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**UNC Distribution Workgroup (Issues) Minutes**  
**Wednesday 26 October 2011**  
**via teleconference**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Alison Chamberlain	(AC)	National Grid Distribution
Anne Jackson	(AJ)	SSE
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
Ed Hunter	(EH)	RWE npower
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye
Linda Whitcroft	(LW)	Xoserve
Murray Thomson	(MT)	Xoserve
Richard Vernon	(RV)	RWE npower
Steve Mulinganie	(SM)	Gazprom

*Copies of all papers are available at: [www.gasgovernance.co.uk/dist/261011](http://www.gasgovernance.co.uk/dist/261011).*

**1. Introduction**

BF welcomed all to the meeting.

**2. Issues**

**2.1. ISS 0018 Handling of Emergency Situations at Priority Customer Sites**

'On hold' until further notice.

**Issue status:** Medium

**2.2. ISS 0028 Status of new connections prior to the completion of reinforcement of the AQ table**

No further update; item deferred.

**Issue status:** High Importance

**2.3. ISS 0029 Communication of CO Poisoning Incidents**

There were two outstanding actions relating to this issue and the following updates were provided.

**Dis0901:** Transporters to:

- Obtain a current mailing list from ENA and confirm who in each Shipper organisation receives the information
- Provide an end-to-end overview of the Transporters' Incident Procedure

- Clarify Transporters' expectations of what actions/responses Shippers must take/make in response to communications received
- Consider appropriate testing of the communication process with Shippers

**Update:** JM had provided a mailing list from ENA and details had been provided to parties for checking. The first part of the action has been completed.

EM will seek an update on the other parts to this action. **Carried Forward**

**Dis0902:** Shippers to confirm who in each Shipper organisation should receive the notifications relating to Incidents of CO Poisoning.

**Update:** BF confirmed that the regular attendees of the DWG have been contacted and Joel Martin was considering issuing a general communication to others to raise awareness of the need to check and update contacts for this type of information. EM reported that ENA's system was being upgraded and will be due for relaunch shortly. Updating of lists will continue. **Carried Forward**

**Issue status:** High Importance

#### 2.4. ISS 0031 Settlement Disputes Process

GE recapped on the issue and outlined the proposed solution. Views were sought.

BD asked if ICoSS had sought an independent legal view relating to the Statute of Limitations and Unfair Contract Terms Act, and pointed out that E.ON's legal advice had resulted in a view that the retrospective period could stretch out to 10 years, ie 6 years to progress following the date of the claim - which may have already have taken 4 years to come to light. It is a very difficult area and very much open to interpretation, and the industry would need to be fully satisfied of the legal position and have a full appreciation of the implications. He intended to a view with E.ON. GE had received advice from a legal team but had not sought a barrister's opinion.

BD referred to unfair contract terms and believed there were precedents in this area. GE was able to offer an example. Any corrections required will look to the Statute of Limitations rather than the UNC limits. If it was clear that an identified mistake could not be covered through the Settlement process and both sides accept and agree that the error is valid, then this has to be corrected through some other mechanism. SM commented that if you wait for 'an incident' before doing anything it could put someone out of business; a mechanism was required to reconcile the position before that point was reached.

BD believed that a better understanding of the potential legal ambiguities together with the potential level of risk that this solution was trying to ameliorate would be required, to clarify and justify the reasons for the proposed change. Reference to two Acts provokes many questions.

LW had many questions on the proposed process. Would each claim be dealt with discretely; and would there be any expectation/responsibility (whose) to then highlight errors to subsequent parties in the historical chain? How would this be addressed if there were not a common Supplier? Questions were asked relating to warranty, and how prices would be determined. LW added that it should be noted that any reconciliations may not always result in a credit, debits too were possible, and quoted an example. LW also pointed out

that Xoserve might be required to hold/source more data just in case a claim could materialise, and this may have a number of impacts. GE noted these points for further consideration. LW will contact GE with any further questions on process.

It was confirmed that Transporters would not be expected to be arbitrators in what was a Customer/Supplier dispute.

GE stressed that the process puts the onus on the Shipper to demonstrate and detail the materiality. LW queried this and gave examples of credits actually turning out to be debits when fully investigated. Validation of information may be an issue. Use of different methodologies, eg flatlining or daily assessment, used in reconciliation could offer very different answers. SM questioned to what extent the Transporters needed to be part of the validation process. AR suggested that base numbers should be agreed and checked, and a validation process agreed. SM asked, was it the data or the methodology that needed to be validated?

LW pointed out that in any reconciliation scenario checks were made relating to any previous reconciliations and any previous adjustments; and further safeguards may be required. Should it be by assessment and then put into neutrality, or require full validation? LW will bring information relating to current reconciliation check processes and how these are performed to the next meeting.

It was understood that Shippers should not have unlimited liability.

CW asked if this was a retrospective issue for the AUGE. GE responded that as it was not going through RdD; no gas moves – it did not involve energy - it was a financial adjustment only and should not impact the AUGE activities. LW noted this view and suggested it would be prudent for GE to discuss this with the Energy Balancing Team first and gain their perspective.

It was also strongly suggested that this proposal must be viewed as an attempt to correct mistakes rather than as a commercial enterprise.

GE noted all comments and suggestions made and indicated that he would expand on the information that has to be provided and the level of validation required. The intention is to raise the modification for submission to the November Panel (submission deadline Friday 04 November 2011), but any further comments and suggestions would be welcomed in the meantime.

**Action Dis1001: ISS 0031 - Check out the legal basis for proposing these changes.**

**Action Dis1002: ISS 0031 – Consider what should happen in the event that multiple Shippers make a claim.**

**Action Dis1003: ISS 0031 – Xoserve to bring information relating to current reconciliation check processes and how these are performed to the next meeting.**

**Issue status:** High Importance

## **2.5. ISS 0032 'K' Factor Concept**

GE recapped on the issue. Recognising that much may ultimately depend on the outcome of Modification 0388, GE intended to produce a modification for November subject to the decision from Ofgem for Modification 0388.

LW pointed out that Xoserve would need to understand the calculation for rolling SAP against fixed price; it may require two processes and any impacts

need to be fully assessed. GE briefly explained the calculation. Xoserve would also need to understand what data would be required to support the calculations.

**Issue status:** High Importance

## 2.6. ISS 0033 Creation of MPRNs

SM believed that Total were in the process of raising a formal modification. He suggested that discussions should take place outside of the general Distribution Workgroup day, and were probably best aligned with the meetings of the Shipperless and Unregistered Sites Group, as this would involve a similar audience.

**Issue status:** Medium

## 2.7. New Issues

None raised.

## 3. Any Other Business

None raised.

## 4. Diary Planning

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

BF sought views on the experience of today's separate Issues meeting. It was felt that this had provided a good opportunity for a more adequate discussion of the Issues, which was sometimes unavoidably lacking when tabled towards the end of the Distribution Workgroup day, when pressure of other business relating to the formal Modifications absorbed most of the available time.

This greater flexibility was welcomed and it was suggested that similar teleconference opportunities could be planned in to follow Distribution Workgroup days to enable the covering of Issues in the event that other Workgroup business resulted in the restriction of the remaining time available. If not required these could then be easily cancelled. It was agreed that an Issues Group meeting, via teleconference, be arranged for 10:00 on Monday 28 November 2011.

The following meetings are scheduled to take place:

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

Friday 11 November 2011, (provisional), details to be confirmed

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

Monday 28 November 2011, 10:00, via teleconference – Issues Meeting

Monday 05 December 2011, (provisional), details to be confirmed

Thursday 22 December 2011, 10:00, 31 Homer Road, Solihull, B91 3LT

Thursday 26 January 2012, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 23 February 2012, 10:00, Elexon, 350 Euston Road, London NW1 3AW.

Thursday 22 March 2012, 10:00, Elexon, 350 Euston Road, London NW1 3AW.

Thursday 26 April 2012, 10:30, 31 Homer Road, Solihull, B91 3LT

Thursday 24 May 2012, 10:00, Elexon, 350 Euston Road, London NW1 3AW.

Thursday 28 June 2012, 10:00, Elexon, 350 Euston Road, London NW1 3AW.

Thursday 26 July 2012, 10:30, 31 Homer Road, Solihull, B91 3LT

### UNC Distribution Workgroup - Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>Dis0901</b>	07/09/11	4.3.1	Transporters to: <ul style="list-style-type: none"> <li>• Obtain a current mailing list from ENA and confirm who in each Shipper organisation receives the information</li> <li>• Provide an end-to-end overview of the Transporters' Incident Procedure</li> <li>• Clarify Transporters' expectations of what actions/responses Shippers must take/make in response to communications received</li> <li>• Consider appropriate testing of the communication process with Shippers.</li> </ul>	ALL DNs	First part completed.  Update to be provided. <b>Carried Forward</b>
<b>Dis0902</b>	07/09/11	4.3.1	Shippers to confirm whom in each Shipper organisation should receive the notifications relating to Incidents of all reportable incidents.	ALL SHIPPERS	Update provided. <b>Carried Forward</b>
<b>Dis1001</b>	26/10/11	2.4	ISS 0031 - Check out the legal basis for proposing these changes.	On behalf of GDF Suez (GE)	<b>Pending</b>
<b>Dis1002</b>	26/10/11	2.4	ISS 0031 – Consider what should happen in the event that multiple Shippers make a claim.	On behalf of GDF Suez (GE)	<b>Pending</b>

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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>Dis1003</b>	26/10/11	2.4	ISS 0031 - Bring information relating to current reconciliation check processes and how these are performed to the next meeting.	Xoserve (LW)	<b>Pending</b>