

**UNC Workgroup 0418 Minutes
Review of LDZ Customer Charges
Friday 11 October 2013
via teleconference**

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Ben Tucker	(BT)	EDF Energy
Colette Baldwin	(CB)	E.ON UK
Dimuthu Wijetunga	(DW)	npower
James Thomson	(JT)	Ofgem
Jens Martin	(JM)	E.ON UK
Joel Martin	(JMa)	Scotia Gas Networks
Julia Haughey	(JH)	EDF Energy
Rochelle Hudson	(RH)	British Gas
Steve Armstrong	(SA)	National Grid Distribution

* via teleconference

Copies of all papers are at: <http://www.gasgovernance.co.uk/0418/111013>

The Final Modification Report is due to the Modification Panel on 21 November 2013.

1. Introduction

TD explained that, at the August Panel, Ofgem had noted that additional cost analysis had been provided subsequent to the Draft Modification Report being issued, and hence had not been available for industry consultation. The Panel agreed that the Workgroup should be asked to consider this additional information and its implications.

The Workgroup is asked to report by the 21 November 2013 Panel meeting.

2. Consider additional DN information/analysis – assess any material effect on either of the modifications or consultation responses

JM advised that the various DN's REPEX related information (showing a breakdown between domestic and non domestic service costs), as provided on the Joint Office web page for this meeting, had been provided to Ofgem at the beginning of August. When asked whether this was what Ofgem expected to see included within the Final Modification Report, JT indicated that he would discuss the matter with his Ofgem colleagues and provide a view at the next meeting.

When asked why only REPEX information had been provided, JM explained that this reflected the specific request made by Ofgem at the August Panel meeting. However, in acknowledging a request for provision of additional CAPEX (emergency related) information, he agreed to discuss provision of such information with his DN colleagues in time for consideration at the next meeting. However, he was keen to point out that the information would be at a relatively high-level as more detailed granular level information is not available. It was agreed that having such information would still be beneficial, especially when bearing in mind that both British Gas and E.ON highlighted their concerns around lack of information within their respective representations.

TD asked about the remaining depreciation period involved with regards to the allowances for connections. It was believed that there may be up to 20 years remaining out of the original 45 year allowance period – this varies due to many factors such as when the meter analysis was first undertaken etc.

SA added that the DLCA (which includes zero charge for the first 10m of service pipe laid to a property) is still in play today and that, since the split up of British Gas, some elements/allowances have ceased, although DLCA has been around since circa 1994.

In examining the services transferred costs, it was questioned what the difference is between a re-laid and transferred service. SA advised that the DNs include such costs so that they may accurately reflect the costs that they incur within a given year, including elements of their mains replacement costs, which is where the ‘transferred’ figures come into play – in essence, it is the cost to reconnect the service to a new main. Some parties commented on the apparent disparity between the re-laid and transferred cost figures. When asked for a volumetric breakdown around these two cost factors along with a clarification of what constitutes a re-laid or transferred service, SA agreed to provide the requested information in time for consideration at the next meeting.

Action 0418 10/01: Ofgem (JT) to provide a view as to whether the DN REPEX information published for the 11 October meeting is what Ofgem expect to see included within a (revised) Final Modification Report

Action 0418 10/02: Scotia Gas Networks (JM) to look to provide additional supporting CAPEX information

Action 0418 10/03: National Grid Distribution (SA) to provide a supporting volumetric breakdown around the re-laid/transferred service cost factors along with a clarification of definition for a re-laid or transferred service

3. **Clarify and differentiate the User Pays elements – reflect the allocation made across different categories of Transporter User (iGTs, DNs, NTS)**

Consideration deferred until 04 November meeting.

4. **Any Other Business**

None.

5. **Diary Planning**

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

The next meeting(s) will take place on:

10:30, Monday 04 November 2013 at Consort House, 6 Homer Road, Solihull, B91 3QQ

Action Log

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0418 10/01	11/10/13	2.	Provide a view as to whether the DN REPEX information published for the 11 October meeting is what Ofgem expect to see included within a (revised) Final Modification Report	Ofgem (JT)	To be provided in time for consideration at 04/11 meeting.
0418 10/02	11/10/13	2.	Look to provide additional supporting CAPEX information	Scotia Gas Networks (JM)	To be provided in time for consideration at 04/11 meeting.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0418 10/03	11/10/13	2.	Provide a supporting volumetric breakdown around the re-laid/transferred service cost factors along with a clarification of definition for a re-laid or transferred service	National Grid Distribution (SA)	To be provided in time for consideration at 04/11 meeting.