

UNC Distribution Workgroup Minutes
Thursday 26 May 2011
at Elexon, 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Tim Davis (Secretary)	(TD)	Joint Office
Alan Raper	(ARa)	National Grid Distribution
Andrew Wallace	(AW)	Ofgem
Beverley Viney	(BV)	National Grid NTS
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	First Utility
Chris Warner	(CW)	National Grid Distribution
Dave Turpin	(DT)	Xoserve
Elaine Carr	(EC)	Scottish Power
Joel Martin	(JM)	Scotia Gas Networks
Jon Wisdom	(JW)	RWE npower
Joanna Ferguson	(JF)	Northern Gas Networks
Linda Whitcroft	(LW)	Xoserve
Lisa Harris	(LH)	Shell
Mark Cockayne	(MC)	Xoserve
Nick Wye	(NW)	Waterswye
Phil Broom	(PB)	GDFSuez
Rosie McGlynn	(RM)	British Gas
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy

1. Introduction and Status Review

1.1. Minutes from the previous meetings

AW clarified that it would be a Supplier responsibility to comply with its own licence obligations regarding switching and the Third Package. The Minutes were then accepted.

1.2. Review of actions from previous meetings

Dis0808: ISS 0018 - Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial sites that should be considered a priority.

Action Update: Action deferred. **Carried Forward**

Dis0205: ISS 0026 - R Street to provide more detail on this issue.

Action Update: It was confirmed that RS had indicated that discussions with Xoserve had resolved the question satisfactorily. **Closed.**

Dis0206: ISS 0027- Clarify what images will be associated with this pilot scheme at representative/consumer interaction points.

Action Update: CW suggested that British Gas and National Grid are taking a step back to re-examine the arrangement in light of the challenges raised. He

hoped to be in a position to provide more information at a later date. **Carried Forward.**

Dis0303: ISS 0020 - Xoserve (DT) to consider the costs and implications of adopting the solution identified in Action 0302

Action Update: See 1.4 below. **Closed**

Dis0305: ISS 0020 - Ofgem (AW) to confirm that the draft licence amendments are sufficient to allow I&C Suppliers to be compliant with Third Package obligations without a need for further central system changes

Action Update: AW confirmed that he had no further information to add. Licence compliance would remain the responsibility of each Supplier. **Closed.**

Action Dis0401: ISS 0020 - All Shippers to analyse the D+5 Confirmation and D+3 Objection options, to identify any cost implications and any business complications

Action Update: See 1.4 below. **Closed**

Action Dis0402: UNC 0330 - Modification to be amended to stipulate that the service is enduring.

Action Update: The Modification Panel has now accepted the Workgroup Report and requested that legal text be prepared prior to the modification being issued to consultation. **Closed**

Action Dis0403: UNC0330 - Legal Text to be amended to reflect the modification is an enduring service.

Action Update: The Modification Panel has now accepted the Workgroup Report and requested that legal text be prepared prior to the modification being issued to consultation. **Closed**

Action 0404: UNC0331 - SB to provide details of incorrect references in the Legal text to Scotia Gas Networks.

Action Update: SB has provided this. The Modification Panel has now accepted the Workgroup Report and requested that legal text be prepared prior to the modification being issued to consultation. **Closed**

Action 0405: UNC0331 - Joint Office to publish the Legal Text with commentary in Word.

Action Update: Completed. The Modification Panel has now accepted the Workgroup Report and requested that formal legal text be prepared prior to the modification being issued to consultation. **Closed**

Action Dis0406: UNC0335 - AL to provide some suitable text for consideration in the modification.

Action Update: BV did not believe National Grid NTS had anything further to provide, but would email the proposer directly if necessary. **Closed**

Action Dis 0407: UNC0335 - Credit arrangement analysis to be provided at next months' meetings.

Action Update: JF presented - see 2.1 below. **Closed**

Action Dis0408: JF and CH to consider Modification 0375 and Review Group 0252 report to provide a view at the next Workgroup.

Action Update: JF and CH had discussed this. A written post meeting update was offered. **Closed.**

Action Dis0409: ISS 0027- National Grid to provide further clarity on the trial and the choice of the contracted party and reassurance of the safeguards put in place to prevent British Gas having a competition advantage.

Action Update: CW suggested that British Gas and National Grid are taking a step back to re-examine the arrangement in light of the challenges raised. He hoped to be in a position to provide more information at a later date. **Carried Forward**

Action Dis0410: AUG Project - Xoserve to reissue the AUG email with timescales, stating a mandatory response is required.

Action Update: A message has been sent to Xoserve's contact list. Xoserve were asked to pass this to the JO for general circulation. **Closed**

1.3. Live Modifications

BF provided a brief update on relevant modifications that were not on the agenda, and AW clarified the position regarding Modifications that are awaiting an Ofgem decision.

1.4. ISS 0020, Third Energy Package

Action 0303: DT clarified that implementation of the approach outlined previously (D+5 Confirmation and D+3 Objection) looked to be possible. This would require the objections window to be shrunk, which meant the cost would be comparable to the alternative solution and would still need about a 12 month implementation lead time. **Closed**

Action 0401: JW was concerned that a reduction to a three-day objection window could conflict with other licence conditions. For example, if debt is outstanding and a batch process fails, there is very little time to contact a customer or raise an objection. Five days would seem preferable and be consistent with the electricity process. It may also provide an opportunity for a customer to clear debt before a formal objection is raised. AW was unclear how the additional time was helpful. RM clarified that five days provided more time for checking and processing - customers might otherwise be transferred when there were valid reasons for objecting. BD and PB added that an objection could be raised within three days rather than issues being addressed within the available time, such that more objections could be raised with the shortened timescale.

JW continued that the Licence also provides for a cooperative objection where a customer agrees that the transfer would be erroneous. If the customer indicated that they had not signed a contract with the new Supplier, for example, three days may be insufficient to raise an objection. BD felt there would be a particular risk regarding I&C customers involved in contract negotiations – time is needed for discussions to be undertaken and avoid automatically objecting, such as on the grounds that the Supplier believes that transferring would put the customer in breach of contract.

While some would prefer a 5:5 window, SL noted the target remained an 8-day window. While this would be very challenging for processes, it would have to be accommodated if it is translated into a licence obligation.

AW recommended that Shippers with concerns address them to those writing the Licence conditions (DECC). It would be particularly helpful if any representations made clear the downside for customers.

RM remained concerned about conflicting Licence Conditions and recommended a legal assessment of that conflict – the conflict being effective removal of the ability to raise legitimate objections. In addition, it should be

understood that supporting systems and process changes would be costly, and such costs would inevitably be passed on to customers.

AW confirmed that if customers complained about a breach of Licence (if and when it is changed), Ofgem would necessarily investigate the circumstances and have to take a view on compliance.

JW suggested that the 3-day window was particularly challenging in unusual circumstances, and it would be a helpful step if the obligation could recognise Bank Holidays, and especially double Bank Holidays. SL supported this – Bank Holidays will be a big systems problem but 100% licence compliance is very much the intention. DT also indicated that Bank Holidays presented an issue for Xoserve.

SL questioned whether the stage had been reached where modifications needed to be raised in order to take forward one (or all) of the potential solutions. This should start a process to clarify obligations and deliver progress. DT said that systems build would need to await the outcome of any competing modifications since the approach to be taken would not be known until then.

It was agreed that a modification would be the next step and that the issue could be closed.

2. Modifications

2.1. 0335 – Offtake Metering Error – Payment Timescales

Action 0407: JF ran through some credit scenarios. These illustrated how implementation of the modification would increase VAR and hence the security required as a result of a change of definition, such that what was previously energy debt would appear within transportation invoices – but with no offsetting reduction expected in the level of security required for energy balancing purposes. Shippers, especially if close to their maximum credit allowance, could therefore be asked to provide additional security throughout the period of the error invoicing process. ST added that, looking at WWU information, there was a probability of any large error over a sustained period creating potentially serious credit issues for smaller Shippers in particular. In addition, the proposed process would create credit issues between the DNs (other than National Grid) and National Grid NTS.

JW recognised the credit issue and suggested that the impact would vary between Shippers. As such, he felt this might be best addressed in individual representations. However, if there were a better way of delivering the objective (reducing the cash shock and allowing improved business planning, plus introducing an additional incentive on the DNs), he would welcome this being brought forward.

BF indicated that the Workgroup awaited legal text for review. JM confirmed that a request for text had been issued to an external party. The lawyer has raised some questions that are being addressed with the Proposer and may benefit from Xoserve input. Draft text is expected to be available for discussion at the 23 June meeting.

3. Workgroups

The following Workgroup meetings took place:

3.1. 0358 – I & C Compensation for Emergency Interruption

Documentation related to this Workgroup is published at:

www.gasgovernance.co.uk/0358

3.2. 0374 – Interruptible to Firm – Supply Point Transition

Documentation related to this Workgroup is published at:
www.gasgovernance.co.uk/0374

3.3. 0375 - To provide Users with a choice as to how their Unsecured Credit Limit is determined in line with UNC TPD Section V 3.1.7

Documentation related to this Workgroup is published at:
www.gasgovernance.co.uk/0375

4. Issues

4.1. ISS 0018, Handling of Emergency Situations at Priority Customer Sites

ST requested that this be carried forward, and undertook to aim to resolve shortly the question that had led to the topic being raised.

4.2. ISS 0026, Manual Reporting Mechanisms for Theft of Gas

Since RS had confirmed that discussions with Xoserve had resolved the question satisfactorily, it was agreed that the issue could be closed.

4.3. ISS 0027, Proposed agreement for the identification and administration of Unregistered Sites

CW suggested that British Gas and National Grid are taking a step back to re-examine the arrangement in light of the challenges raised. He hoped to be in a position to provide more information at a later date.

4.4. New Issues

None raised.

5. Any Other Business

5.1. AUG Project Update

It was noted that a UNCC meeting had taken place with the AUGE present. In light of the UNCC responsibilities within the process, it was agreed that this should no longer be a standing agenda item for the Workgroup.

6. Diary Planning

The next full Workgroup meetings are scheduled as follows:

Tuesday 06 June 2011, 10.00, 31 Homer Road, Solihull, B91 3LT

Thursday 23 Jun 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Wednesday 06 July 2011, 10.00, 31 Homer Road, Solihull, B91 3LT

Thursday 28 Jul 2011, 10:30, 31 Homer Road, Solihull, B91 3LT

Monday 15 August 2011, 10.00, 31 Homer Road, Solihull, B91 3LT

Thursday 25 Aug 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Wednesday 07 September 2011, 10.00, 31 Homer Road, Solihull, B91 3LT

Thursday 22 Sep 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Monday 10 October 2011, 10.00, 31 Homer Road, Solihull, B91 3LT

Thursday 27 Oct 2011, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 24 Nov 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

Distribution Workgroup Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0808	26/08/10	3.1	ISS 0018, Handling of Emergency Situations at Priority Customer Sites – Provide a statement of the actions/approach to be taken by Transporters when attending commercial that should be considered a priority.	Wales & West Utilities (ST)	Carried forward
Dis0205	24/02/11	3.6	ISS 0026 - R Street to provide more detail on this issue.	Corona (RS)	Closed
Dis0206	24/02/11	3.7.1	ISS 0027- Clarify what images will be associated with this pilot scheme at representative/consumer interaction points	National Grid Distribution (CW)	Carried forward
Dis0303	24/03/11	1.4	Consider the costs and implications of adopting the solution identified in Action 0302	Xoserve (DT)	Closed
Dis0305	24/03/11	1.4	Confirm that the draft licence amendments are sufficient for I&C Suppliers to be compliant with Third Package obligations without a need for further xoserve system changes	Ofgem (AW)	Closed
Dis0401	28/04/11	1.2	All Shippers to analyse the D+5 Confirmation and D+3 Objection options, to identify any cost implications and any business complications	Shippers	Closed
Dis0402	28/04/11	2.1	UNC 0330 - Modification to be amended to stipulate that this is an enduring service.	SSE (MR)	Closed
Dis0403	28/04/11	2.1	UNC0330 - Legal Text to be amended to reflect the modification is an enduring service.	Wales & West Utilities (Simon Trivella)	Closed
Dis0404	28/04/11	2.2	UNC0331 - SAB to provide details of incorrect references in the Legal text to Scotia Gas Networks.	E.ON UL (SAB)	Closed
Dis0405	28/04/11	2.2	UNC0331 - Joint Office to publish the Legal Text with commentary in Word.	Joint Office (BF/HC)	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Dis0406	28/04/11	2.4	UNC0335 - AL to provide some suitable text for consideration in the modification	National Grid (AL)	Closed
Dis0407	28/04/11	2.4	UNC0335 - Credit arrangement analysis to be provided at next months' meetings	RWE Npower (JW) & Northern Gas Networks (JF)	Closed
Dis0408	28/04/11	2.5	Consider Modification 0375 and Review Group 0252 report to provide a view at the next Workgroup.	First Utility (CH) & Northern Gas Networks (JF)	Closed
Dis0409	28/04/11	4.3	ISS 0027 - National Grid to provide further clarity on the trail and the choice of the contracted party and reassurance of the safeguards put in place to prevent British Gas having a competition advantage	National Grid (AR)	Carried forward
Dis0410	28/04/11	5.1	Xoserve to reissue the AUGE email with timescales, stating a mandatory response is required.	Xoserve (AJ)	Closed