

UNC Workgroup 0404 Minutes
Profiling payment of LDZ capacity transportation charges for
Small Shipper Organisations
Thursday 23 February 2012
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Tim Davis (Secretary)	(TD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Andrew Margan	(AM)	British Gas
Anne Jackson	(AJa)	SSE
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Gareth Evans	(GE)	Waterswye
Lorna Lewin	(LL)	Shell
Marie Clarke	(MC)	Scottish Power
Rob Cameron-Higgs*	(RCH)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom
Tabish Khan	(TK)	Ofgem

* by teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0404/230212>

1. Review of Minutes and Actions**1.1 Minutes**

The minutes of the previous meeting were accepted.

1.2 Actions

0001: Establish the maximum exposure with 100% take-up of the proposed arrangements

Update: National Grid (£560k), SGN (£500k) and WWU (£266k) confirmed data had been provided. This suggests potential exposure is about £1.5m. **Closed.**

0006: DNs to consider the modification costs and administration funding.

Update: No User Pays funding is proposed. AR suggested that credit management costs are funded by the networks and would be expected to cover any administration costs. If a Shipper goes out of business, it would seem reasonable for any value from the interest rate premium to be allocated against the costs and so reduce Shipper exposure. GE suggested that the practicalities need to be understood in order to see that the risks and costs are properly allocated. It was agreed that covering SSP only should address this. **Closed**

0007: Gazprom to request feedback on the modification from the Smaller Supplier Forum.

Update: SM confirmed this had been raised but attendees did not expect to use the facility. A formal question had also been issued to smaller suppliers, but no interest identified. BF confirmed that he had received similar feedback from the Smaller Supplier Forum – the criteria were unlikely to be met in practice. AM was also unclear that any party would want to take up the product since it is a costly option. **Closed**

0008: Ofgem to seek feedback from the Proposer (Bill Bullen, Utilita) of Modification 0383 - Profiling payment of LDZ transportation charges.

Update: TK confirmed that feedback had been sought but no response had been received. **Closed.**

2. Discussion

SM suggested that, given the lack of interest, it was not beneficial to spend industry time developing the modification further. However, SGN confirmed they wished to pursue the modification.

3. Workgroup Report

The Workgroup Report was completed for submission to the March Modification Panel. Attendees noted that legal text had not been provided and so could not be assessed. In addition, some felt that the modification was not sufficiently developed to proceed to consultation

4. Any Other Business

None raised.

5. Diary Planning for Review Group

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

No further meetings are planned.

Workgroup 0404 – Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0001	24/11/11	3.0	Establish the maximum exposure with 100% take-up of the proposed arrangements	All DNs	Closed
0006	22/12/11	2.0	DNs to consider the modification costs and administration funding.	All DNs	Closed
0007	26/01/12	2.0	Gazprom to request feedback on the modification from the Smaller Supplier Forum.	Gazprom (SM)	Closed
0008	26/01/12	2.0	Ofgem to seek feedback from the Proposer (Bill Bullen, Utilita) of Modification 0383 - Profiling payment of LDZ transportation charges.	Ofgem (TK)	Closed