

UNC Workgroup 0507 Minutes
Changing The Effective Date of 0451AV
(Individual Settlements For Pre-Payment & Smart Meters)
Thursday 24 July 2014
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Amie Charalambous	(AC)	RWE npower
Andrew Margan*	(AM)	British Gas
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Darren Lond	(DL)	National Grid NTS
David Addison	(DA)	Xoserve
Dave Mitchell	(DM)	Scotia Gas Networks
Huw Comerford	(HC)	Utilita
Ian Hollington	(IH)	Joint Office
Kirsten Elliott-Smith	(KES)	Cornwall Energy

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0507/240714>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 August 2014.

1.0 Outline of Modification

HC gave a brief overview and outlined its purpose and DA explained Xoserve's position. Implementation timescales were explained.

2.0 Discussion

Observations were made regarding its relationship to a previously raised modification and the apparent intent to 'unpick' that outcome. BF pointed out that the Workgroup would need to be able to demonstrate why the previously implemented Modification 0451AV needed to be unravelled to assist Ofgem in its deliberations and decision.

Concerns were raised as to whether the supporting information related to Modification 0451AV was now considered to be so uncertain or unpalatable that it was unsafe to continue with Modification 0451AV? A number of negative comments were made, articulating the various parties' discontent at the apparent waste of time, effort, resource and money that had been expended on Modification 0451AV, only to have this modification raised to undo it all or delay its implementation and reduce the time allowed to recover the identified benefits.

DA confirmed that Xoserve would be reporting on the development of the 0451AV Draft PPM profile at the Demand Estimation Sub-committee (DESC) meeting on 30 July, and the next steps for its implementation considered.

Proposed timescales were briefly discussed.

CW observed that the ‘*setting aside*’ concept was proving quite difficult to address and he was in discussions with the lawyers. CB asked if Ofgem could offer a view. BF confirmed that Ofgem did not offer a view, and Panel did not request one, when the modification was considered at the July Panel meeting.

CB said that she was not sure what exactly had changed from when Modification 0451AV was implemented, which had been based on an urgent Modification 0451. Ofgem had made a decision based on the information provided. HC responded that it is being driven by when the profile is ready and to reduce the uncertainty around the accrued costs.

The background to Modifications 0451 and 0451AV was discussed in an effort to better understand why this Modification 0507 should be required. CB observed that she had not seen anything that changed the information provided under Modification 0451AV. BF reported the Panel’s initial views and HC had already amended the modification to take account of Panel’s comments.

It was recognised that providing appropriate legal text may prove very challenging in this case.

Costs were considered. DA explained there would be some ‘sunk’ costs already incurred under Modification 0451AV (circa 50% already). CB observed that the Solution is now technically more expensive because cost recovery time has been shortened. If Modification 0451AV had been raised now it would probably be deemed to be too expensive due to the recovery time being reduced to a year.

BF drew attention to the relevant objectives, reminding that more thought would be required to enable views to be expressed in the Workgroup Report. The success of the modification may rely on the benefits demonstrated under the relevant objectives, and as much information as possible would need to be provided to enable the Authority to reach its decision.

DA asked if the profile needed to be tested against these. CW suggested that Xoserve be asked to provide an update on the profile to this Workgroup.

Next Steps

HC will revise the modification, following which CW will arrange for preparation of the text

3.0 Workgroup Report

The Workgroup Report is due to be submitted to the August UNC Modification Panel.

At the next meeting the intention will therefore be to review the legal text, review the relevant objectives, and conclude the Workgroup Report.

4.0 Any Other Business

None.

5.0 Diary Planning

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

The next meeting will take place within the Distribution Workgroup on Friday 15 August 2014 at 31 Homer Road, Solihull B91 3LT.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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