

UNC Workgroup 0358 Minutes
I&C Compensation for Emergency Interruption
Thursday 28 April 2011
at 31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alan Raper	(ARa)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Andrew Wallace	(AW)	Ofgem
Beverley Viney	(BV)	National Grid NTS
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	First Utility
Clare Cattle-Jones	(CCJ)	ENA
Dave Turpin	(DT)	Xoserve
Gareth Evans	(GE)	WatersWye
Karen Kennedy	(KK)	Scottish Power
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Amos	(JA)	Xoserve
Jonathan Wisdom	(JWi)	RWE npower
Lisa Harris	(LH)	Shell Gas Direct
Linda Whitcroft	(LW)	Xoserve
Mark Jones	(MJ)	SSE
Phil Broom	(PB)	GDF Suez
Richard Street*	(RS)	Corona Energy
Sallyann Blackett	(SAB)	E.ON UK
Steve Mulinganie	(SM)	Gazprom

*via Teleconference

1. Introduction and Status Review

1.1. Review of minutes

The minutes of the previous meeting were approved.

1.2. Review of actions

No actions

2. Discussion

RS provided a presentation, he explained that Ofgem's Significant Code Review (SCR) does not cover the subject of the modification but acknowledged that the SCR

is looking in part firm load shedding. He explained that the modification has been raised in response to customer concerns and that Ofgem had not expressed concern about the industry looking at this modification in parallel to the SCR.

RS was keen to receive an initial view from Ofgem, before progressing the modification; he believed a paper was due in May. RS suggested that if the paper is not available for the May Distribution Workgroup meeting further consideration of the modification should be deferred until the June meeting or when the paper is available.

PB questioned the intent for a wider review of Section Q, he suggested that the current Terms of Reference needs to be amended. BF confirmed that the Terms of Reference had been amended to reflect this.

BV queried the existing £50 flat rate explaining that it does not apply to NTS and DNs calculate rates based on the SOQ.

AR confirmed that the failure to supply gas only applies to Large I&C supply points within the UNC, smaller (domestic sized) sites are covered by GSOS.

AR suggestion the consideration of scenarios to help gain an understanding of the responsibilities aligned to the scenarios. However, it was recognised that the SCR report would be required from Ofgem to understand the compensation elements.

BF highlighted the following comments Simon Trivella (Wales & West Utilities) would like considered:

- Clarity on the scope of the proposal (e.g. is this any interruption regardless of cause, are emergencies included and if so what type etc.)
- Clarity on the Supply Points that this would apply to. Currently UNC FSG only applies to LSP Non-domestic as all other sites are dealt with under the standards of performance regulations.
- The figure of £50 quoted in the Proposal is incorrect. FSG under the UNC varies dependent on Capacity and is subject to daily minimums of £50 and £250 for NDM and DM sites.
- The standard of performance regulations are being discussed within RIIO and may well change. There is a potential for dual governance dependent on the scope of the Mod.
- The proposal seems to currently exclude DM sites, is there a reason for this?
- There appears to be a link to 1st October 2011, I'm unsure as to the reasoning for this? It would be useful if the Proposer could explain more fully why the existing arrangements are unsuitable and what has changed since they were originally established (and presumably deemed suitable at the time)?

Relevant objectives

- (a) It is unclear how this proposal would result in changes to the way in which GTs operate the system? It would be useful if the Proposer could expand on this point.
- (b)(i&ii) As with (a) it is unclear how this relevant objective would be facilitated (especially in respect of the Total System or the pipeline of other GTs)? From an investment perspective the Proposer has raised a very valid point. Is the Proposer suggesting that we (GTs) carry out sufficient investment in the network to mitigate against the risk of the absurd liability payments that are being proposed? This may be a key point for our RIIO discussions as our Capital Investment plans (and more importantly for Shippers, our future allowed revenue) will be dramatically impacted by this.
- (c) It is unclear how this proposal could lead to giving a Transporter a competitive advantage in relation to Security of Supply? It would be useful if

this could be expanded upon.

BF also highlighted an issue raised by Simon Trivella that the compensation arrangements the modification seeks to introduce would result in payments from GTs to Shippers and not the end consumer. It would be useful to get an understanding what mechanisms/safe guards could be put in place to ensure that the customers receive 100% of any such compensation. For example, Shippers/Suppliers have licence conditions in relation to payments made by GTs under the standards of performance regulations ensuring they pass on payments to customers but this would not cover the 0358 arrangements.

RS accepted that the modification might need to be amended in response to the comments received by Wales & West Utilities.

Action 0358 001: All parties to consider and development Emergency Interruption scenarios and the aligned responsibilities.

3. AOB

None raised.

4. Diary Planning for Review Group

The following meetings are scheduled to take place during the Distribution Workgroup Meetings:

Thursday 26 May 2011, Elexon, 350 Euston Road, London, NW1 3AW

Thursday 23 Jun 2011, Elexon, 350 Euston Road, London, NW1 3AW

Thursday 28 Jul 2011, 31 Homer Road, Solihull, B91 3LT

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0358 001	28/04/11	2.0	All parties to consider and development Emergency Interruption scenarios and the aligned responsibilities.	All	Pending