

Workgroup 0378
- Greater Transparency over AQ Appeal Performance -
Minutes
Tuesday 17 May 2011
via teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Abid Sheikh	(AS)	Ofgem
Alan Raper	(AR)	National Grid Distribution
Chris Warner	(CW)	National Grid Distribution
Darren Lindsay	(DL)	E.ON UK
David Watson	(DW)	British Gas
Gareth Evans	(GE)	Waters Wye Associates
George Glen	(GG)	ScottishPower
Joel Martin	(JM)	Scotia Gas Networks
Linda Whitcroft	(LW)	Xoserve
Sean McGoldrick	(SMc)	National Grid NTS
Steve Mulinganie	(SM)	Gazprom
Sue Prosser	(SP)	Xoserve

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/0378/170511.

BF welcomed attendees to the meeting.

2. Outline of Modification 0378 – Greater Transparency over AQ Appeal Performance

DW briefly outlined the proposal; in essence this was looking to address and reduce the perceived risks associated with potential misuse of the AQ Review process and establish sufficient visible integrity at all levels of reporting, such that Shippers can demonstrate that their activities in relation to, and use of, the process are/have been compliant with the Code provisions. It sought to address the additional concern that the current Mod81 report only offers partial anonymity and that identification of certain parties was possible through interpretation of a specific data item. This may be viewed, albeit unwittingly, as discriminatory and disadvantageous in respect of certain parties compared to others. Any misuse of the process and its outputs has a material impact on competition.

DL asked if any impact was envisaged should Modification 0380 be implemented. CW responded that the implementation timescales for Modification 0380 would be somewhat longer than for this modification. DW believed that in the event of implementation a reassessment of data requirements would be prudent.

DW explained that he had started discussions with Xoserve regarding the current and potential release of data and what might be achieved. It was likely that the modification would be amended once the requirements were understood and

established. Discussions with Ofgem had recognised that there was scope for greater and more adequate control within the AQ Review; AQ reporting itself was an insufficient control, the scale of charges was a material issue, and it was the aspiration to have something in place for 01 November this year.

LW observed that until Xoserve understood what the full requirements were it would not know whether it should be collecting or starting to collect certain data items and this may affect timescales. DW was addressing internal actions to establish what data items/reports might be required and would report on this.

DW acknowledged that the removal of the current level of anonymity might cause some concern, and was open to suggestions as to how to more equitably preserve this, although he believed there should be more open reporting. CW commented that there might be concerns regarding commercial sensitivity and any revelatory aspects of portfolios. DW responded that the British Gas (BG) lawyers were reviewing the position and added that BG was currently disadvantaged in the ease of identification inherent in the current reports. SM observed that BG was the dominant player so that (and other identities) may be obvious to deduce however the data might be presented; Ofgem could act to address any inappropriate behaviour. DW referred back to the issue raised with Ofgem earlier regarding BG's concerns in relation to the behaviour of certain parties within the AQ process, and explained that this airing of concerns had at least established that it was impossible using the current reports for either a Shipper to clearly demonstrate that it was compliant or for the converse to be ascertained.

DW drew attention to the additional 3 reports that were proposed under the modification. LW questioned if DW intended that the full Mod81 report be openly attributed, and suggested that Shippers might like to review and consider the consequences and impacts that 'across the board' identity revelation might bring. Responding to questions, DW would prefer to retain total anonymity if that could be achieved, but if that was impossible, believed there was also an intrinsic benefit to the industry in forcing greater transparency to prevent misuse of the process. Others also expressed a preference for anonymity and DW would be happy to consider any suggestions to facilitate that.

AS indicated that the Workgroup should also closely consider how this information might be read and interpreted by a wider audience, and assess and identify any potential for data to be misleading or to be misinterpreted; it was quite easy to draw an incorrect inference from published data, and this could lead to unintended consequences. Any such identified impacts would need to be negated.

Referring to the current position, DL commented that Xoserve do a good job of making sure that Shippers understand the reports and how the information is displayed. DW agreed with this, and added that any changes should add value and increase confidence.

DW agreed to work up some mock reports for initial discussion at the next meeting.

3. Consider Terms of Reference

The Terms of Reference were reviewed. It was suggested that the Workgroup also consider the following:

- Defining the data items (inclusions, exclusions, etc)
- Legal interpretation
- Continuation of participants' anonymity

- Any identified unintended consequences (eg misreading/misinterpretation of data)
- Inclusion of any activities that could affect/be associated with the AQ process.

GG observed that Mod81 reports do not show all year activity. DW believed that visibility over the extent of movements over the year might be an adequate control.

BF amended the Terms of Reference to reflect the comments made; any further suggestions would be welcome.

The Terms of Reference will be reviewed with a view to approving at the next meeting.

4. Discussion – Next Steps

Having discussed aspects of the modification (see 2, above) the following actions were agreed to facilitate discussion at the next meeting:

Action WG0501: Provide mock reports containing initial information for consideration at next meeting.

Action WG0502: Define data items and circulate for review.

Action WG0503: Revise modification to reflect comments/suggestions.

At the next meeting:

- the mock reports and data items will be discussed
- the revised modification will be reviewed
- the Terms of Reference will be reviewed/approved.

5. Diary Planning for Workgroup

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

The next Workgroup 0378 meeting will take place on Monday 06 June 2011 at 31 Homer Road, Solihull B91 3LT, and will be accommodated during the business proceedings of the Distribution Workgroup.

Action Log - Workgroup 0378

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0501	17/05/11	4.	Provide mock reports containing initial information for consideration at next meeting.	British Gas (DW)	By 26 May 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0502	17/05/11	4.	Define data items and circulate for review.	British Gas (DW)	By 26 May 2011
WG 0503	17/05/11	4.	Revise modification to reflect comments/suggestions.	British Gas (DW)	By 26 May 2011