

UNC Workgroup 0451 Minutes **Individual Settlements For Pre-Payment & Smart Meters**

Wednesday 31 July 2013

Via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Colette Baldwin	(CB)	EON UK
David Addison	(DA)	Xoserve
Fiona Cottam	(FC)	Xoserve
Hilary Chapman	(HC)	Xoserve
Huw Comerford	(HCo)	Utilita
Joanna Ferguson	(JF)	Northern Gas Networks
Jon Dixon	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDF Energy
Lee Harrison	(LH)	Xoserve
Marie Clarke	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Stephanie Shepherd	(SS)	RWE npower

Copies of all papers are available at: www.gasgovernance.co.uk/0451/310713

Urgent Timetable

Process

Workgroup conclude report
 Panel consider report, issue for consultation
 Consultation closes
 Panel provide recommendation and submit report to Authority
 Authority decision

Date

31 July 2013
 15 August 2013
 09 September 2013
 19 September 2013
 By 01 October 2013

1.0 Review of Minutes and Actions

1.1 Minutes

Minutes approved.

1.2 Actions

No outstanding actions.

2.0 Next Steps

2.1 Legal Text

JF reported that comments from the previous discussions had been passed to the legal team, and that the revisions would take a couple of weeks to produce. It was expected to be available for the consultation period, but the Workgroup will not have reviewed it. JF was also conscious that there might be further queries on the text that might need to go to the Proposer/Workgroup.

Responding to TD, JD assented to the completion of the Workgroup Report at this meeting. If any further queries arose then these would have to be considered and appropriate action taken if necessary.

2.2 Completion of the Workgroup Report

TD referred to the draft Workgroup Report, which had been circulated to meeting participants, and explained the changes made to the various sections.

The facilitation of the relevant objectives was discussed. It was suggested additional clarity might be required to assist readers who may not have participated/heard the debates in this Workgroup.

Referring back to the Business Rules, JD suggested that anything elected with this profile should remain there for at least 12 months. The frequency of changing Pre Payment Meters (PPMs) was discussed, and it felt reasonable to add in a 12 months 'lock in'. It was questioned what Xoserve might do at the end of that period, and whether it was adding more complexity to the text. DA explained Xoserve's understanding of what would happen. Debt may be remedied in a shorter period than 12 months and may need to be dealt with differently. Was it simpler to get past the 'gross error' (failure to submit) and oblige parties to submit a 'nil response' to Xoserve, to enable monitoring of any inappropriate behaviour?

HCo observed that you very rarely see a PPM go to Credit on Smarts; they usually stay as PPMs for over a year. It was believed that Utilita's business model might be somewhat different to others; though rare, there may be some instances. DA voiced concerns that consumers might be being constrained in some form and it would be adding complexity in the adjustment month. Reporting could be done on request.

Reporting had been discussed previously but parties had indicated concerns regarding associated costs.

Smart Meter populations were rising, but not all were operating in PP mode. DA confirmed there were 3 million PPMs in the population, and 400,000 – 500,000 Smart Meters but Xoserve had no idea if these were operating in PP mode. Shippers thought any such numbers would be very low.

CB believed that 'once in, they are in' – it only concerned a handful of meters and a 2 year window, and Utilita was likely to gain as many as it loses. If the 12 month suggestion is operated it will only affect a small handful. An operational rule would give more confidence and reduce risk.

TD asked if the Workgroup felt that the Business Rules should be changed. MC would prefer them to stay as they are and follow up DA's suggestion of submission of a 'nil return'. JF was concerned that changing would add more complexity and further delay to the text preparation and delivery. TD indicated it was up to the Proposers to consider if any such rule should be instated; HCo gave his view. CB asked if Xoserve would be able to do all of this. JF thought a 'nil report' was something that could be managed without adjustments to the text, but further revisions might prove more difficult. SS observed that she would prefer a nil report to a roll over report.

TD then drew attention to Business Rule 1.5, and its interpretation and degree of compliance was discussed. Parties evinced their concerns regarding the claiming of credits in the winter and failure to claim debits in the summer. CB indicated she was more encouraged by JD's suggestion of 'once you are in, you are in', and would prefer not to make it horrendously complex. The wording of 1.5 was the subject of further discussion and deliberation. JD suggested a report could be submitted to Ofgem for review; if an imbalance was apparent then this exemption could be withdrawn if it is recognised that it has been misused, and perhaps this would help to mitigate the concerns.

Following consideration of its interpretation, the phrase 'among those potentially eligible' was removed.

Differences between addressing a manifest error and the exhibition of inappropriate behaviour were discussed. Rolling over reports was briefly discussed. DA queried whether Xoserve would be expected to perform any validation.

Returning to consideration of the relevant objectives, CB suggested further detail should be included to make it clear why Modification 0451A had been raised.

Manifest errors and retrospectivity, together with the current rules on allocation were discussed. HCo reiterated Winchester Gas' experiences. MC pointed out that the rules had not changed and that the rising costs had affected every Shipper; this was not due to an error in the application of the rules, and parties are aware of these rules before they enter the market.

TD asked if contributing Workgroup participants supported a retrospective element; excluding HCo, all were averse to retrospectivity.

Other than (d) it was believed that no other relevant objectives were significantly impacted by either modification.

MC then drew attention to the statement made in Modification 0451, Section 5 Implementation, indicating that the Workgroup believed this modification should be implemented as soon as possible. She pointed out that this statement was not true and should be changed - ScottishPower (a Workgroup participant) does not support the modification. HCo will consider the required revision.

JD suggested that the profile analysis provided by Xoserve should be included as an appendix to the Workgroup's Report. There were concerns relating to the costs and it would be good to get a better feel for these; it would be useful to include details that can demonstrate the significance of any impacts on particular profiles/sites. He suggested looking at the typical variation(s) and what this means in monetary terms and including in the report; using published figures would aid calculations. FC pointed out that it only moves between sectors and does not save consumers any money; there was no net benefit to consumers. JD added that there was a need to target costs correctly, and to demonstrate that any spending on these proposed solutions was not disproportionate to any perceived benefits in this area.

JD was concerned that reliance was being placed on a single source of data and encouraged parties to consider sourcing other evidence to present a similar or different view/counter argument.

The Workgroup's views were documented and the Workgroup Report was completed.

2.3 Agency Charging Statement (ACS)

DA confirmed that this would be ready in the next day or so.

3.0 Timetable

TD confirmed that the Workgroup Report would be finalised and published in the next couple of days.

The Proposers will consider the discussions and revise the modifications if appropriate.

The Workgroup Report will be submitted to the August UNC Modification Panel for consideration, following which it is to be issued for consultation.

4.0 Any Other Business

None raised.

5.0 Diary Planning for Workgroup

No further meetings were planned.