

**Distribution Workgroup Minutes**  
**Thursday 28 April 2011**  
**31 Homer Road, Solihull, B91 3LT**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alan Raper	(ARa)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Andrew Wallace	(AW)	Ofgem
Andy Leese*	(AL)	National Grid NTS
Beverley Viney	(BV)	National Grid NTS
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	First Utility
Clare Cantle-Jones	(CCJ)	ENA
Dave Turpin	(DT)	Xoserve
Gareth Evans	(GE)	WatersWye
Karen Kennedy	(KK)	Scottish Power
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Amos	(JA)	Xoserve
Jonathan Wisdom	(JWi)	RWE npower
Lisa Harris	(LH)	Shell Gas Direct
Linda Whitcroft	(LW)	Xoserve
Mark Jones	(MJ)	SSE
Mo Rezvani*	(MR)	SSE
Phil Broom	(PB)	GDF Suez
Richard Street*	(RS)	Corona Energy
Sallyann Blackett	(SB)	E.ON UK
Steve Mulinganie	(SM)	Gazprom

\*via Teleconference

**1. Introduction and Status Review**

**1.1. Minutes from the previous meetings**

No comments had been received and the Minutes were 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**

**Dis0112:** UNC0330 - Transporters to consider the use of a nominated representative from DESC to help support the tender evaluation process.  
**Action Update:** Modification has been amended by the proposer and does not include this option. **Closed**

**Dis0205:** ISS 0026 - R Street to obtain provide more detail on this issue.  
**Action Update:** Action deferred. **Carried Forward.**

**Dis0206:** ISS 0027- Clarify what images will be associated with this pilot scheme at representative/consumer interaction points.  
**Action Update:** See item 4.3. **Carried Forward.**

**Dis0301:** ISS 0020 - Xoserve (DT) to provide details of the system changes and consequent costs to reduce the objection window to a minimum of 3 business days.  
**Action Update:** DT gave an update on the components such as confirmations, connection/disconnection store, GCC file date and objection windows that would be affected by a reduction in the existing D-7 window. No view was expressed as to whether this was an appropriate way forward. JW believed that RWE would be capable of adapting to a D-5 window. **Complete**

**Dis0302:** ISS 0020 - EDF (SL) to outline a proposed process for the objection window against the background of the Third Package requirements  
**Action Update:** DT provided a process flow diagram provided by Stefan Leedham, EDF Energy. SM questioned the objection process, AJ confirmed if an objection is not lodged within D+3 the confirmation would be immediate if and objection is raised the three weeks Transfer process would be suspended. AW explained that the licence obligation to switch within three weeks, he questioned if simply shrinking the adjustment window would be sufficient, he requested an assessment of all the different options available to ascertain what would be the best solution. It was anticipated that the objection would stop the clock, AW believed the clock would stop and have to restart with a new confirmation. He acknowledged the difficulty of assessing choices without the exact licence conditions being known. DT believed that this option was achievable albeit more costly. AW asked about file flows and if the flexible start date causes an issue, DT explained that once the confirmation flow occurs the transfer date is fixed, however upon the confirmation request the transfer date would not be known as this date would be dependant on whether an objection is lodged. AJ asked if Shippers would be able to work with two possible start dates. BD suggested there would be an understanding of the clock stopping if an objection is lodged.

GE asked about the likely implementation, it was anticipated that a 12 month implementation window would be required.

It was agreed that Shippers would consider the D+5 Confirmation and D+3 Objection options; to identify any cost implications and any business complications. **Complete.**

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

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

**Dis0304:** ISS 0020 - Xoserve (DT) to provide details of the system changes and consequent costs to reduce the confirmation window to 5 business days  
**Action Update:** AJ confirmed the costs previously provided at last months Distribution Workgroup. See update Dis0301. **Complete.**

**Dis0305:** ISS 0020 - Ofgem (AW) to confirmed 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 provided a caveat that the licence conditions are subject to change and that they were currently in draft. Ofgem will be considering exclusions if the customer has requested a specific start date, or if the Supplier does not have all information needed to complete the supply transfer i.e the supply point offer. **Carried Forward.**

### 1.3 Live Modifications

BF provided a brief update, confirming that Ofgem have recommended that Modification 0274 - Creation of a National Revenue Protection Service should lapse.

### 1.4 ISS 0020, Third Energy Package

See Section's 1.2 Action updates.

## 2. Modifications

GE asked if the future consideration of modifications ought to be moved towards the end of the meeting to allow sufficient consideration of other issues and allow delegates a choice of time for attendance. However, some questioned whether attendance would reduce and allow sufficient consideration of modifications. BF explained the operation of the legacy modifications and that once these are complete, modifications will be discussed within their own Workgroup meetings.

### 2.1. 0330 – Delivery of additional analysis and derivation of Seasonal normal weather

MR confirmed progress has been made and that draft Legal Text has been provided.

It was believed that some minor amendments to the text might still be required.

JM suggested that the modification needs to be amended to reflect that this is an enduring service not transitional, however MR believed that the modification was sufficiently clear as the service is not described as transitional. It was challenged that the current modification does not reflect that this is an enduring service. It was suggested for the avoidance of doubt that a statement is added to the modification that this exercise will need to be undertaken every time a weather station is added or changes.

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

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

Consideration was given to the references in the Legal Text 11.5.3 to Section H 1.4 and the reference to the Demand Estimation Sub-Committee needs to exist. BV confirmed that the comments provided by National Grid NTS would be forward to Simon Trivella, Wales & West Utilities for consideration.

There were no further comments on the legal text.

MR provided an update on the recent modification amendments.

LW asked about the payment to the contracted party and what would happen if the DESC did not approve the contracted party. It was anticipated that the subject methodology would be agreed by DESC, and the DESC committee would consider whether the analysis provided is better than current arrangements. SB suggested that the DESC could recommend non-implementation of the analysis. If the methodology and work scope has been met as contracted then the contracted party would be paid, if the methodology and scope has not been met, then further work would be undertaken to ensure the work is carried out as anticipated. It was questioned if further clarity is necessary to make this clear, however it was deemed not necessary.

The amended modification was discussed and the Workgroup Report considered. A number of agreed additions were made to the Workgroup Report. The Workgroup Report was agreed and concluded, with recognition that the modification and legal text would be amended inline with discussions held.

### **2.2. 0331 – Demand Estimation Section H Changes to Processes and Responsibilities**

SB highlighted that a number of references that were incorrect in the legal text, she highlighted that 1.6.8 does not exist and a number of references refer to 1.6.9 and these should refer to 1.6.7. SB confirmed that she would send the details in an email to Scotia Gas Networks to highlight the specific areas.

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

JM asked about the UNCC Terms of Reference for DESC being outside the draft Legal Text Changes which also needs to be amended separately.

It was questioned if the commentary provided could be published with the Legal Text to clarify amendments, it was agreed that a word document would be published to allow visibility of the commentary. It was believed that the Legal Text apart from the references already highlighted was acceptable.

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

JM was concerned that the Legal Text may be rejected by Ofgem where sections have been corrected and not reflected in the modification. It was recognised that the text and the modification need to be inline.

The Workgroup Report was considered and concluded.

### **2.3. 0343 – The ability and requirement for Users and Transporters to raise issues to be considered by the Allocation of Unidentified Gas Expert as “known” issues**

BF explained that the Modification Panel had referred UNC0343 back to the Workgroup, requesting that the legal text is reviewed.

KK confirmed that Scottish Power has discussed the Legal Text and is happy with the text provided.

SM questioned who was going to determine the test of reasonableness and what would happen if no issues were provided. SM also raised some issues around possible UNC breaches. SM expressed concern about the risk of AUGÉ being forced into investigating a significant number of relevant but not significant issues and the costs involved.

The Workgroup considered these points and then concluded the Workgroup Report.

#### **2.4. 0335 – Offtake Metering Error – Payment Timescales**

It was confirmed that the ROM was not available for this meeting JW asked if it would be available in time for the next meeting. LW understood there were a number of complexities for Shrinkage, neutrality, and a new charge type elements associated with this modification. LW confirmed a number of in discussions are taking place to understand the requirements.

JW believed that there would be limited impact on credit cover, however JF confirmed that the credit limit based on RAV may need to be capped out for some parties and additional credit cover would be required.

BF confirmed Legal Text and costing information would help for the completion of the Workgroup report.

AL had some comments for consideration on System Operating and the Shrinkage elements; he was not sure how this modification contributes to the relevant objectives. AL suggested that the relevant objectives are reconsidered to include an incentive to avoid shrinkage; he advised text would be provided for consideration by RWE npower.

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

JW confirmed he would amend the modification in line with comments made at the Workgroup and liaise with JF for the analysis on credit arrangements and provide update at next meeting.

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

LW enquired about voluntary discontinuance, it was confirmed that this is covered within the modification.

#### **2.5. 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**

CH explained the modification had been referred to the Workgroup to provide further justification and consider the impacts of the uplifts.

JF suggested the outputs of Review Group 0252 are reviewed to assist with previous discussions surrounding unsecured credit limits. JF offered to liaise with CH to unpick the arguments made in the Review Group report to help progress the modification. CH was willing to compromise limits.

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

It was agreed that the modification would be discussed at the next Workgroup 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](http://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](http://www.gasgovernance.co.uk/0374)

#### 4. Issues

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

Carried forward.

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

GE requested the item is carried forward pending completion of Action Dis0205.

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

AR provided an update on the current status of the contract between National Grid Distribution and British Gas for the investigation of unregistered sites.

GE asked how British Gas would be identified as a contractor, he expressed concerns that staff would be recognised as British Gas. AR explained the agreement required British Gas to brand themselves as working for National Grid Distribution.

JW expressed concern about other parties not being able to tender for the trial and whether other parties will be able to tender for such a contracted service following the trial. AR explained that National Grid wish to trial the process and have intentions of opening a tender process if the trial proves to be successful.

It was questioned if the trial covers the whole market or for domestic sites only. Some concerns were also expressed about British Gas being contracted and whether this gave them an unfair competitive advantage. Parties sought reassurance from National Grid on the safeguards that would be put in place to prevent British Gas being able to promote themselves and gaining a competitive advantage.

**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.

AW advised that Ofgem would welcome feedback from Shippers on this arrangement between British Gas and National Grid.

##### 4.4. New Issues

None raised.

#### 5. Any Other Business

##### 5.1. AUG Project Update

It was confirmed that a request for Information had been issued on the behalf of the AUGE. GE confirmed that the statement is for a mandatory response. SM suggested that the email communication is reissued making it clear that a mandatory response is required and the timescales given.

**Action Dis0410:** Xoserve to reissue the AUG email with timescales, stating a mandatory response is required and response date.

DT asked if Shippers want to provide any specific contacts that these are communication to Andy Miller, Xoserve and/or the AUGE.

##### 5.2. Energy Reconciliation Analysis

LW provided a presentation at a request outside of the Workgroup relating to Modification 0126 and 0152. The presentation provided illustrations of unreconciled Allocation from 2007 to 2010 and the reconciliations processed.

### **5.3. Workgroup 0362 – Use of ‘notional Meter Readings’ and ‘Agreed Opening Meter Readings’ for Individual CSEP Reconciliation 24 March 2011 Minutes**

BF confirmed that Chris Warner, National Grid had asked for clarification on the 0362 minutes statement:

“AW asked if any changes are needed to the iGT UNC, and ARa confirmed that none were anticipated. The change will be enacted via modification of Annex A of the LDZ CSEP NExA, and the process for modifying that is to raise a UNC modification”.

While it is correct that Annex A of the CSEP NExA is modified under UNC governance, National Grid believes the iGT UNC would also need amendment to be consistent with our CSEP NExA Annex A Proposal. As National Grid Distribution is not party to the iGT UNC they have approached a Shipper asking them to consider raising an iGT UNC Modification Proposal. Strictly speaking iGT UNC consistency with this Proposal 0362 is not National Grid’s concern. However they are keen to ensure that there is no hindrance to the effective use of the provisions that are proposed by Modification 0362. National Grid have also brought this matter to the attention of Steve Ladle (chairman of the iGT UNC Modification Panel).

### **5.4. 0229 Update**

DT provided an update on the 0229 charging basis is to be a single annual payment at a mid point in the year rather than invoicing in 12 equal instalments. JW suggested than a single annual payment is workable, he believed advance understanding of the charge would help preparation.

### **5.5. Workgroup Form**

SM expressed concern about the technicality of Workgroup meetings and should subjects be kept to a high level and separate meetings arranged if technical details needed to be discussed. The Workgroup agreed to consider hold two meeting per month.

## **6. Diary Planning**

The next full Workgroup meetings are scheduled as follows:

Thursday 26 May 2011, 10:00, Elexon, 350 Euston Road, London NW1 3AW

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

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

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

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

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
Dis0112	27/01/11	2.1	UNC0330 - Transporters to consider the use of a nominated representative from DESC to help support the tender evaluation process.	Transporters	Closed
Dis0205	24/02/11	3.6	ISS 0026 - R Street to provide more detail on this issue.	Corona (RS)	Carried forward
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
Dis0301	24/03/11	1.4	Provide details of the system changes and consequent costs to reduce the objection window to a minimum of 3 business days	Xoserve (DT)	Complete
Dis0302	24/03/11	1.4	Outline a proposed process for the objection window against the background of the Third Package requirements	EDF (SL)	Complete
Dis0303	24/03/11	1.4	Consider the costs and implications of adopting the solution identified in Action 0302	Xoserve (DT)	Pending
Dis0304	24/03/11	1.4	Provide details of the system changes and consequent costs to reduce the confirmation window to a minimum of 5 business days	Xoserve (DT)	Complete
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)	Pending



Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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	Pending
Dis0402	28/04/11	2.1	UNC 0330 - Modification to be amended to stipulate that this is an enduring service.	SSE (MR)	Pending
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)	Pending
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)	Pending
Dis0405	28/04/11	2.2	UNC0331 - Joint Office to publish the Legal Text with commentary in Word.	Joint Office (BF/HC)	Pending
Dis0406	28/04/11	2.4	UNC0335 - AL to provide some suitable text for consideration in the modification	National Grid (AL)	Pending
Dis0407	28/04/11	2.4	UNC0335 - Credit arrangement analysis to be provided at next months' meetings	RWE Npower (JW) & Northern Gas Networks (JF)	Pending
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)	Pending
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)	Pending
Dis0410	28/04/11	5.1	Xoserve to reissue the AUGÉ email with timescales, stating a mandatory response is required.	Xoserve (AJ)	Pending