

## UNC Workgroup 0428 Minutes Single Meter Supply Points

**Thursday 23 August 2012**

**ENA, 52 Horseferry Road, London SW1P 2AF**

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	(LD)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Meldrum	(AMe)	Tata Steel (for WG0428)
Andrew Margan	(AMa)	British Gas
Anne Jackson	(AJ)	SSE
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
Darren Lond*	(DL)	National Grid NTS*
David Addison	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Elaine Carr	(EC)	ScottishPower
Erika Melèn	(EM)	Scotia Gas Networks
Fergus Healy*	(FH)	National Grid NTS
Gareth Evans	(GE)	Waters Wye Associates
Joanna Ferguson	(JF)	Northern Gas Networks
Kathryn Heard*	(KH)	National Grid NTS
Lorna Lewin	(LL)	DONG
Marie Clark	(MC)	ScottishPower
Mike Payley	(MP)	Xoserve
Richard Vernon*	(RV)	RWE npower
Rob Cameron-Higgs	(RCH)	Wales & West Utilities

\*via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0428/230812](http://www.gasgovernance.co.uk/0428/230812).

### 1.0 Review of Minutes and Actions

#### 1.1. Minutes

The minutes of the previous meeting were accepted.

#### 1.2. Actions

**0001:** National Grid to provide further information on the impact to customers including how much charges are likely to change considered by EUC bands.

**Update:** AR gave a presentation - see 2, below - following which this action was amended to: **Give a breakdown of the samples used in the presentation figures. Carried forward**

## 2.0 Discussion

AR gave a presentation (in response to Action 001) relating to the aggregation of primary meters as a single Supply Point. He gave examples illustrating various configurations and explained how the rules were applied. The purpose of the modification was reiterated, ie the aim was to rebalance the position to achieve a fairness of treatment in respect of the application of transportation charges.

The various examples were briefly discussed. AMe commented that this might be a movement from one extreme to another. GE believed there was a difference in view as to whether this was considered from an engineering standpoint or a customer viewpoint. AR believed there was a difference between transportation charging arrangements and the commercial supply/offtake of gas. BD observed that EUC bands reflect the physical reality.

Some of the consumption bands contain separate EUCs. Some of the EUC bands were actually giving quite high SOQs and some benefits could be identified by the movement into other WAR bands. The figures given were 'worst case' scenarios.

BD referred to the pricing principles developed in 1996 and explained on what criteria these had been predicated. He expressed concern that this proposed new philosophy differed from the current longstanding principles. He understood AR's position from an engineering standpoint, but suggested that this proposal might require a review of the whole charging principles.

Various Load Factors (LFs) and WARs were discussed. BD reiterated that if there was going to be charging at capacity level then the charging principles would need reviewing/changing and there would be a need to review the principles of NDM pricing. Various views were expressed as the calculations were discussed.

A larger AQ within any given profile was subject to smoothing. A higher LF was related to AQ and process driven loads. Principles need to be reviewed and possibly adjusted to ensure the correct methodology was being applied.

BD observed that the methodology has changed since 1995, but not the underpinning philosophy; currently charges were derived on a notional capacity. GE added that if the framework underpinning the methodology is changing this needs to be reflected in a changed philosophy.

BD accepted AR's argument but believed that the current cost reflectivity is based on certain original assumptions, and these will need re-examining to satisfy the view that it is not mixing 'apples and pears'. The original philosophy was based on certain assumptions and engineering solutions prevalent at that time of original conception – these are not necessarily the same in the proposed new regime and will need revisiting.

AR believed that all the points queried by BD would feed into the way the EUCs would be calculated. GE believed that the algorithms and EUCs were fundamental and would need reviewing to remain cost reflective – he would like to see some further work on this. AR pointed out there were ambiguities and anomalies in the current position that exacerbate the SOQs.

AMa and BD believed that the proposal to disaggregate is going to require a close review of the charging methodology behind it to make sure it is truly cost reflective.

AR believed that the EUCs might need to be modified to reflect disaggregation and samples might need to change.

**New Action 002: To identify if NDM sample recorders can be installed on a Supply Point (or is it Meter Point only).**

**New Action 003: Look at impacts on charging methodologies and NDM pricing philosophy.**

- (a) All Shippers to consider potential impacts in their own organisations; and**
- (b) suggest any changes.**

**New Action 004: Look at impacts on charging methodologies and NDM pricing philosophy.**

- (a) Transporters to table at DNCMF to consider what the consequential effects of moving to Single Supply Point charging might be.**
- (b) Are there any impacts on the charging methodologies and would these have ramifications for the basic principles/philosophy?**
- (c) Report on the outcome of DNCMF discussions to this Workgroup.**

BD suggested that the assumptions behind the figures given in the presentation should be clarified.

AMa commented that he had expected to see the numbers of customers affected by the proposed disaggregation, and an indication of how many might fall into the 0 – 73,200 band.

AR asked if Suppliers would like to see some form of system linking for sites that fall into/comprise a ‘natural grouping’ from a commercial viewpoint, bearing in mind this might be Supplier responsibility to maintain the currency/status of any such grouping(s), perhaps via a ‘contract link code’. AJ confirmed that SSE would like to be able to link sites through this way. Shippers believed this would be helpful and of benefit. AMa would like to see this captured in the Business Rules developed and included in this modification. AR noted this and would consider if the raising of another modification might be required to accommodate this aspect for Shippers.

Cohesion with Project Nexus was discussed; the timeline may fit with the Nexus requirements and AR indicated he was not averse to linking the modification with Nexus. GE observed this modification would involve a lot of system changes/costs and linking to Nexus might help to mitigate these.

AR pointed out that systems will have to be able to NOT aggregate, and must also be capable of disaggregation.

BD pointed out that changes would be required to pricing models.

GE referred to the charging methodologies of electricity networks, and believed there may be some parallels. He would like to understand other parties’ views on

why gas and electricity were potentially diverging in their directions and suggested these views might be brought to the next meeting.

*Next Steps*

Business Rules will be developed.

The Workgroup is due to report to the UNC Modification Panel on 20 December 2012.

**3.0 Any Other Business**

None raised.

**4.0 Diary Planning for Review Group**

The next Workgroup meeting will take place within the Distribution Workgroup on: Thursday 27 September 2012, at 10:30, ENA, 52 Horseferry Road, London SW1P 2AF.

**Workgroup 0428 – Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0001	10/07/12	1.0	<del>Provide further information on the impact to customers including how much charges are likely to change considered by EUC bands.</del> <i>Action amended to:</i> Give a breakdown of the samples used in the presentation figures.	National Grid Distribution (AR)	Carried forward
0002	23/08/12	2.0	To identify if NDM sample recorders can be installed on a Supply Point (or is it Meter Point only).	Xoserve (DA)	Pending
0003	23/08/12	2.0	Look at impacts on charging methodologies and NDM pricing philosophy.  (a) All Shippers to consider potential impacts in their own organisations; and  (b) suggest any changes.	ALL SHIPPERS	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0004	23/08/12	2.0	<p>Look at impacts on charging methodologies and NDM pricing philosophy.</p> <p>(a) Transporters to table at DNCFM to consider what the consequential effects of moving to Single Supply Point charging might be.</p> <p>(b) Are there any impacts on the charging methodologies and would these have ramifications for the basic principles/philosophy?</p> <p>(c) Report on the outcome of DNCFM discussions to this Workgroup.</p>	Transporters (AR)	