Networks
Chris Lewis	(CL) Consultant
Denis Aitchison	(DA) Scotia Gas Networks
Dora Guzeleva	(DG) Ofgem
Eddie Proffitt	(EP) Major Energy Users Council
Jonathan Harley	(JH) Gas Forum
John Perkins	(JP) National Grid NTS
Mark Freeman	(MF) National Grid Distribution
Philip Hindmoor	(PH) Innovia Films
Peter Thompson	(PT) Local Authority and Government Utilities Resource
Simon Trivella	(ST) Wales & West Utilities
Shirley Wheeler	(SW) xoserve
Tracy Hine	(TH) National Grid Distribution

Apologies

Leigh Bolton	LB Holmwood Consulting
Richard Street	RS Corona Energy

1. Introduction

TD welcomed all to the meeting. Presentation and other materials are available from the Joint Office web site at:

<http://www.gasgovernance.com/industryinfo/GasCust/2009Meetings/>

1.1 Minutes of last meeting

Minutes of the 27 July 2009 meeting were accepted.

1.2 Review of Actions

Action GCF063: Ofgem (JBo) to provide an update on the emergency arrangements across both the gas and electricity markets

No representative was available to address this action.

Carried Forward

Action GCF066: DNs (ST) to look at the practicalities of including FTI charges in the interruption calculator

ST reported that this had been considered but the DNs had concluded that inclusion of these charges on the interruption calculator would be inappropriate.

Closed

Action GCF067: National Grid NTS (PY) to examine the 'failure to interrupt' definition and provide an update for the next meeting.

No representative was available to address this action.

Carried Forward

2. Presentations

2.1 Re-Use of Gas Facilities for Carbon Capture

AB gave this presentation, building on an industry event held on 11 May 2009. Whilst much of the offshore and other information is commercially confidential, and the competition process prevents disclosure, Ofgem has invited parties to supply relevant information on a confidential basis. EP referred to an announcement made by the government the previous week regarding progression of four projects and questioned whether the focus should be on areas where benefits would be greatest rather than looking at where National Grid's costs might be lowest. AB believed the government was only looking to identify one demonstration project at this stage. National Grid, whilst concentrating on use of pipeline assets in Scotland as part of a demonstration project, had not ignored the Humber estuary and expected to consider opportunities to be involved in all areas.

AB indicated that it was not straightforward to value NTS pipelines which may be decommissioned and used for CCS, with a wide range possible depending on the assumptions adopted. One possibility would be to adopt a royalty approach, on which she would welcome comments. PT recognised the complexity of valuing that part of the NTS to be used, and felt this might impact the valuation of transportation assets in general. EP considered that the value of old assets could be written off and given to the winning bidder.

ST asked about System Operator arrangements and whether the gas SO would also operate a CCS network. AB said this would be separate from any gas operation but access to the network should be generally available. This would indicate some type of licensing regime, of which National Grid have experience.

2.2 Project Nexus Update

SW gave this presentation. AS confirmed that there had been involvement in customers within the process. However, EP pointed out that as consumers were not parties to the UNC, they had little influence and this included Project Nexus. Customers were aware that an Advisory Group had been established, and would welcome being invited to sit on this. This would allow key consumer concerns to be aired, such as regarding data ownership and the transfer process. SW agreed to request an invitation for a customer representative to sit on the Project Nexus Advisory Group.

On market differentiation, SW said that current thinking was to base any differentiation on usage not AQ. EP suggested that if there was differentiation based on AQ or SOQ, this should be on round numbers of kWh. The current thresholds are based on round numbers of therms converted to kWh.

SW explained that the xoserve board is considering whether IGT considerations can be incorporated within Project Nexus and, if so, this would form a separate Workstream. There are also developments within the IGT UNC and at SPAA that envisage a single agency. AS confirmed that customers would wish to see a common process for supplier switching etc. EP emphasised shortcomings in IGT performance and was looking for a solution on this.

On Smart Metering, SW referred to DECC's consultation and explained that xoserve is identifying work that can move forward that would not prove abortive regardless of DECC's conclusions. EP expressed a current concern that Suppliers are not mandated to provide data to the Transporter where smart metering is fitted.

CL asked about reliability of the new system – many new systems did not work as intended on day one. In response, SW emphasised the need for testing involving the whole industry. On representation,

Action GCF068: xoserve (SW) to request xoserve to invite consumers to provide a representative for the Project Nexus Advisory Group.

It was agreed that Project Nexus update would be a standing agenda item for future Gas Customer Forums.

2.3 SO Incentives

JP gave this presentation and summarised the consultation process and timetable. National Grid NTS welcomed participation from all parties. EP requested a single piece of paper which identified the costs and benefits deriving from the incentive schemes, and JP an assurance that this would be addressed in the next publication. JP also clarified the representations received on maintenance and emphasised the desire to listen to industry players. The environmental document has not been written but would cover areas of potential improvement and the costs involved so that specific incentives could be designed. EP expressed the view that any incentive should be based on improvements beyond those already identified by the National Grid CEO in order to avoid rewarding what had already been committed to.

2.4 DN Interruption Reform

MF gave a presentation that concentrated on emergency contact details. As a result of implementation of UNC Modification Proposal 0090, there would be substantially fewer interruptible sites to use for load shedding in an emergency. To help ensure preparedness for any emergency situation, the DNs would be carrying out data validation and site visit exercises involving the largest sites in each LDZ. AS asked what was the equivalent AQ threshold for the top 200 in each LDZ. MF responded that it varied from LDZ to LDZ but agreed to obtain that information.

Action GCF069: MW to advise the equivalent threshold to the top 200 sites for each National Grid LDZ.

ST advised that, in light of scale, it would not be appropriate for WWU to contact the largest 200 sites. WWU will instead adopt a threshold AQ of 200,000 therms, which equates to 300 Supply Points over their three LDZs (SW, WN and WS).

The results of the annual interruption invitation are due to be published shortly. National Grid Distribution had received eight bids of which it will be accepting one. It had accepted seven bids following previous invitations. SGN had received 28 valid bids from 18 sites but had not accepted any. There were currently seven accepted bids from previous invitations. A Capex reopener for SGN is currently being considered by Ofgem. NGN received seven bids of which it accepted six. Previously it had accepted five bids. These were predominantly of one year duration. WWU had received bids for six sites but had not accepted any. Four contracts accepted last year remained in place, but this would reduce to one.

2.5 UNC 0244 Issues Raised

TH gave this presentation. National Grid Distribution was proposing a Review Group be considered to consider the range of issues and options, with a Modification Proposal being raised and developed from January 2010 onwards. EP responded that any implementation should be prior to October 2009 so the timetable was inapplicable for dealing with the immediate issues. He believed that the need was short term and whilst it would only apply to a few Supply Points, it would be important to the customers concerned. ST pointed out that any UNC Party could raise a Modification Proposal if they wanted to. He believed, however, that there was a longer term issue and therefore supported the formation of a Review Group. ST referred to the Ofgem decision letter and its reference to transitional relief, but did not see how this could be achieved outside the UNC. PT expressed the view that listing the possible options outside the UNC would be helpful so that industry parties would be able to engage on these solutions. AT stated that it was also difficult for NGN to design a solution as none of its sites had approached them. AS suggested that Shippers may not have approached the DNs because the interests of the customer were not always aligned with their own.

3. Other Issues

3.1 Customer Issues

AS asked about Modification Proposal 0253 - Facilitating a Supply Point Enquiry Service for Large Supply Points. TD outlined the stated purpose of the Proposal, which is aimed at a prospective shipper obtaining data in order to more readily and quickly formulate an accurate quotation. EP was concerned that this might legitimise “fishing expeditions”. ST explained that the information potentially released was already available but as separate Supply Points, provided in response to individual requests. This could mean that shippers have to make many separate enquiries in order to get the information they need to support a quote. ST assured the forum that the information does not, and would not, include contact details. SA considered that more detail on the data covered by the Proposal would be helpful.

3.2 DNO Update

No additional issues raised.

3.3 Regulatory Issues

No additional issues raised.

4. Date of next meeting and agenda items

The next meeting of the Gas Customer Forum is scheduled to take place in London at 13:00 on Monday 26 October 2009.

Dates and locations of future meetings are available on the Joint Office calendar, www.gasgovernance.com/Diary, and papers on the Gas Customer Forum section of the website, www.gasgovernance.com/industryinfo/GasCust.

Suggestions for agenda items can be sent to enquiries@gasgovernance.com

5. Any other business

None

Action Log – Gas Customer Forum – 27 July 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF063	26/01/09	2	Provide an update on the emergency arrangements across both the gas and electricity markets	Ofgem (JBo)	Carried forward Update due at 27/04/09 meeting.
GCF066	27/03/09	2.1	Look at the practicalities of including FTI charges in the interruption calculator	DNs (ST)	To be published ahead of annual invitation.
GCF067	27/03/09	2.2	Examine the 'failure to interrupt' definition and provide an update for the next meeting.	National Grid NTS (PY)	Update due at 27/07/09 meeting.
GCF068	27/06/09	2.2	Request xoserve to invite consumers to provide a representative for the Project Nexus Advisory Group.	xoserve (SW)	
CCF069	27/06/09	2.4	Advise the equivalent threshold to the top 200 sites for each National Grid LDZ.	National Grid Distribution (MF)	

*** Key to action owners**

JBo	Jenny Boothe, Ofgem
MF	Mark Freeman, National Grid Distribution
PY	Paul Youngman, National Grid NTS
ST	Simon Trivella, Wales & West Utilities
SW	Shirley Wheeler