

**Determination of Daily Calorific Values Review Group (UNC0251)
Minutes
Tuesday 08 December 2009
via teleconference**

Attendees

| | | |
|--------------------------|----|----------------------------|
| Tim Davis (Chair) | TD | Joint Office |
| Lorna Dupont (Secretary) | LD | Joint Office |
| Alan Raper | AR | National Grid Distribution |
| Belinda Littleton | BL | Ofgem |
| Brian Durber | BD | E.ON UK |
| John McNamara | JM | National Grid NTS |
| Phil Hobbins | PH | National Grid NTS |
| Richard Pomroy | RP | Wales & West Utilities |
| Simon Trivella | ST | Wales & West Utilities |
| Stefan Leedham | SL | EDF Energy |

1. Introduction

TD welcomed all to the meeting.

2. Review of Minutes and Actions from the previous meeting (24 November 2009)

2.1 Minutes

The Minutes were approved.

2.2 Actions

The actions from the previous meeting were reviewed.

RG0251/007A: Develop analysis indicating the potential level of Shipper shrinkage.

Update: SL reported that the data had not yet been received from National Grid NTS. PH confirmed that as yet he had been unable to obtain the data. **Carried forward**

RG0251/019: FWACV and customer billing - Establish the methodology used by British Gas to perform its calculations.

Update: Centrica were not represented at this meeting. **Carried forward**

Action RG0251/022: RS and ST to provide explanations of the perceived issues/costs of smaller charging zones from the perspective of Shipper and Transporter.

Update: Comments from RS and BD had been included in the Report. ST confirmed that he was satisfied with its content. AR added that xoserve's previously discussed ROM gave a good indication of potential costs but was not about smaller charging zones. BL suggested recording the work that xoserve and the Transporters had carried on the impact of DN Entry Zones and possible solutions, and ST agreed to provide a form of words to incorporate into the Report. **Carried forward**

3. Agree Text Revisions and Recommendations

BL questioned the suggestion that smaller charging zones could be a long term solution with long term lead times. Under the current arrangements she believed that the Transporters have an incentive to create additional charging zones, and wondered at what point in time would they do this voluntarily. ST suggested that Transporters did not have this incentive. BL believed this was incentivised by trying to reduce the costs associated with CV Shrinkage, but RP responded that CV Shrinkage was not borne by the DN Transporters.

BL then asked at what point would the size of charging zones actually be reduced; would CV Shrinkage increases result in charging zones being made smaller or would it need an additional incentive to achieve this? TD responded that the draft Report was not proposing this as a long term solution but, if smart meters did support a solution, timescales would extend to 2020. BL stated that she did not feel the Report was quite complete yet - there were still issues regarding increasing Shrinkage costs and what actions to take to reduce this. AR questioned what the 'tipping point' would be from a Transporter perspective; the whole CV issue was about equitability and the cheapest and most efficient way to ensure that parties were not unduly disadvantaged. He did not feel that putting real costs into developing charging zones and infrastructure was necessarily appropriate nor that there was an incentive to do this.

Turning to the draft Report, TD had received comments from National Grid NTS subsequent to publication. He drew attention to the suggestion that the Report should say "However, Transporters did not feel that this provided them with sufficient comfort to require a new low CV connection to meet more stringent CV conditions than others in order to mitigate an expected increase in CV shrinkage" and asked if this view was shared by the DNs. The Transporters agreed this was their current view, and that there was no remit or incentive to do anything that would place real costs on the Transporters - if there were a risk of challenge, conditions were unlikely to be included in NEAs.

RP referred to the penultimate paragraph under Option 4 and pointed out that CV zones could be made smaller without smart meters. BD indicated that the concept was using smart meters in conjunction with localised CV measurements, for example at governors. ST suggested widening the view, such that the advent of future events (not just smart meters) may allow changes to the regime. TD agreed to incorporate this in the Report.

Regarding Recommendation 3, BL asked if there was any update on the model that had been discussed at the last meeting; for example, specifying detail about inputs and outputs would be used in the calculations. In discussion, it was recognised that developing a model would require a lot more work. TD asked if anyone present would volunteer to develop the model. RP observed that the earliest it would be dealt with would be the next Price Control, where it could be included in discussions, and there was no resource available in WWU at present that could take this forward.

TD suggested that a model would not sit in the UNC and was therefore outside the scope of the UNC Review Group. However a recommendation could be included such that the Transporters may consider developing the model at a future date. The Transporters did not support this. PH believed any such development would need to be part of a broader framework change and RP thought it might be more appropriate to be looked at in the future, ie the next Price control. BL was satisfied with this.

Referring to Recommendation 2, BL reported that the next meeting of the CV Liaison Group had been deferred until late January/early February 2010, and if anyone was interested in attending they should let TD know – BD indicated he would attend if possible. ST asked how the CV Liaison Group was expected to progress the issues since they could not approve any change. TD pointed out that Ofgem had suggested they would wish to hear views on proposed changes, and felt this was the best group for them to consult.

4. Finalise Review Group Report

Following further discussion of the draft, TD agreed to update the Review Group Report in light of the discussions and incorporate any extra details provided.

5. Review Group Process

The revised report will be circulated and Members agreed to provide comments on the report by email.

However, it was recognised that a further meeting (via teleconference) may be necessary to finalise the recommendations and Report, with the objective of presenting the final report to the January 2010 meeting of the UNC Modification Panel.

6. Any Other Business

None.

7. Diary Planning for Review Group

Arrangements for the next meeting (via teleconference) will be notified when finalised.

ACTION LOG - Review Group 0251: 08 December 2009

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|-------------|--------------|------------|---|--|---------------------------------|
| RG0251/007A | 30/07/09 | 2.0 | Develop analysis indicating the potential level of Shipper shrinkage | National Grid NTS (PH) and EDF Energy (SL) | Carried forward |
| RG0251/019 | 21/09/09 | 3.1 | FWACV and customer billing – establish the methodology used by British Gas to perform its calculations. | Centrica (CW) | Carried forward |
| RG0251/022 | 24/11/09 | 3. | Provide explanations of the perceived issues/costs of smaller charging zones from the perspective of Shipper and Transporter. | WWU (ST) Corona (RS) | Carried forward (Discharged) |