

Review of Mod 640 Validation Arrangements for when a Change of Supplier has occurred

Review Group (UNC0272) Minutes

Wednesday 28 April 2010

Renewal Centre, Lode Lane, Solihull

Attendees

Bob Fletcher (Chair)	BF	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Bali Dohel	BD	Scotia Gas Networks
Darren Lindsey	DL	E.ON Energy
David Watson	DW	British Gas
Dean Johnson	DJ	xoserve
Elaine Carr	EC	Scottish Power
Jamie Black	JB	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
Linda Whitcroft	LW	xoserve
Karen Kennedy	KK	Scottish Power
Mark Jones (teleconference)	MJ	Scottish and Southern Energy
Phil Lucas	PL	National Grid Distribution
Richard Dutton	RD	Total
Stefan Leedham	SL	EDF Energy

1. Introduction and Status Review

1.1. Minutes from the previous meeting

The minutes from the previous meeting were approved.

1.2. Review of actions from previous meeting

Action RG0272 0003: Shippers to consider the materiality of the number of 0640 queries likely to be raised.

Action Update: See item 2.1. **Complete.**

Action RG0272 0004: All to consider the provision of information on all confirmations during the period the Supply Point has been charged for.

Action Update: xoserve to investigate the feasibility of providing reports on all confirmations and lost sites. **Carried Forward**

Action RG0272 0011: National Grid Distribution to obtain a legal view on Shipper to Shipper obligations being placed within the UNC.

Action Update: PL provided confirmation of original intention of the UNC, he highlighted that the Introduction and General Terms Section B clarifies that obligations are between Users and Transporters unless it is expressed otherwise in the code. SL asked if this also relates to UNC Documents outside the UNC

and Ancillary Documents. He wished to ascertain if it was possible to use a UNC Document to provide a User to User obligation. **Complete.**

New Action RG0272 0011b: National Grid Distribution to obtain a legal view on having Shipper to Shipper obligations within UNC Documents.

Action RG0272 0012: EDF Energy to develop a definition of valid and invalid queries.

Action Update: SL provided the definition of valid and invalid queries within a presentation. See item 2.1. **Complete.**

Action RG0272 0013: xoserve to confirm the cut-off date for ad-hoc invoice charge requests.

Action Update: LW confirmed to be inline with Mod0640 charges the cut-off date would need to be mid February. **Complete.**

Action RG0272 0014: National Grid Distribution to consider the ramifications of the Transporter operating the invoicing process.

Action Update: LW expressed concern of invoicing Shippers for a Shipper to Shipper process. Further consideration required. **Carried Forward**

Action RG0272 0015: Review Group to consider any data protection issues with the information required within the report to be provided to Shippers.

Action Update: See item 2.1. SL agreed to consider all data items. **Carried Forward.**

2. Review Group Discussion

2.1. EDF Presentation

SL provided a re-cap presentation.

Data Protection

SL confirmed that the Supplier and industry start date of registration is available through ECOEs. However, a question was asked about the meter reading information. DW suggested the entire list of data items required consideration as to whether there were any data protection issues.

Action RG0272 0016: SL to consider if there are any data protections issues for all data items required.

Valid Queries

SL provided some examples of Valid and Invalid Query examples. A spreadsheet was also provided showing ownership transfer, consumption and validity of queries.

SL provided an example where three Shippers had ownership of a site and Shipper C identifies information that would indicate the site should have been an LSP not an SSP. He challenged why Shipper A and Shipper B should pick Up charges for an LSP site if information available to these Shippers provided no indication. The current Mod640 would result in Shipper A and Shipper B incurring LSP charges.

RD challenged this and believed all 3 Shippers should pick up the LSP charges, if whilst in ownership the site was an SSP site from reads obtained, but then Shipper C obtains a read which transfers the site to LSP he believed Mod 640 charges should apply back for the year on the period of ownership. JB asked about the instances of seasonality of consumption and that some scenarios a site is LSP.

LW asked about sites slowly ramping up from SSP to LSP.

Consideration of actual and estimated reads was briefly undertaken, though further investigation is required.

RD acknowledged that there will be losses and gains and questioned whether it was important to establish consumption per shipper to be able to conclude an inter-shipper dispute. He was unsure that this was a practical or viable solution. SL had a view that some Shippers are actively managing AOs and others less active; therefore as a result Shippers are picking up costs that they are unable to validate. RD was concerned that a line-by-line query process would be required for such queries. SL suggested that this could be restricted to larger amounts.

Action RG0272 0017: xoserve to clarify the billing process where a shipper appeal/amendment is submitted.

MJ asked about deemed reads for Shipper transfers, where actual reads are not available. It was acknowledged that the deemed readings would be based on the old AO. It could be ascertained at some point that the AO is wrong but it would not be clear at what point it was wrong.

RD questioned if there was another solution, would it be possible to define a set of business rules which allows for scenarios.

SL envisaged that intershipper disputes could be managed with the acceptance that good negotiations and payment on one scenario could pave the way for negotiations that result in payment back.

RD asked if EDF energy have a value/indication of the costs. RD pointed out that the value of the invoice is only a one sided view and that there may be some circumstances that a Shipper is benefiting from. DW believed those who actively manage AOs would benefit most but the most important aspect of this modification is to correctly allocate costs.

2.2. Query Materiality

See item 2.1

2.3. Dispute Process

See item 2.1

2.4. Provision of Information

DJ provided a Summary of Shipper Instances in Mod640 Charges. xoserve had a number of questions in relation to multiple intershipper arrangements. LW asked about the incentive on Shippers to raised queries that would result in a charge to that Shipper rather than a payment. Would a Shipper have an interest in raising a query that did not have any impact on them but would impact previous shippers. SL did not envisage a scenario whereby the current Shipper would not be interested in raising a query.

DJ asked about a scenario for three shippers but only two wanted to resolve the query; how would charges be allocated. What if there is an acceptance by one shipper and a dispute between the remaining 2 shippers, how would the re-allocation work if Shipper one is happy to accept 1/3rd charge but there is a dispute of the remaining 2/3rds.

PL questioned if the Shippers are agreeing a percentage of the charge and whether the Transporter needs to become involved, or whether it would be easier for parties in dispute to be able to re-allocate the charges between themselves.

SL believed that the UNC would be less problematic for re-allocating costs he believed that the current inter-shipper dispute process can result in agreement but difficulty obtaining payments whereas the UNC provides better governance, overcomes voluntary issues, billing issues and iCOP signatories.

2.5. Governance / Business Rules

SL provided a presentation on the Business Rules.

LW asked about the timescales for submitting queries/appeals, adding xoserve needed to consider the scenarios further. LW explained that not all scenarios would be clear and easy to calculate due to the differing periods of ownership. LW suggested that she could go through some of the complications that may be involved with the proposer.

MJ asked about the daily SAP prices and the calculation of the values to be charged. SL suggested consideration would be given to agreeing a monetary value rather than a volume value.

LW suggested a percentage split may hide the materiality of a dispute and that monetary value would be much clearer and avoid further disputes.

SL provided an amended Draft Modification. From today's discussion and information provided it was acknowledged some further amendments would be required.

LW confirmed that the Rule Analysis has been completed and that the ROM has been started. However she highlighted that amended Meter Reads and AQs have not been included.

Action RG0272 0018: xoserve to consider AQ/Meter Read amendments and the impacts on the modification

JB asked for more information on the relevant objectives.

SL envisaged two modifications one on the report and then another on a dispute process.

PL questioned the visibility of protected information.

JB asked about retrospective invoices. SL envisaged having a window on querying the current invoice and once this has closed out no retrospective queries can be raise on this invoice.

It was agreed to start drafting the Review Group Report at the next meeting.

Action RG0272 0019: Draft Review Group Report to be produced for consideration at the next meeting.

3. AOB

None

4. Diary Planning for Review Group

Monday 24 May 2010, 13:00, Renewal Conference Centre, Lode Lane, Solihull, B91 2JR.

ACTION LOG - Review Group 0272

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0272 0003	14/01/2010	2.1	Shippers to consider the materiality of the number of 0640 queries likely to be raised.	All Shippers	Complete
RG0272 0004	14/01/2010	2.1	All to consider the provision of information on all confirmations during the period the Supply Point has been charged for.	All	Carried Forward
RG0272 0011	11/03/2010	2.0	Obtain a legal view on Shipper to Shipper obligations being placed within the UNC.	National Grid (CW)	Complete
RG0272 0011b	28/04/2010	1.3	National Grid Distribution to obtain a legal view on having Shipper to Shipper obligations within UNC Documents.	National Grid (CW)	Pending
RG0272 0012	11/03/2010	2.0	Develop a definition of valid and invalid queries.	EDF Energy (SL)	Complete
RG0272 0013	11/03/2010	2.0	Confirm the cut-off date for ad-hoc invoice charge requests.	xoserve (LW)	Complete
RG0272 0014	11/03/2010	2.0	Consider the ramifications of the Transporter operating the invoicing process.	National Grid (CW)	Carried Forward
RG0272 0015	11/03/2010	2.2	Review Group to consider any data protection issues with the information required within the report to be provided to Shipper	Review Group	Carried Forward
RG0272 0016	28/04/2010	2.1	SL to consider if there are any data protections issues for all data items required.	EDF Energy (SL)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0272 0017	28/04/2010	2.1	xoserve to clarify the billing process where a shipper appeal/amendment is submitted.	xoserve (LW)	Pending
RG0272 0018	28/04/2010	2.5	xoserve to consider AQ/Meter Read amendments and the impacts on the modification	xoserve (LW)	Pending
RG0272 0019	28/04/2010	2.5	Draft Review Group Report to be produced for consideration at the next meeting.	Joint Office (BF/HC)	Pending