

**UNC Workgroup 0379 Minutes**  
**Provision for an AQ Review Audit**  
**Wednesday 08 August 2012**  
**31 Homer Road, Solihull, B91 3LT**

**Attendees**

|                             |       |                                  |
|-----------------------------|-------|----------------------------------|
| Bob Fletcher (Chair)        | (BF)  | Joint Office of Gas Transporters |
| Mike Berrisford (Secretary) | (MiB) | Joint Office of Gas Transporters |
| Andy Clasper                | (AC)  | National Grid Distribution       |
| Alex Ross                   | (ARo) | Northern Gas Networks            |
| Alison Chamberlain          | (ACh) | National Grid Distribution       |
| Anne Jackson                | (AJ)  | SSE                              |
| Andrew Margan               | (AM)  | British Gas                      |
| Brendan Murphy              | (BM)  | Waters Wye Associates            |
| Brian Durber                | (BD)  | E.ON UK                          |
| Cesar Coehlo*               | (CC)  | Ofgem                            |
| Darren Lond                 | (DL)  | National Grid NTS                |
| David Addison               | (DA)  | Xoserve                          |
| David Mitchell              | (DM)  | Scotia Gas Networks              |
| Edward Hunter               | (EH)  | RWE npower                       |
| Elaine Carr                 | (EC)  | ScottishPower                    |
| Erika Melèn                 | (EM)  | Scotia Gas Networks              |
| Joanna Ferguson             | (JF)  | Northern Gas Networks            |
| Lorna Lewin                 | (LL)  | DONG                             |
| Marie Clark                 | (MC)  | ScottishPower                    |
| Robert Cameron-Higgs        | (RCH) | Wales & West Utilities           |
| Stefan Leedham              | (SL)  | EDF Energy                       |
| Steve Mulinganie            | (SM)  | Gazprom                          |

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/03950398>

**1. Introduction and Status Review**

BF opened by explaining that the July modification panel members had requested further consideration of the costs and benefits associated with the modification, extract of the minutes as follows:

*"Members did not accept the Workgroup Report and determined that for Modification 0379:*

- *Further Workgroup Assessment is required, with a report presented to Panel by the October 2012."*

**1.1. Minutes from the previous meeting(s)**

The minutes of the previous meeting were accepted.

**1.2. Review of actions from previous meeting(s)**

No outstanding actions to consider.

## 2. Legal Text

### Legal Text v2.0 presentation and review

Opening, RCH advised that Wales & West Utilities consider the legal text as published on the Joint Office web site is 'fit for purpose' and AM agreed with this view.

AM pointed out that key aspects associated with the formulas had been considered by both British Gas and Wales & West Utilities legal personnel.

RCH suggested that if parties are happy with the business rules, then it is not a large leap of faith to approve the text – consensus is that the legal text is suitable.

## 3. Workgroup Report

BF undertook a quick on-screen review of the Workgroup Report.

When asked, CC indicated that following discussion with the proposer he is reasonably happy with the cost v's benefit aspects, although in his view these would / could also be impacted by the ongoing work on modification 0421 - Improve AQ Performance.

BF observed that at the July panel, A Miller of Xoserve had indicated that they would be looking into the potential cost reduction that could be achieved by a possible simultaneous implementation of both modifications, although the exact scale of materiality (benefit) was unknown to him at the time of the meeting.

DA went on to suggest that as far as 0379 is concerned, the costs indicated reflect the impact of the various smearing mechanisms (especially the potential scale of smearing involved), hence the quoted figure. Whilst he accepts that seeking a generic smearing mechanism may be preferable, he is of the opinion that this would make building in flexibility more difficult. Consensus is that the 0391 costs are not too excessive.

Asked what would happen in the event that the additional combined (0379 / 0421) implementation costs were not available for when Ofgem are required to make a decision on these modifications, CC reiterated Ofgem's desire to be in possession of revised cost indications that accurately reflect a potential joint implementation.

AM pointed out to all present that the proposer's of both modifications remain keen that each is treated on its own respective merits – a point which CC agreed with.

Clarifying discussions so far, BF suggested, and parties agreed that each modification should stand independently and travel through the (governance) process independently and be tested on their respective benefits, supported by the 'marginal' cost benefit of undertaking a joint implementation.

When asked, AM confirmed that he would work towards providing additional analysis in time for consideration at the next workgroup meeting.

## 4. Any Other Business

None.

## 5. Diary Planning

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

It is anticipated that further Workgroup meetings will take place within the Distribution Workgroup on:

Wednesday 05 September 2012, 10:30, 31 Homer Road, Solihull, B91 3LT