

UNC Workgroup 0369 Minutes

Re-establishment of Supply Meter Points – measures to address shipperless sites

Wednesday 27 July 2011

31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	BF	Joint Office
Lorna Dupont(Secretary)	LD	Joint Office
Alex Ross	AR	Northern Gas Networks
Alison Jennings	AJe	Xoserve
Andrew Wallace	AW	Ofgem
Anne Jackson	AJa	SSE
Chris Warner	CW	National Grid Distribution
Danielle King	DK	E.ON UK
David Watson	DW	British Gas
Dean Johnson	DJ	Xoserve
James Chapple	JC	SSE
Joel Martin*	JM	Scotia Gas Networks
Jonathan Wisdom	JW	RWE npower
Katherine Porter	KP	EDF Energy
Linda Whitcroft	LW	Xoserve
Mark Woodward	MW	Xoserve
Nadina Johnson	NJ	British Gas
Naomi Anderson	NA	EDF Energy
Sharon Broadley	SB	ScottishPower
Steve Mulinganie	SG	Gazprom

* *via teleconference*

1. Introduction and Status Review

Welcoming attendees to the meeting, BF confirmed that Gazprom had raised an alternative Modification 0369A which would be included in the discussions.

1.1. Review of Minutes of the previous meeting (08 June 2011)

The minutes were approved.

1.2. Review of Actions

0008: CW to provide a commentary for the legal text.

Update: Provided. **Closed**

0009: AJe to consider if it is possible to identify a cost saving benefit should this modification be implemented.

Update: AJe reported that it was difficult to identify a direct cost saving benefit. Benefits were more readily apparent when aspects of accurate cost allocation, risk and safety were assessed, and these could be given consideration within the Workgroup Report. **Closed**

0010: AJe to provide process rules for discussion with the process map.

Update: Provided and presented. **Closed**

2. General Discussion

2.1 Modification 0369A

SM briefly outlined the intent of the alternative proposal, Modification 0369A, highlighting the key differences and explaining the two scenarios identified in greater detail. These were situations where it was believed that circumstances were outside of the Supplier's reasonable control these being where consumer owned meters were installed and any associated risks were therefore incapable of being mitigated; in these instances SM believed that Suppliers should not be expected to bear the liabilities. (Other scenarios could be included if identified.)

CW briefly referred to the draft legal text drafted for 0369 and, after clarification of some points with SM, noted that some changes would be required to explain the charges referred too were not for physical works by the Transporter, they were associated with transportation and energy charges.

Questioned whether the proposal should be more broadly drafted or be more narrowly focused, some Shippers favoured the broad approach.

2.2 Modifications 0369 and 0369A

The debate was then widened to encompass discussion of both modifications..

AJa was not sure why Shippers have to pick up retrospective costs once they had withdrawn from a site, as they had no control over circumstances and actions of the consumer/other parties following withdrawal. She believed it was reasonable to leave meters on site and withdrawn Shippers should not be exposed to the risk of any future charges related to actions beyond their control. She acknowledged that 0369 was trying to mitigate some risks but there were other consequential issues that threw up risks for other parties and AJa made it very clear that she disagreed with Modification 0369 because of the potential impacts that an unawareness of reconnections would have on a Shipper. She was partly in favour of 0369A as it appeared to be mitigating some of the Shipper's risk. In her opinion there should be greater strength around the Connection and Disconnection Regulations to lessen both safety and financial risks.

AW reiterated Ofgem's views on deemed contracts. DW thought that the old Supplier still had rights to revenue under the deemed contract, and went on to explain the current legal advice he had received, whilst stressing that this did not yet appear to be an area of legal certainty. He believed there was a balance to be struck.

CW stated that 0369 was trying to get to a better place than was currently the case and all parties needed to weigh up the advantages/disadvantages. DW commented that 0369 was very clear and would enable the Workgroup Report to be

commenced. CW had raised a ROM request with Xoserve and they were currently assessing the process impacts. Draft legal text would also now be developed for 0369A once clarity on its content was forthcoming from the Proposer. AW commented that, who would have the ability to charge the customer, and in what circumstances, should be made very clear. SM believed that recovery of costs was only part of the issue; there was also great concern if a party was unable to manage risk at the front end. AW agreed that this needed to be 'unpicked' for both 0369 and 0369A. AJa was concerned that the wrong consumers would continue to pay, as all the risk would be placed on an individual Shipper portfolio for a site, which the Shipper had no obligations for.

DW believed 0369 to be a substantial improvement to the status quo, and 0369A might be a better compromise. AJa stated that if 0369 was implemented then SSE were likely to start removing meters even on change of tenancy, the community would then pick up the costs for new meter installs. She should like to avoid this if possible, but it would seem to be the only way that SSE could mitigate the perceived risks.

SM pointed out that adversarial/non-adversarial works also would have an impact on Shippers' perceived risk. JW added that removing meters every time would not be consumer friendly. SM observed that assets were on site to be used and it was always more likely that another consumer would tenant a site and, other than a demolition situation, it was not always considered appropriate to physically remove a meter. It was confirmed that once the Networks found an illegal connection the responsibility goes back to the Shipper, and what happens then may depend on the wording in the Supply contract. CW pointed out that a Shipper has a choice whether or not to remove a meter; every meter left in situ constitutes a risk or risks of varying degrees (safety, theft of gas, etc).

Various scenarios involving illegally connected meters were then discussed, and a debate took place on whether the same points would apply to if a different meter was installed rather than the old one reconnected. CW said that National Grid Distribution had considered including this within scope of the Proposal and had not ruled this out for a future Proposal. Notwithstanding this, that National Grid Distribution acknowledged that this approach would be controversial and was probably a step too far at this stage. There was a view that 'reasonableness' needed to be taken into account when considering all of the consequences.

2.3 Statistics

The statistics provided were reviewed. SM observed that although these were probably current they were also probably irrelevant in view of the future market changes to customer owned meters associated with the rollout of smart/remote read meters; how did this fit with smart meters that were activated/deactivated remotely? CW repeated that this was not contemplated in this modification (0369) and changes to MAMCOP would be necessary before remote operation of the valve within the meter could be considered as a prerequisite for UNC Isolation.

LW asked if a data cleanse would be necessary, so that Xoserve could recognise the correct sites. SM commented that in future it is likely that consumer owned assets would become more prevalent and that data quality would be an issue. BF referred to data held in the C & D Store. AJe observed that this did not carry the information required and did not update sites and meters – shippers still needed to do this. SM repeated that data quality and a rolling programme of exchanging assets would present issues and there may be a need to redraft Modification 0369A even more broadly if other areas were identified as being outside 'reasonable' control. CW questioned how a data error would be identified.

AJe commented that different scenarios presented differing problems and degrees of risk. Were these proposals the right way to address this, or should there be others? C & D notifications are very limited and not easily accessed – Xoserve is very reliant on the accuracy of what is provided. AJa questioned where was the incentive for Xoserve to deal with an interim C & D before the year was up? She felt that more could be done at the point of receipt so that issues might be addressed earlier rather than at the year's end.

CW reiterated that other parties could raise alternative modifications. BF pointed out that only the Proposer of a modification was able to make amendments to the Solution. AJa confirmed that she would consider raising a further alternative.

SM then directed two questions to CW. Firstly, could a visit be made before the twelve months, or would a Network always wait for the end of the period? To which CW responded that a Network would not expect to make within year visits unless there was an emergency or other ad hoc situation that arose. Secondly, if a meter with the same serial number was reinstalled but the read indicated a zero flow ... CW responded that if there were no gas flow retrospective capacity charges for the relevant period would be pursued. The meter must be disabled by an approved disabling device, or physically disconnected. AJe and MW pointed out that if a meter is isolated and withdrawn then reconnected and re-registered within twelve months then the GSR visit would not be triggered. SM added that if it was re-registered before the Network finds it, it mitigates the risk.

CW confirmed that the provision of listings to Shippers prior to GSR visits would continue (JM thought they were issued around three months in advance); he did not envisage any change to the process.

2.4'Shipperless Process' and 'Isolation Only Process' Steps/Timelines

AJe stressed that Xoserve were still working through many different scenarios, and these high level examples were to illustrate how Xoserve anticipated dealing with a standard scenario. There are many complexities, and the various effects and consequences needed to be understood. Different process flows and how these might be treated were under consideration for other scenarios. These would be addressed in the Business Rules and will be brought to the Workgroup for review and discussion.

AJe presented the Shipperless Process steps explaining the actions taken and illustrating through the associated timeline.

The estimated OPNT read would be inserted to preserve the consumption profile (to protect the AQ and read flows, etc). It does not matter who does the confirmation it will be treated the same. Shippers will not be using an RGMA flow so the impact of that needs to be better understood.

It was confirmed that the registration record could not be amended retrospectively. DW observed that it would be complicated if two Shippers were involved and the OPNT was incorrect. LW confirmed that this would have to be resolved by dialogue between the two Shippers concerned.

AJe then presented the Isolation Only Process steps in a similar fashion, and confirmed that capacity was already charged for as the Supply Point was not withdrawn, and there would be a bill back for commodity and energy charges.

AJe confirmed that the same process would be used for SSPs and LSPs. There would never be a retrospective adjustment against market share, so RbD would benefit from all these charges (as credits).

Shippers would like to see an illustration of the process whereby a Supplier carries out the registration, and other potential scenarios.

BF noted the suggestion that these illustrations should be added into the Workgroup Report.

2.5 Changes to Modification 0369

CW outlined and explained the changes that had been made to add clarity, and advised that further changes may be required in light of the discussion. The draft legal text will also require revision and this will be brought back to the Workgroup for review and comment.

3. Next Steps

The following actions were agreed:

Action 0011: Provide process map to illustrate the process whereby a Supplier carries out the registration, and other scenarios.

Action 0012: 0369A – Produce draft legal text and commentary.

Action 0013: Request an extension to the Panel reporting date.

The Workgroup Report will be commenced once the content of the modifications have been stabilised.

4. Any Other Business

None raised.

5. Diary Planning for Workgroup

It was agreed that the next Workgroup meeting would be accommodated within the business proceedings of the Distribution Workgroup. This will take place on Wednesday 07 September 201 at 31 Homer Road, Solihull, B91 3LT.

ACTION LOG: Workgroup 0369 – 27 July 2011

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0008	08/06/11	2.0	Provide a commentary for the legal text.	National Grid Distribution (CW)	Closed
0009	08/06/11	2.0	Consider if it is possible to identify a cost saving benefit should this modification be implemented.	Xoserve (AJe)	Closed
0010	08/06/11	2.0	Provide process rules for discussion with the process map.	Xoserve (AJe)	Closed
0011	27/07/11	3.0	Provide process map to illustrate the process whereby a Supplier carries out the registration, and other scenarios.	Xoserve (AJe)	Pending
0012	27/07/11	3.0	0369A – Produce draft legal text and commentary.	National Grid Distribution (CW)	Pending
0013	27/07/11	3.0	Request an extension to the Panel reporting date.	Joint Office (BF)	Pending