

UNC Workgroup 0404 Minutes
Profiling payment of LDZ capacity transportation charges for
Small Shipper Organisations
Friday 10 February 2012
via teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Andy Clasper	(AC)	National Grid Distribution
Joel Martin	(JM)	Scotia Gas Networks
Mandip Grewal	(MG)	Northern Gas Networks
Sue Davies	(SD)	Wales & West Utilities
Tim Davis	(TD)	Joint Office

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0404/100212>

1. Review of Minutes and Actions

1.1 Minutes

BF noted that the meeting was not quorate, with no Shippers represented. It was agreed to continue with an informal meeting. 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: SD felt the business rules needed to be clarified before this can be calculated, for example the size threshold which impacted the number of Shippers impacted. JM saw no reason to change the proposed threshold at present. SGN had provided their maximum exposure, and felt quantifying the potential scale was worthwhile – which the other DNs agreed to do. **Carried Forward.**

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

Update: JM and SD questioned whether the focus was on the administration costs that each DN might charge to Shippers, or whether it was on bad debts and the impact of the 8% over base interest rate. JM agree to clarify the business rules in this respect. In terms of the administration cost and the implications of the Late Payments Act, JM felt a fee may be appropriate but not necessarily a per invoice charge and that he would seek a legal view on the most appropriate way forward. **Carried Forward**

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

Update: BF reported that this had been raised by Gazprom at the Forum, and no interest in the option had been expressed, either for or against. BF agreed to clarify who had attended the meeting. **Closed.**

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

Update: BF reported that Ofgem had tried to contact Utilita but has not received a response. SD emphasised that feedback would be helpful in taking forward the development of the modification. JM offered to also seek to contact Utilita and gather their views on the modification. **Carried Forward.**

2. Discussion

JM said VAT remained an issue. SD had taken advice that indicated that, under the VAT rules, any payment made would include VAT at the prevailing rate and consequently be part payment and part VAT. JM agreed to clarify this in the Business Rules, together with the VAT implications in the event of bad debt.

3. Any Other Business

None raised.

4. Diary Planning for Review Group

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 23 February 2012, at Elexon, 350 Euston Road, London NW1 3AW.

Workgroup – 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	Carried Forward
0006	22/12/11	2.0	DNs to consider the modification costs and administration funding.	All DNs	Carried Forward
0007	26/01/12	2.0	Gazprom to request feedback on the modification from the Smaller Supplier Forum.	Gazprom (SM)	Pending
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)	Pending