

UNC Workgroup 0410/0410A Minutes
Responsibility for gas off-taken at Unregistered Sites following New Network Connections

Thursday 26 July 2012

31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(ARo)	Northern Gas Networks
Andy Clasper	(AC)	National Grid Distribution
Andrew Margan*	(AMa)	British Gas
Anne Jackson	(AJ)	SSE
Brendan Murphy	(BM)	Waters Wye Associates
Chris Warner	(CW)	National Grid Distribution
Claire Frost	(CF)	DONG
Colette Baldwin	(CB)	E.ON UK
David Addison	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Elaine Carr*	(EC)	ScottishPower
Erika Melèn	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Joanna Ferguson	(JF)	Northern Gas Networks
John Stewart	(JS)	RWE npower
Leanne Thomas	(LT)	RWE npower
Marie Clark	(MC)	ScottishPower
Steve Mulinganie	(SM)	Gazprom

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0410/280612

1. Review of Minutes and Actions from previous meeting

1.1 Minutes

The minutes of the previous meeting were approved.

1.2 Actions

0004: SGN to confirm whether they share the National Grid Distribution intention to proactively visit unregistered sites and disconnect them if no action is taken to address registration.

Update: EM explained that she is still awaiting an (internal) legal view.

BF suggested, and it was agreed by those present, that as this is the final meeting of this workgroup, the action should be carried forward and 'transferred' to sit under the main Distribution Workgroup proceedings, unless the Panel refers the modifications back to Workgroup for further assessment.

Carried Forward

0010: Ofgem (AW) to review/clarify the position relating to deemed contracts and unregistered and Shipperless sites.

Update: BF suggested, and it was agreed by those present, that as this is the final meeting of this Workgroup and in the absence of an Ofgem representative, the action should be carried forward and 'transferred' to sit under the main Distribution Workgroup proceedings, unless the Panel refers the modifications back to Workgroup for further assessment.

Carried Forward

2. Discussion

2.1 Modification 0410

During a brief discussion GE suggested that in the absence of legal text and the need to further 'bottom out' some key points that Xoserve are currently considering (invoicing options etc.) it may be prudent to defer completion of the Workgroup report and seek an extension at the Panel meeting – a view supported by those present.

JF advised that the NGN legal team had provided a view and that may be a specific meeting should be established to look at production of the legal text.

Following agreement to defer completion of the workgroup report, BF agreed to provide a recommendation to Panel that the modification requires further assessment by the Workgroup.

2.2 Modification 0410A

Introducing the item, CW explained that further refinement work had been undertaken following feedback at the 28 June meeting and to this end he handed over to AC to run through the new workflow chart.

AC opened by indicating that the various numbers contained within the boxes relate to the specific business rule numbers as the basic premise (behind the workflow) is in-line with the business rules themselves.

A detailed debate then followed, with various concerns / issues being raised such as:

- proposal appears to provide for a 'passive' solution with no clearly defined site trigger provisions – evidence is believed to be of paramount importance;
- proactive bi-annual / annual site visits acknowledged as potentially being both resource and cost heavy – current proposals based on 80% and/or 12 month cycles;
- general acknowledgement that this is a complex matter which potentially boils down to who installed the meter – Supplier or 3rd party;
- due to licence obligations, National Grid's investigation activities run at a loss;
- in essence, the suspicion is always based on the assumption that gas is flowing;
- it was agreed that the user has a responsible role to play – where any doubt exists the Transporter would / should contact the appropriate Supplier(s);
- care is needed to avoid confusing Transporter licence obligations with Code obligations, especially relating to any billing aspects;
- in the majority of cases Transporters would expect to curtail the flow of gas and thereafter chase outstanding payment. However in some instances such as vulnerable customers this may not be the case. i.e. these would not be curtailed, but payment would be chased – some views differ as to whether or not this is in fact perceived as a 'Theft of Gas'. It was generally accepted that whilst a 100% solution is nigh on impossible, the proposals would cover the majority of cases;

- it was suggested that a clear statement around curtailment and seeking payment should be added – mindful of their other obligations, Transporters agreed to consider;
- the cost of gas was seen as less of an issue as the obligation is related more to energy reconciliation – the AUGE is currently considering requirements;
- Transporters confirmed that they are unable to install pre-payment meters as a means of mitigating concerns – it was noted that prosecutions based around the respective Gas and Theft Acts are already underway;
- auto registration stages appear weak – it was suggested that additional clarity around customer / supplier contractual aspects is needed along with a shipper ‘push back’ and auto registration challenge facility;
- where a shipper states that they do not own a site, the Transporters would support this view as long as substantial evidence was available – the business rules and workflow chart will be amended to reflect this;
- it was confirmed that reasonable costs would be levied against instances where the supplier has registered the site, and/or Transporters have auto registered the site – it was felt that provision of a set of standard tariff rates would / could help towards the billing of customers and the demonstration and justification of reasonable costs. It was suggested that these may take the form of a set of hourly rates for specific work items;
- the essence of the modification is that no meter is fitted in the absence of a supplier contract (historical evidence suggests that in around 90% of all cases a supplier contract is in place) – some parties believe that this does not necessarily accurately reflect the I&C market and feels more akin to a 80:20 style solution;
- in acknowledging that there are both historic and evolving market tensions at play, parties believe that we need to ensure that all requirements are considered such as 3rd party energy service provider – the true test being whether a supplier contract is in place and whether there is a relevant supplier identified;
- all were reminded that suppliers themselves DO NOT fit meters, it is their respective agents that undertake the task and this only serves to complicate matters with resolution of issues such as where (true) responsibilities lie being of paramount importance – it was felt that the flow chart needs to distinguish between suppliers and their agents (service providers);
- accepting that the solution is complex, the Transporters believe that the issue boils down to which supplier instigated the meter fitment request and where it is believed that confidentiality issues exist then permission for Transporters would be required;
- it was acknowledged that whilst the concept of the modification seeks to eradicate unallocated gas within the market place, the real issue relates to what potentially lands in a suppliers lap;
- it was suggested that any gas that is / was associated to gas consumed prior to the supplier contract initiation date would be back billed to the shipper – in short the principle of the modification revolves around the meter fitment date as this is potentially the point at which any industry exposure commences;
- some parties remained concerned that suppliers could / would be deemed as being liable for gas taken prior to their contracts being in place – the ‘counter’ view asking why did they fit the meter in the first place;
- concerns remained around the complexities associated with responsibility lines (supplier orientated) and the point (in time) in the process at which these are activated. i.e. instances where a meter is installed where there is no direct supplier involvement – clarity is sought in the business rules around where another supplier ‘arrives late to the party’ and whether or not this causes any additional issues, especially around liabilities;

- it was agreed to add timeline indications to the workflow (and business rules);
- acknowledging that the proposal would / could work for legacy sites, it was questioned as to whether or not it would continue to work effectively in the longer term – would it completely eradicate new sites appearing – further investigations to address backlog issues are ongoing (primarily within the shipperless sites workgroup) and National Grid remains committed to both resourcing and eradicating unallocated gas sites, and finally
- currently it is envisaged that NO User Pays costs would be applied.

In closing, National Grid (CW/AC) agreed to review and amend (where appropriate) the business rules and workflow chart in line with discussions, based around the expectation that the UNC Modification Panel would grant the workgroup an extension.

With this in mind, it was agreed to reconsider the matter at the 23 August meeting should Panel refer the modifications back to Workgroup.

3. Workgroup Report

Workgroup report was amended to request that these modifications be referred back to Workgroup for further assessment.

4. Any Other Business

None.

5. Diary Planning for Workgroup

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

The next potential meeting will take place within the business proceedings of the Distribution Workgroup on:

Thursday 23 August 2012, at 10:30, ENA, Horseferry Road, London.

Workgroup 0410/0410A – Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0004	22/03/12	2.	SGN to confirm whether they share the National Grid Distribution intention to proactively visit unregistered sites and disconnect them if no action is taken to address registration.	SGN (EM)	Carried forward
0010	28/06/12	2.1	AW to review/clarify the position relating to deemed contracts and unregistered and Shipperless sites.	Ofgem (AW)	Carried forward