

UNC Workgroup 0483 Minutes
Performance Assurance Framework Incentive Regime
Tuesday 01 July 2014
at Energy Networks Association, 52 Horseferry Road, London
SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love*	(AL)	Scottish Power
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Ed Hunter*	(EH)	RWE Npower
Emma Lyndon	(EL)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJo)	SSE
Matthew Jackson	(MJ)	British Gas
Richard Pomroy	(RP)	Wales & West Utilities
Robert Johnson	(RJ)	Wingas

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0483/010714

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 October 2014.

1.0 Status Review

1.1 Minutes (04 March 2014)

The minutes were approved.

1.2 Actions

The following actions were transferred from the Performance Assurance Workgroup:

PA0406: Modification 0483 - Develop models of settlement patterns to help inform Modification 0483.

Update: AM explained that British Gas had provided a presentation in response to the action.

MJ provided a brief overview of the 'Actions PA0406 and PA0603: Develop models of settlement patterns to help inform Modification 0483' presentation during which he confirmed that the Xoserve analysis for LSP sites (on slide 3) had been collated to provide a comparison between allocation and reconciliation (based on meter readings) and acknowledged that as the information is provided on a meter point basis, reconciliation could be less, or greater than allocation. It was suggested that the information does not necessarily accurately reflect the actual volumes of gas involved.

In considering the incentives and targets, it was suggested that parties may have differing views on the level of materiality involved and that perhaps it would be better to focus on portfolio sizes as these would potentially provide more meaningful values. AM pointed out

that this had been discussed at a previous meeting and that British Gas remains of the opinion that focusing on energy is more appropriate. LJ suggested that perhaps the real issue is related to what threshold levels are applied and hopefully the Independent Academic Study may tease out this information. It was also noted that the Code must read requirements do not necessarily benefit Shippers.

Moving on to consider the 'Illustration of allocation and subsequent reconciliation over 12 months' slide 12, CW suggested that one option to resolving some of the issues would be to consider tightening up the current Code read performance provisions, as he believes the data suggests that the majority of the problems are a function of the read performance provisions per se. CW reminded those present that for SSP sites the current read performance target is 70% of sites to be read in the year. RP suggested that as a consequence, it might be more beneficial to raise a UNC modification to change the read performance provisions – CW pointed out that it was a conscious decision to NOT seek to resolve this under Project Nexus.

It was also suggested that care would be needed to ensure that parties are not being selective over which reads they provide in order to seek commercial advantage. LJ observed that parties are not confident that improving the read performance provisions would actually mitigate their respective (energy) related risks. EL advised that more information relating to this matter would become available later in the year.

In accepting that the information provided in the presentation does not necessarily reflect all customers, MJo advised that he does not wholeheartedly agree with British Gas's analysis on the consumption aspects as in his opinion there could be customers who do not meet the 'typical' profile, as for example they could be holiday homes that are not always occupied.

In considering the graph on slide 15, RJ confirmed that in his view there is less of a seasonality related impact for larger customers and that he would prefer a 'fixed target' applied throughout the year.

In looking to consider the two possible options around how best to redistribute charges incurred by a Shipper (slide 17), MJ explained that the proposals had been built around previous Workgroup discussions and that care would be needed to avoid some Shippers being able to benefit from the process. AL suggested that another option could be related to where a Shipper fails a performance measure they pay into the pot, but do not receive anything back out. It was suggested that establishing robust high-level principles would help things to fall into place later. Some parties voiced concern that these options appear to pre-empt the outcome of the Independent Academic Study.

AM confirmed that it is not his intention to include these proposals within the modification as the presentation is provided simply in response to the outstanding actions. **Closed**

PA0603: Modification 0483 - AM to consider splitting out by product type and 100% meter reads/reading frequency.

Update: As per action PA0406 above. **Closed**

2.0 Discussion

During a very brief discussion, AM advised those present that there had been no further amendments to the modification since the last meeting. In the absence of the Independent Academic Study outputs he suggested that the Workgroup 'holds fire' on progressing the modification at this time.

3.0 Legal Text

The legal text for this modification will be prepared by National Grid Distribution.

4.0 Workgroup Report

LJ suggested, and the Workgroup agreed to request an extension to the original October Workgroup Reporting date at the 17 July Panel.

5.0 Any Other Business

None.

6.0 Diary Planning

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

The next meeting will take place on Tuesday 05 August 2014 at 31 Homer Road, Solihull B91 3LT, and will be accommodated within the business proceedings of the Performance Assurance Workgroup.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PA0406 (transferred from PAWG)	PAWG 09/04/14	2.1	<i>Modification 0483 - Develop models of settlement patterns to help inform Modification 0483.</i>	British Gas (MJa/AM)	Update provided. Closed
PA0603 (transferred from PAWG)	PAWG 10/06/14	3.1	<i>Modification 0483 - AM to consider splitting out by product type and 100% meter reads/reading frequency.</i>	British Gas (AM)	Update provided. Closed