

Gas Customer Forum Minutes

Monday 07 February 2011

Energy Networks Association, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Chris Lewis	(CL)	CIPS
Chris Warner	(CW)	National Grid Distribution
Eddie Proffitt	(EP)	Major Energy Users Council
Fiona Cottam	(FC)	xoserve
Gary Ward	(GW)	The Energy Consortium
Ian Bagworth	(IB)	National Grid NTS
Joanna Ferguson	(JF)	Northern Gas Networks
Nigel Bradbury	(NB)	National Grid Operations
Phil Brown	(PB)	National Grid Distribution
Simon Trivella	(ST)	Wales & West Utilities

Apologies

Alex Spreadbury	B&Q
Bob Spears	UCC
Peter Thompson	LAGUR & UIA
Phillip Hindmoor	Innovia Films

1. Introduction

TD welcomed all to the meeting. Presentation and other materials are available from the Joint Office web site at: <http://www.gasgovernance.co.uk/GCF/070211>.

Before the actual meeting commenced, FC provided a brief overview of her pre-meeting presentation, which looks at the future role and service provision of xoserve. In essence, it is seeking views on how xoserve could best consult with its potential customers. TD suggested that one area of concern for customers is the issue of data ownership.

Moving on, FC informed those present that her colleague, Martin Baker is the xoserve lead contact on this matter. Furthermore, xoserve would welcome any feedback on the scope of any consultation and how best to undertake the process. Could responses please be provided over the next few weeks.

Several parties suggested that it is probably a case of better the devil you know, although it is not necessarily a view shared by the Authority who appear keen to undertake changes to the service provision (i.e. find a replacement for xoserve).

Several key points/suggestions were provided, as follows:

- xoserve response rates to enquiries could be improved, although when finally provided they are extremely helpful;
- process 'switching' times (transfers) are currently taking too long – CW responded by advising that these are currently being investigated and an associated ROM (Rough Order of Magnitude) has been raised;
- one suggestion to resolve the exchange of data ownership issues could be to adopt a procedure similar to the one employed when change mobile phone

service providers, i.e. a unique security transfer code is provided which can then be utilised by your new service provider to establish a new connection;

- the National Grid NTS consultation process model, utilising engagement workshops was suggested as a good starting point for the xoserve consultation, and finally
- the geographical location of any workshops/seminars is important to their success.

1.1 Minutes of last meeting

The minutes of the previous meeting were accepted.

1.2 Review of Actions

Action GCF074: Northern Gas Networks to discuss with xoserve how best to raise awareness of the capacity/commodity issues associated to the 16 other Primes & DM Subs sites with their respective suppliers/shippers.

Update: JF informed those present that discussions with xoserve are still ongoing.

ST indicated that the GTs will need to agree on the best way forward but he is presently unsure whether this would include a historical review as removing Primes & Sub meters remains their preferred option. CW added that the Authority are also considering the future of P&S's.

CL was able to update those present, advising that he had recently received a reconciliation from the shipper concerned, and he now intends to discuss the issue in more detail with both xoserve and JF outside of the meeting.

Moving on to his unique site issue, CL voiced concern that even after 5 years of discussions xoserve have decreed that you can not have a unique site under 200,000 therms. In response, FC pointed out that the delay is not just down to xoserve as several parties have been involved and contributed towards the delay.

CL went on to point out that in both issues, the sites concerned will go all firm by September 2011 thereby removing the problems. FC reminded CL that the shippers would need to request any (status) changes.

It was agreed to close the action.

Action: Closed

Action GCF075: National Grid to find out the number of failures to interrupt for the next meeting.

Update: EP highlighted the fact that GDF had previously stated that they had received a block of 'failure to interrupt' penalties. Responding, PB apologised for not being able to provide an update at this point. CW agreed to investigate the problem and report back in due course. TD suggested that the action should be carried forward. This met with the approval of those present.

Action: Carried Forward

Action GCF076: Ofgem to provide a view at the next meeting for the following:

1. Feedback to Ofgem the Customer Forum's:

- i) feelings concerning the interruptions reforms and firm load shedding in emergency situations; and
- ii) suggestions that Ofgem review:
 - a. the request for some form of compensatory regime to reflect costs of alternative power methods for those firm load customers who may be interrupted in emergency situations; and

b. whether the emergency interruption arrangements are satisfactory/appropriate.

2. Feedback to Ofgem that consumers would like a definition of a smart meter.

3. Pass on the Customer Forum's invite to the relevant Ofgem team to attend the next meeting in October to discuss the regulation of gas suppliers' marketing/selling (e.g. roll over of contracts, complaints procedures/voice recording of telephone contacts etc).

4. Feedback to Ofgem the Customer Forum's desire to understand, following the recent publication on RPI-X@20, what the consultation process between DNs and customers will look like and how outputs will be measured.

Update: In the absence of an Authority representative, TD advised members that several attempts had been made to engage with the Authority but to date, no response had been forthcoming.

In light of these comments, it was agreed to close the action.

Action: Closed

Action GCF077: DNs to present on pricing issues.

Update: JF on behalf of the DNs advised that her Pricing Manager is currently working on a presentation to be provided at the next GCF meeting.

EP voiced his grave concern surrounding the proposed price increases, some of which are in the region of +18%, especially in light of the current UK economic climate.

TD suggested that the action should be carried forward. This met with the approval of those present.

Action: Carried Forward

Action GCF078: Joint Office to request that National Grid NTS support GCF.

Update: On behalf of the GCF, TD welcomed the National Grid NTS representatives to the meeting.

It was agreed to close the action.

Action: Closed

2. Presentations

Copies of all the following presentation materials are available to view &/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/GCF/070211>.

2.1 xoserve Updates

2.1.1 xoserve update on the project to replace IT systems underpinning the competitive gas market

FC provided a brief review of the xoserve presentation.

Slide 2 – What is Project Nexus?

FC pointed out that defining the detailed requirements to support current and future AMR sites excluded smart meters.

Slide 5 – Progress since the last meeting (October 2010)

The significant code review referred to here, is NOT the security and supply one.

Slide 7 – Progress since the last meeting (April October 2010)

FC apologised for inclusion of the wrong date in the title before reminding those present of the ICoSS presentation provided at the October meeting by R Street and G Evans which has formed the basis of two new UNC modifications so far.

Slide 8 – Next Steps – The way forward

The first Nexus Settlement Workgroup meeting is scheduled for Wednesday 09 February 2011 at the National Grid Office, 31 Homer Road, Solihull.

EP questioned why it would appear to take until August (8 months) for this workgroup to complete its area. TD suggested that a large proportion of the support work that xoserve undertakes sits in the background, but impacts upon delivery times. FC added that in many cases representatives at the respective meetings are not/may not be empowered to make on the spot decisions and have to refer back to senior colleagues for a view – again impacting upon potential delivery timescales.

ST pointed out that currently the government have not mandated that the market moves to a daily (settlement) reconciliation for I&C sites which makes it extremely difficult for xoserve and others to take a view, especially when several ‘key’ parties have opposing positions – the SSP market are seeking a keener daily settlement regime, whereas the I&C parties are not. CW suggested that significant and meaningful progress had and continues to be made within the market via Project Nexus.

FC pointed out that progress has been based largely on feedback received, but in reality the devil is in the detail.

Moving on to discuss other issues, Eddie Proffitt highlighted a letter received by one of his clients from their Gas Supplier stating that xoserve had recently initiated a review of Correction Factors which could lead to retrospective charges to end consumers. FC advised that she was not aware of any specific exercise but that xoserve regularly monitor correction factors, especially for factors of zero, which lead to serious billing inaccuracies, with an opposite inaccuracy borne by other industry players. FC agreed to check at xoserve whether there was any specific exercise underway. It should also be noted that xoserve cannot change the data associated with these, and can only request that the shipper/supplier makes the appropriate changes.

When asked whether retrospective corrections (billing) would apply, FC confirmed that retrospective corrections may be required in due course and could go as far back as 4 to 5 years. However, she believes that this is an issue for consumers and suppliers to address.

New Action GCF079: MEUC (EP) to provide a copy of the Corona Energy correction factor letter for the Joint Office to pass on to the DNs for a response.

Post meeting note: FC confirmed that there is no recent exercise underway at xoserve to review correction factors. Only the Gas Shipper can update this data item, so where xoserve identifies obvious errors, especially factors of zero, it can only advise the Shipper and encourage them to process a timely correction. xoserve shared details of potential errors with Shippers in early 2010 and continues to raise the matter in regular one-to-one operational meetings. Shippers then approached their MAM(s) who will need to verify/calculate the correction factor. The factor can only be updated by the Shipper, using standard industry data flows.

xoserve has a responsibility to ensure that Shipper billing and GT revenue is correct, and will need to process retrospective adjustments where appropriate once the data has been corrected. However xoserve does not dictate the treatment of any retrospective charges in Supplier billing, and that is a contractual matter between Suppliers and consumers.

2.2 Winter 2010/11 Update

On behalf of National Grid Distribution, PB provided a verbal update on their (NGD’s) winter 2010/11 experiences.

He advised that National Grid interrupted 5 **Network Sensitive Loads** over the winter period. Based on this, projecting forward to winter 2011/12 he remains confident that the relatively strong performance will carry over into next winter. He then pointed out that no further network investment (to meet modification 0090 requirements) was planned for 2011.

When asked about how much reinforcement National Grid had employed in their area(s) over the past 3 years, PB indicated that he did not have these figures readily to hand, although he could say that it was far less than originally anticipated.

When asked, JF confirmed that in the Northern Gas Networks areas, 3 NSL had been interrupted for 2 days which considering the cold weather experienced to date, is a strong performance.

ST confirmed that no Wales & West Utility NSLs had been interrupted although the North Wales area demand had 'hit' a peak of 104% on one day. He went on to put this in to context by adding that WWU have only one NSL remaining and that this should disappear following rectification (reinforcement) work in 2011.

When asked if this update was helpful, the response was largely positive although EP questioned why the information could not be made available earlier (i.e. 01 December). Furthermore, why is critical information such as this only made available once the interruption exceeds 12 days. Historically, daily information was provided on the National Grid web site. When asked how this type of information helped, EP suggested that it provides a very useful 'heads up' on the overall system (capacity) picture, either directly or indirectly enabling him to assess the current positions. In support, NB agreed to take a new action to investigate the possible reinstatement of daily NSL interruption information on the National Grid web site.

NB then provided a brief overview of his Gas Customer Forum presentation, focusing on the Operational Overview, Demands, Supplies, Prices & Balancing Actions and Gas Balancing Alerts.

In considering the overall operational view, NB pointed out that this winter was the 10th coldest experienced in the last 50 years.

Examining the highest gas demand table, NB pointed out that the 1:20 peak demand is 504mcm is the forecast figure. TD suggested that having a small amount of 'headroom' (the difference between 504 and 465.46 for example) is beneficial. When asked how the peak demand figure is derived, NB agreed to take a new action to provide a summary of how the 504mcm figure is obtained.

In examining the Gas Demand Breakdown graph on slide 9, NB agreed to a new action to provide a copy of the graph with NDM / DM reversed.

In looking at the chart of Forecast Demand on slide 12, EP noted that the information pointed towards good forward planning.

In considering the data provided for LNG on slide 26, NB advised that the higher than originally forecast flow would now result in the **Gas Balancing Alert** trigger being increased in future whilst a similar indication on the BBL on slide 27 probably would not result in a GBA trigger change. However, on the IUK slide 28 the GBA trigger will once again be increased to reflect the increased flow rates witnessed. He went on to point out that the wide difference displayed at the high end of the Storage data on slide 29 was a surprise.

Looking at the Average Supplies data on slide 30, NB noted that it appears that the system flexibility seems to stem from the NSS level this year.

When asked, those present indicated that this was an extremely helpful and informative presentation.

New Action GCF080: National Grid Operations (NB) to investigate the possible reinstatement of daily NSL interruption information on the National Grid web site.

New Action GCF081: National Grid Operations (NB) to provide a summary of how the 504mcm figure is obtained and what is, or is not included.

New Action GCF082: National Grid Operations (NB) to provide a revised set of graphs showing DM's on the bottom (i.e. reversed).

2.3 Review of UNC Modification Proposals (Joint Office)

Please note: that items 2.3 and 3.1 were taken in reverse order.

TD provided a verbal review of the current live UNC modifications. A copy of the modifications register is available to view &/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/mods>

Those present spent time debating various UNC modifications of specific interest to the GCF. The main interest focusing on:

- 0359 – EP believes having a domestic v's I&C split is fundamentally flawed;
- 0358 – EP will be presenting consumer's views on this modification at a meeting on Wednesday. ST voiced concern that the proposal suggests a 10% return/day which could mean that the DNs could potentially loose the equivalent of their annual allowed revenue if the emergency is >5 days. EP perceives a shift of emphasis by the Authority on this one, believing they are looking to cover the loss of the interruptible sites around October time;
- 0345 – ST suggested that customers should be pushing their suppliers to provide a DM service in place of the DNs. EP has concerns that this modification maybe premature, and finally
- 0209 – EP questioned why this was still going after 2 years. ST responded by advising that this modification will be 'key' to understanding the DCC smart metering considerations and once the DCC model becomes clear the modification will re-start. He went on to add that any delay in smart results in a delay of Project Nexus.

When asked, parties indicated that they were happy with the update.

3. Customer Issues

3.1 Transporters Update

ST on behalf of Transporters, indicated that he had nothing specific to discuss.

3.2 Customer Update

Price Control Concerns

In light of the economic climate EP suggested that it was ridiculous that in a time where there are local authority cutbacks, increasingly widespread redundancies and financial pressures, the DNs are seeking to increase their prices by as much as 18% in some cases. It is his view that there should be an Authority re-opener to address these larger price increases. Furthermore, he believes that the Authority Price Control forum's view is off the mark, especially their discussions around incentives. Future price control predictions and the supposedly 'innovative' (smart grids) incentives worry him too. Another concern is the DECC prediction that gas networks will cease by 2030 to be replaced by electricity provision, which brings into question the 30 year gas investment and plans !

Responding to EP concerns, ST advised that there was always going to be price increase to reflect the Allowed Revenue changes – the detail of the changes was provided in the 0186 reports update at a recent DCMF meeting. TD acknowledged that the 'K' (under/over) recovery factors are a concern and being SOQ based has resulted in most networks under recovering during the year. In reality, this means you have a 6% (base) price increase before you take into account any other factors. ST pointed out that the DNs have voiced their concerns with the Authority and are seeking improved stakeholder engagement to focus on the important areas. ST asked if an action should be placed on the various Network Pricing Managers to

attend the next GCF meeting and present their 0186 reports (inc. customer charge proposals and background).

Absence of a Scotia Gas Networks Covering Letter

EP pointed out that of all the networks, only SGN had not provided a covering letter in support of their Price Control changes.

3.3 Regulatory Issues

TD informed those present that in light of the discussions elsewhere in this meeting, there were no new items to consider.

4. Date of next meeting and agenda items

Due to ongoing attendance issues, TD advised that the next GCF meeting would be via teleconference. When asked, parties agreed to give it a try.

Dates and locations of future meetings are available on the Joint Office calendar, www.gasgovernance.com/Diary, and the 2011 Gas Customer Forum meeting schedule will be published in due course.

Suggestions for agenda items can be sent to enquiries@gasgovernance.co.uk

5. Any other business

None.

Action Log – Gas Customer Forum – 07 February 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF074	26/04/10	3.2	Discuss with xoserve how best to raise awareness of the capacity/commodity issues associated to the 16 other Primes & DM Subs sites with their respective suppliers/shippers.	Northern Gas Networks (JF)	Update provided. Closed
GCF075	26/07/10	3.1	Find out the number of failures to interrupt for the next meeting.	National Grid (SS)	Pending
GCF076	26/07/10	3.3	<p>Provide a view at the next meeting for the following:</p> <ul style="list-style-type: none"> i) feelings concerning the interruptions reforms and firm load shedding in emergency situations; and ii) suggestions that Ofgem review: <ul style="list-style-type: none"> a. the request for some form of compensatory regime to reflect costs of alternative power methods for those firm load customers who may be interrupted in emergency situations; and b. whether the emergency interruption arrangements are satisfactory/appropriate. <p>2. Feedback to Ofgem that consumers would like a definition of a smart meter.</p> <p>3. Pass on the Customer Forum's invite to the relevant Ofgem team to attend the next meeting in October to discuss the regulation of gas suppliers' marketing/selling (e.g. roll over of contracts, complaints procedures/voice recording of telephone contacts etc).</p> <p>4. Feedback to Ofgem the Customer Forum's desire to understand, following the recent publication on RPI-X@20, what the consultation process between DNs and customers</p>	Ofgem (CC)	Update provided. Closed

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
			will look like and how outputs will be measured.		
GCF077	25/10/10	3.1	Invite a DN Pricing Manager to the next GCF to provide a presentation on the 0186 reports and pricing issues.	Joint Office (MiB)	Pending
GCF078	25/10/10	4.	Write to National Grid NTS to state both their disappointment at the lack of a representative at this meeting and to request their participation at future GCF meetings.	Joint Office (TD)	Update provided. Closed
GCF079	07/02/11	2.1	Provide a copy of the Corona Energy correction factor letter for the Joint Office to pass on to the DNs for a response.	MEUC (EP)	Update due at next meeting.
GCF080	07/02/11	2.2	To investigate the possible reinstatement of daily NSL interruption information on the National Grid web site.	National Grid Ops (NB)	Update due at next meeting.
GCF081	07/02/11	2.2	To provide a summary of how the 504mcm figure is obtained and what is, or is not included.	National Grid Ops (NB)	Update due at next meeting.
GCF082	07/02/11	2.2	To provide a revised set of graphs showing DMs on the bottom (i.e. reversed).	National Grid Ops (NB)	Update due at next meeting.

*** Key to action owners**

SS Shiv Singh, National Grid Distribution
 JF Joanna Ferguson, Northern Gas Networks
 EP Eddie Proffitt, Major Energy Users Council
 MiB Mike Berrisford, Joint Office of Gas Transporters
 NB Nigel Bradbury, National Grid Operations