

**UNC Workgroup 0421 (0379A) Minutes**  
**Improve AQ Performance**  
**Wednesday 08 August 2012**  
**31 Homer Road, Solihull, B91 3LT**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Andy Clasper	(AC)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Chamberlain	(ACh)	National Grid Distribution
Anne Jackson	(AJ)	SSE
Andrew Margan	(AM)	British Gas
Brendan Murphy	(BM)	Waters Wye Associates
Brian Durber	(BD)	E.ON UK
Cesar Coehlo*	(CC)	Ofgem
Darren Lond	(DL)	National Grid NTS
David Addison	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Erika Melèn	(EM)	Scotia Gas Networks
Joanna Ferguson	(JF)	Northern Gas Networks
Lorna Lewin	(LL)	DONG
Marie Clark	(MC)	ScottishPower
Robert Cameron-Higgs	(RCH)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Steve Mulinganie	(SM)	Gazprom

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0421>

**1. Introduction and Status Review**

**1.1. Minutes from the previous meeting(s)**

The minutes of the previous meeting were accepted.

**1.2. Review of actions from previous meeting(s)**

No outstanding actions to consider.

**2. Legal Text**

Legal Text presentation and review

Opening, BF explained that the legal text had been provided by Wales & West Utilities on the previous day and published on the Joint Office web site accordingly.

When asked, parties indicated that they would review the text at their leisure whilst BF pointed out that MC had kindly provided a legal text to business rule comparison to assist understanding.

### Modification Proposal Amendments review

MC provided a detailed review of the last round of amendments made to the modification.

When asked, MC confirmed that the aim is to receive an October 2012 direction to implementation from Ofgem.

Moving on, MC highlighted the inclusion of a new table populated with data extracted from the Modification 0081 report. She then explained that the data found within several of the new tables is based upon Xoserve actual data. Additionally, tables 7A & B seek to examine the apportionment of shipper costs.

MC went on to explain that the dates inserted within the business rules are there to aid reporting and are provided following consultation with Xoserve and Ofgem.

When asked whether Ofgem are happy with the additional benefits analysis related information that has now been provided, CC advised that whilst the bulk of the information is sound, he would welcome some subtle refinements although if pushed, he would go with the Workgroup's recommendation. In short he would welcome clarity around the projected total benefit of improving AQ Review Performance of potentially £96.7m – i.e. assessment of the potential impact on this figure should the modification be implemented along with an assessment of the impact on the market in terms of accuracy of AQ's. Responding to this request, MC voiced her concern around being able to truly identify what percentage of the projected £96.7m benefit figure implementing this modification would bring.

Accepting the difficulties involved, CC reiterated Ofgem's desire to be provided with supporting (quantifiable) analysis for the claimed benefits (especially those associated with misallocation). He went on to suggest that perhaps provision of some example scenarios would prove helpful. MC agreed to consider the request and see what could be provided, although she remains of the opinion that a parties respective views on perceived benefits are heavily dependant on who they are. In supporting MC's concerns, DA questioned what could be done to provide meaningful analysis based upon future shipper priorities in response to the modification. CC indicated that he would be more than happy to discuss the matter off-line with MC to help 'bottom out' the issue.

SL made the point that a suite of modifications are currently travelling through the process that seek to change industry behaviours, but he anticipates that any benefits associated with these would also be extremely difficult to quantify – consensus was that further clarity around Ofgem's expectations and future requirements relating to cost and benefit analysis would be welcomed.

In making reference to previous discussions around 'penalty' provisions and the possibility of introducing some form of banding arrangement, SM enquired if any progress had been made in considering this area. Responding, MC explained that ScottishPower sees this modification as a 'stepping stone' to a wider ranging enhanced reporting provision - in light of the fact that the matter has been discussed in one form or another over the last 17 months or so, it should / could be seen as common knowledge.

Summarising discussions, MC would now go away and look to providing additional cost and benefit justification along with assessment of potential impacts associated with implementation of the modification, after first discussing the matter in more detail off-line with CC.

### **3. Workgroup Report**

Not considered at this time.

### **4. Any Other Business**

None.

### **5. Diary Planning**

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

Following a brief discussion, it was agreed to look to reschedule discussion for September.

It is anticipated that further Workgroup meetings will take place within the Distribution Workgroup on:

Wednesday 05 September 2012, 10:30, 31 Homer Road, Solihull, B91 3LT