
**UNC Workgroup 0418 Minutes
Review of LDZ Customer Charges
Wednesday 20 February 2013**

via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
John Edwards	(JE)	Wales & West Utilities
Rochelle Harrison	(RH)	British Gas
Will Guest	(WG)	Northern Gas Networks

Copies of all papers are at: www.gasgovernance.co.uk/0418/200213

1. Introduction

TD explained that, unfortunately, the meeting was not quorate. He would, however, welcome any comments on the draft Workgroup Report, including the legal text.

It was noted that part of the legal text (*If this results in a unit rate for Category 1 which is below that of the unit rate for Category 2 then an average unit rate, calculated over both categories combined, is determined and used for both categories*) does not deliver what is in the modification, nor what was intended. It was also noted that the analysis showing the impact of Modification 0418A needed to be inserted.

RH accepted that moving to a DN specific, rather than national, calculation would be consistent with improving cost reflectivity. However, she did not believe the case had been made that changing the charging functions would improve cost reflectivity - adding that any proposed changes need to avoid adversely impacting customers, especially where there is no clear evidence that the new methodology is any more cost reflective. Her view was that the Workgroup Report needs to incorporate additional evidence to support the case for change.

RH voiced particular concerns around the Service Replacement costs, bearing in mind that any detailed information of how cost varies with supply point size the is missing.

JE explained that costs have been analysed on a DN basis, and that the DNs have concluded that it would be extremely difficult to provide any more meaningful supporting evidence in support of the proposed cost structure. WG suggested that a discussion (around costs etc.) between the DNs and RH could prove beneficial.

TD noted that the Workgroup Report is due to be presented to the March Panel, which no longer looks achievable and an extension would be requested. He proposed that the JO amend the Workgroup Report and seek approval by email, which was agreed.

2. Diary Planning

No further meetings are planned at this time.

Action Log – UNC Workgroup 0418

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0418 10/001	23/10/12	3.0	Prepare a draft Workgroup Report for consideration at the next meeting.	Joint Office (TD)	Published.
0418 01/001	21/01/13	2.0	Consider what additional information could be provided to bolster the argument for supporting implementation of their preferred approach.	SGN (JM) and BG (RH)	Update to be provided.
0418 01/002	21/01/13	4.0	Request a ROM from Xoserve.	SGN (JM)	Update to be provided.
0418 01/003	21/01/13	4.0	Ascertain with Xoserve the implications of alignment of 0418/0418A with Modification 0428 and/or Project Nexus implementation, and establish a potential implementation timetable.	SGN (JM)	Update to be provided.