

**UNC Workgroup 0395 0398 Minutes**  
**Limitation on Retrospective Invoicing and Invoice Correction**  
**Thursday 26 April 2012**  
**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	(AJe)	Xoserve
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
Claire Thorneywork	(CT)	National Grid NTS
Dave Adlam	(Dad)	National Grid Distribution
Dave Mitchell	(DM)	Scotia Gas Networks
David Addison	(DA)	Xoserve
Edward Coleman	(EC)	E.ON UK
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Smith	(ES)	Xoserve
Erika Melèn	(EM)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Gareth Evans	(GE)	Waterswye
Graham Wood*	(GW)	British Gas
Jon Dixon	(JD)	Ofgem
Kathryn Heard	(KH)	National Grid NTS
Lorna Lewin	(LL)	Shell
Marie Clarke	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Shiv Singh	(SS)	National Grid Distribution
Stefan Leedham	(SL)	EDF Energy
Tim Davis*	(TD)	Joint Office

\* by teleconference

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

**1. Introduction**

BF outlined the timetable envisaged in Ofgem's letter calling for additional analysis and assessment of Modifications 0395 and 0398.

**1.1. Distribution Workgroup Action**

**Dis0304/0001:** Joint Office (BF) to summarise the issues raised by Ofgem on 0395/0398 and invite either views on these in time for discussion on 26 April, or an indication of when analysis might be complete.

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**Update:** BF confirmed that an email had been issued on 27 March 2012 and the Terms of Reference had been published. **Complete.**

## 2. Ofgem Letter

GE challenged the value of the information requested being provided on an individual basis. He felt its not just individual Shipper information it's the collective impact that needs to be considered.

DA believed that Xoserve are not the only provider of analysis. He explained that it is difficult to understand what is happening on sites, as Xoserve are not best placed to understand site specifics.

It was asked if Xoserve were able to provide a view on the size of reconciliation over the current period of time and whether there were any larger loads that may have a significant impact of reconciliation.

**Action 0002: Xoserve to provide a view on the size of reconciliation over the current period of time**

**Action 0003: Xoserve to provide a view on whether there were specific large loads that would need to reconciled within the existing timeframe.**

GE reported Shippers may not have sufficient information available given the very challenging timescales proposed by Ofgem when it is unlikely that an implementation prior to 2013 is possible. He advised that ICoSS might be in a position to provide detailed information by July.

JD gave an overview of the Ofgem letter and reasons why the modifications were sent back. BF drew attention to the comments received. JD explained that Ofgem did not have enough information to sufficiently understand the issues.

ARa believed it would be worth considering how much energy has been reconciled in the 4/5 year period, to understand what activity has been going on in that 4/5 year period. He questioned why organisations need the amount of time, to help Ofgem understand what is the optimum settlement window.

## 3. Analysis

DA provided analysis from Xoserve based upon the value of AQs of sites not reconciled and a view of the energy involved, including the estimate of outstanding reconciliation based on the SAP price.

The considerations provided in response to Ofgem required clarification. GE pointed out that there is no quantitative data to support the opinions provided within the considerations.

GE believed that data needs to be provided to the Workgroup and not just provided to Ofgem to allow assessment of the data.

CW explained the set read performances standards and that small supply points captured by the RbD process are read every two years, that large annual read site performance is 90% of the portfolio and large monthly read supply point performance is 90% every month - these have been set to optimise reconciliation. This is not lead by any system constraint driven by UK Link, however JD challenged that Transporters do not accept reads over the current system capacity. ES explained Xoserve do not reject additional reads. DA explained there is a system constraint in that Xoserve can only process 40,000 reads per day.

GE disagreed with the Ofgem view about the Limitation Act 1980, however he did agree that the modification seeks to reduce the settlement window and does not conflict with the right to recover a debt.

**Action 0004: GE to provide an alternative legal view on the Limitation Act 1980.**

SL provided a presentation on the potential impact of the modification on Supplier Tariffs.

SL did have some quantitative data to support the presentation but EDF Energy was only prepared to share the analysis with Ofgem as it included EDF's rate of return, risk premiums, tariffs and is very commercially sensitive.

He explained that settlement considerations are secondary to EDF's meter reading strategy as the first priority is about accurate bills and reducing exposure to customers to unexpected bills.

SL reported EDF settlement disputes are generally settled within 1-3 months. JD explained that there are a lot of settlement disputes outstanding and the concerns relate to the implementation of the modification and sufficient lead time for people to react to the shortening settlement window to enable data cleansing and to ensure parties are not faced with being timed out. SL asked how long the energy reallocation takes. AJ explained that when the line in the sand approaches, queries increase and she asked Shippers to consider sorting out as many queries as possible in advance of such dates to avoid having an influx and allow Xoserve the opportunity to manage the queries efficiently.

SL was keen to stick to the Ofgem deadlines for providing a report and did want parties delaying the progression of the modification by using data provision as an excuse.

JD appreciated that Shippers may not want to share with the group the extent effect of tariffs but would welcome views of potential impacts.

**Action 0005: Shippers to provide Ofgem with a view on the potential impact on tariffs.**

JD also asked about the impact to other processes and if Xoserve could provide a view on industry performance and if reducing the settlement window is good for the industry - is it tackling poor performance and is likely to change behaviours.

GE doesn't believe the modification would change behaviours, however he felt it would encourage settlement within a more reasonable period.

TD asked when considering the discussions, if Ofgem needed to review the timetable? JD confirmed he would be happy to revisit the June deadline if there was a Workgroup view that additional analysis and time was required. However, he didn't want to jeopardise any implementation dates. SL highlighted the implementation date of 01 October and the lead-time needed for USRVs.

JD requested that parties respond to 0335 points raised in Ofgem's letter to allow closure of 0335 in June

**4. Any Other Business**

None raised.

**5. Diary Planning for Workgroup**

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

Workgroup meetings will take place within the Distribution Workgroup on:

Thursday 24 May 2012, 10:30, ENA, 52 Horseferry Road, London SW1P 2AF

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**Action Log – UNC Workgroup 0395 0398**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>Dis 0304/0001</b>	DWG 22/03/12	5.0	Joint Office to summarise the issues raised by Ofgem on 0395/0398 and invite either views on these in time for discussion on 26 April, or an indication of when analysis might be complete.	Joint Office (BF)	<b>Complete</b>
<b>0002</b>	26/04/12	2.0	Xoserve to provide a view on the size of reconciliation	Xoserve (DA)	<b>Pending</b>
<b>0003</b>	26/04/12	2.0	Xoserve to provide a view on whether there were specific large loads that would need to reconciled within the existing timeframe.	Xoserve (DA)	<b>Pending</b>
<b>0004</b>	26/04/12	3.0	GE to provide an alternative legal view on the Limitation Act 1980.	Waterswye (GE)	<b>Pending</b>
<b>0005</b>	26/04/12	3.0	Shippers to provide Ofgem with a view on the potential impact on tariffs.	All Shippers	<b>Pending</b>