

UNC Workgroup 0428/0428A Minutes Single Meter Supply Points

Thursday 25 April 2013

Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

| | | |
|------------------------|-------|----------------------------------|
| Bob Fletcher (Chair) | (BF) | Joint Office of Gas Transporters |
| Helen Cuin (Secretary) | (HCu) | Joint Office of Gas Transporters |
| Alan Raper | (AR) | National Grid Distribution |
| Alex Ross-Shaw | (ARS) | Northern Gas Networks |
| Anne Jackson* | (AJ) | SSE |
| Chris Hill | (CH) | Cornwall Energy |
| Colette Baldwin | (CB) | E.ON UK |
| David Mitchell | (DM) | Scotia Gas Networks |
| Edward Hunter | (EH) | RWE npower |
| Erika Melén | (EM) | Scotia Gas Networks |
| Hilary Chapman | (HCh) | Xoserve |
| Jens Martin | (JM) | E.ON UK |
| Jonathan Dixon* | (JD) | Ofgem |
| Lorna Lewin | (LL) | DONG Energy |
| Marie Clark* | (MC) | Scottish Power |
| Si Tze Wong* | (STW) | Ofgem |
| Simon Trivella | (ST) | British Gas |
| Steve Mulinganie | (SM) | Gazprom |
| Steve Nunnington | (SN) | Xoserve |

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0428/250413>.

The Workgroup Report is due to the UNC Modification Panel on 16 May 2013.

1. Review of Minutes and Actions from previous meeting

1.1. Minutes

The minutes of the previous meeting were accepted.

1.2. Actions

0102: Workgroup to consider potential undue discrimination issues for both modifications.

Update: The Workgroup considered the issues and agreed to provide justification within consultation responses as to why aggregated supply points should/shouldn't be treated differently. Though there were concerns raised that the information is likely to be commercially sensitive and participants agreed to send such information directly to Ofgem.
Closed.

2. Workgroup Report

AR confirmed that National Grid Distribution have met with National Grid NTS and have established that the NTS direct connect meters are not part of the Network Code configuration. National Grid NTS have looked at their NExAs and have concluded they could configure these connections into a single supply meter point and could comply with

the rules should NTS meters be a concern. AR believed National Grid NTS were happy to go with the single meter supply point rule as written in Modification 0428.

It was recognised that Modification 0428A would need some further refinement to allow the Workgroup Report to be finalised. An amended modification was provided for publication.

JD asked the workgroup to consider the principal that all sites should be treated the same unless there is a very good reason to justify why customers should be treated differently. SM was concerned about the fairness to customers who have established sites based on the rules applicable at that time who then face an increase in charges due to a change in the rules. He believed aggregated sites might incur redevelopment costs should the rules be amended, as parties would want to avoid the increased transportation costs.

AR questioned how long legacy arrangements should exist in the industry, which could stagnate change.

JD was concerned that the Workgroup Report fails to justify why the sites are different and not just relying on grandfather rights. SM challenged that the industry allowed these sites to exist in the first instance as it was not costs effective from a Transporter or consumer point of view at the time. He was concerned about the reconfiguring of sites, which could result in stranded meters, this would be affect customers who have invested money in established services and the installed meter asset. JD wished for this to be clear in the Workgroup Report.

JD asked if it was possible to establish the age profile of all aggregated supply points to understand the payback of investment costs especially for the more recent aggregations which may not have benefited from the aggregation and recover investment costs. He also wished to understand the number of sites that would have had a reasonable amount of benefit from the arrangements. He felt this would allow Ofgem to assess whether a longer notice period needs to be considered to provide parties with a reasonable notice for any future changes.

It was agreed that Xoserve would investigate how quickly they could provide an age profile and information on the last meter change for aggregated sites.

Action 0401: Xoserve to provide an age profile and information on the last meter changes for all aggregated supply points.

SM provided an industry comparison to support grandfather rights, however ST believed that there wasn't grandfather rights on sub-deduct arrangements, he understood that they were allowed under the exemption to the gas act and at some stage this issue had to be resolved.

SM suggested that parties could consider the issues and provide justification within the consultation responses as to why aggregated supply points should be treated differently.

The Workgroup concluded it should seek out views as part of the consultation process to allow parties to provide Ofgem with information on affected sites and this would be a recommendation to the UNC Panel.

AR believed highlighted that this change is not expected to be an overnight change as the solution is connected to Project Nexus. He suggested that parties could still benefit from aggregated supply point potentially for another 2 years.

BF explained that if new issues are raised during the consultation process that are not captured in the Workgroup Report, the Panel could send the report back to the Workgroup to consider these. He asked the Workgroup to consider the inherent delays.

The Workgroup considered the Workgroup Report. SM clarified that the alternate modification would not have been raised if Modification 0428 didn't exist and could not be considered as a modification in its own right.

The Workgroup considered the Modification's relevant objectives. It was agreed to remove the reference to relevant objectives a) and b) and refer only to relevant objectives c) and d).

SM felt there was a strong view from the industrial gas market against a system being built that does not cater for aggregated sites. He was not particularly concerned about a systemised solution for managing aggregated supply points and believed the implementation solution needs to be considered by the appropriate experts as to what would be the most effective way of managing aggregated sites if Modification 0428A was implemented. SN explained that the Nexus build was working towards a system for single meter supply points. SM suggested that the solution for Modification 0428A could be a manual process for the aggregations if this is deemed the most efficient manner.

The Workgroup considered the implementation of 0428 and 0428A and how 0428A may want to have a point set where no further aggregations can be established. It was agreed that the Workgroup ought not stipulate an implementation date.

The Workgroup agreed to complete the Workgroup Report. However, they agreed to review any information that could be made available from Xoserve on 08 May 2013.

3. Any Other Business

None.

4. Diary Planning for Review Group

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

Wednesday 08 May 2013 at 09:30 via teleconference

Action Table – Workgroup 0428

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|--------------|----------------|
| 0102 | 06/03/2013 | 2.0 | Workgroup to consider potential undue discrimination issues for both modifications. | All | Closed |
| 0401 | 25/04/13 | 2.0 | Xoserve to provide an age profile and information on the last meter changes for all aggregated supply points. | Xoserve (SN) | Pending |