

**UNC Workgroup 0369 Minutes
Re-establishment of Supply Meter Points – measures to address
shipperless sites**

Thursday 27 October 2011

at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJe)	Xoserve
Anne Jackson	(AJ)	SSE
Chris Hill	(CH)	first:utility
Chris Warner	(CW)	National Grid Distribution
Darren Lindsay	(DL)	E.ON UK
David Addison	(DA)	Xoserve
Emma Smith	(ES)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye
George Glen	(GG)	ScottishPower
Joel Martin	(JM)	Scotia Gas Networks
Karen Kennedy	(KK)	ScottishPower
Linda Whitcroft	(LW)	Xoserve
Lisa Harris	(LH)	Shell
Lorna Lewin	(LL)	Shell
Richard Vernon	(RV)	RWE npower
Sasha Pearce	(SP)	RWE npower
Stefan Leedham	(SL)	EDF Energy

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0369/271011>.

1.0 Review of Minutes and Actions of the previous meeting

1.1. Minutes

The minutes of the previous meeting were accepted.

1.2. Actions

No Actions outstanding.

2.0 Discussion

CW reported that the legal text for both modifications had been provided and reiterated the intent of both modifications.

Some implications relating to implementation (assuming that either modification was approved for implementation) had been identified, relating to how far back the retrospectivity should be applied. A GSR visit by the Transporter identifies a site as connected and capable of offtaking gas; Xoserve informs the previous registered Shipper to re-register the site; a confirmation is triggered and a retrospective charge element is applied back to the point of Isolation and Withdrawal (I & W), which could potentially be *prior* to when the modification would be implemented; it was this potential retrospective application to a point prior to modification that was the key issue. CW used a flipchart to illustrate more clearly and explain the potential difficulties and then sought the views of the Workgroup, pointing out that this will impact how Xoserve manages the system and applies charges and that it would be prudent to recognise and address the issues in advance. In the event that one of the modifications receives approval, how should it be implemented?

The various scenarios illustrated were discussed. The GSR visit may have been made just before the implementation of the modification, and CW thought that in this case it would be inappropriate to seek to recover retrospective charges.

It was noted that there was a current backlog of around 2,000 affected sites, the number of which grew monthly. A further issue was how the backlog should be treated.

GE believed that retrospectivity should only be applied to a point that occurred after the implementation of the modification. He believed the modifications were silent on what should happen and did not cover these other identified scenarios; for sites beyond the date of implementation a Shipper could back off any charges but had no way of addressing sites prior to this point. He suggested a separate modification should be raised to address what should be done prior to the implementation date.

KK countered this view and believed that if a shipper investigated and found that the site was flowing gas it was likely to have processes in place to deal with this. She indicated that she would be generally supportive of including the backlog to correctly reassign the charges, which had been incorrectly smeared.

CW believed the identified issue is an implementation matter but it required reflection and agreement as to how implementation should be progressed. For a site found after implementation – it should be re-registered and charges should be recovered back to the point of I & W if that had happened prior to implementation. For a site found prior to implementation – it may be inappropriate to seek to recover charges but it should be appropriate to get the site properly re-registered. CW reiterated that the key point of the modifications was to get sites properly re-registered.

AR felt it should not be a problem to get sites re-registered if their historic ownership can be established; an additional visit could be made if necessary.

GE expressed concern regarding what action might be taken relating to the discovery of sites with illegal connections, which could not be foreseen by the Shipper.

AR pointed out that previous discussions had highlighted that a deemed contract would be in place and the Shipper can take action to recover the position. CW said that he would talk to Ofgem about the principle of recovering these costs, as RbD Shippers were bearing the smearing of transportation charges at present. LW suggested dealing with the backlog of 'elderly' sites after the implementation date, obtaining another read and then billing back. If sites were re-visited this might remove some of the concerns regarding these sites relating to retrospectivity. They would have to be re-read to confirm the true situation.

SL pointed out that both the concepts of reconciliation and RbD are retrospective actions, and given this some views expressed by parties in this discussion did appear odd. GE explained that it was all about how it can be backed off in a contract - this cannot be done for sites before implementation date, when knowledge of the risk did not exist so could not be addressed. There were concerns regarding illegal connections and where Shippers cannot recover costs. KK observed that if a Shipper still had a relationship with the customer then costs should be able to be recovered. However, customers could go into administration and a Shipper was unlikely to get paid.

SP wanted to know how far the backlog stretched and suggested some age analysis would help to inform the picture. Shippers do receive a regular report (on an individual basis) on any backlog so it should not come as a surprise.

GE asked when re-visiting of sites was likely to commence. The AUGE was questioning how 'permanent' these unregistered sites were and whether these were to be construed as 'temporary losses' that were subsequently capable of becoming 'identified gas'. LW responded that Shippers do have lists of the Shipperless sites where they were recorded as the last registered Shipper, which will indicate what may be visited. A short discussion of the GSR process and the time taken to establish access/visit/status of a site ensued.

In light of the differing views expressed CW will discuss further with Xoserve and it was likely that he would seek to vary the modification. CW reiterated that the main objective was to get sites registered and any amendments to the modification will reflect this; a decision has not been made on the retrospective charging element.

Legal Text

No views were expressed on the provided text.

Changes initiated from today's discussions may impact the legal text provided, but this needed more reflection. CW will contact the Proposer of Modification 0369A to keep him informed of any changes made to Modification 0369.

Completion of Workgroup Report

Costs information was required. AR confirmed that apportionment was being discussed. It was expected that another month would be required to provide the costings and make any further amendments to Modification 0369.

The Workgroup Report was due for submission to the November Panel; a request for an extension to the report date may therefore be required.

The expectation will be to complete the Workgroup Report at the next meeting (24 November 2011).

3.0 Any Other Business

None raised.

4.0 Diary Planning for Workgroup

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The next meeting of the Workgroup will take place within the business proceedings of the Distribution Workgroup, on Thursday 24 November 2011, at 31 Homer Road, Solihull, B91 3LT.