

**UNC Workgroup 0379 Minutes
Provision for an AQ Review Audit
Wednesday 06 July 2011
at 31 Homer Road, Solihull B91 3LT**

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Abid Sheik*	(AB)	Ofgem
Alan Raper	(AR)	National Grid Distribution
Ben Knights	(BK)	Total Gas & Power
Chris Warner	(CW)	National Grid Distribution
Darren Lindsay	(DL)	E.ON UK
David Turpin	(DT)	Xoserve
David Watson	(Dw)	British Gas
George Glenn	(GG)	Scottish Power
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
John Harris	(JH)	Xoserve
Karen Kennedy	(KK)	Scottish Power
Linda Whitcroft	(LW)	Xoserve
Lisa Harris	(LH)	Shell
Mark Jones	(MJ)	SSE
Steve Mulinganie	(SM)	Gazprom

*by teleconference

Copies of all papers are available at www.gasgovernance.co.uk/0379/060711.

1. Introduction and Status Review**1.1. Minutes from the previous meeting**

Minutes from the 06 June meeting were accepted.

1.2. Review of actions from previous meetings

WG0501: Revise modification to reflect comments/suggestions.

Action Update: DW confirmed changes would be made. **Closed**

WG0502: Consider the materiality of risk based approach used by the BSC and report to Workgroup.

Action Update: DW had previously indicated his intent to amend the modification in order to introduce a threshold such that an audit will not occur for Shippers with small portfolios and their overall impact of AQ change on the market as a whole. Also see Action WG0602. **Closed.**

WG0601: Xoserve (LW, SP) to consider whether or not Xoserve can identify a means that might help to clarify the rough number of Shippers that might have breached the proposed 85% threshold had it applied historically.

Action Update: LW confirmed that a document had been provided on the T04 position for 2011. KK believed the tables indicated an improvement in performance with the information available. **Complete.**

WG0602: British Gas (DW) to consider defining (within 0379) a pre-audit process; appropriate triggers; and materiality to exclude the smallest players.

Action Update: DW aware of the need for business rules for a pre-audit process whereby the auditor would initially consider reported performance and be able to make a decision based on the process used by Shippers to determine if an audit is necessary and be able to ask questions to understand high performance. CW asked for views on the criteria for appointing an Auditor and whether this could be considered within the business rules. SM queried if there would be an appeals process. It was agreed to amend Action WG0602.

Amended Action WG0602: British Gas to produce a set of business rules to define a pre-audit process, consider an appeals process and the criteria for appointing an Auditor. **Carried Forward.**

WG0603: Scottish Power (KK) to consider defining (within 0379A) a pre-audit process; appropriate triggers; and materiality to exclude the smallest players.

Action Update: KK acknowledged the need for business rules. It was agreed to amend Action WG0602.

Amended Action WG0603: Scottish Power to produce a set of business rules to define a pre-audit process, consider an appeals process and the criteria for appointing an Auditor.

Carried Forward.

WG0604: EDF Energy (SL) to define additional triggers for presentation at next meeting.

Action Update: Item deferred. **Carried Forward.**

WG0605: Scottish Power (KK) to consider (within 0379A) how obligations would be placed on Ofgem; and how supplier charges would be applied.

Action Update: Item deferred. **Carried Forward.**

WG0606: British Gas (DW) to discuss with National Grid Distribution (CW) defining liabilities and the flow of funds within 0379.

Action Update: It was recognised that the mechanism needs to be defined to reconcile any differences. The possible use of the RbD smear was considered. DW questioned if there was another mechanism to adjust. The Workgroup discussed if LSPs are within scope and if how to get monies back in the right place. **Carried Forward.**

2. Discussion

It was agreed that for the next meeting British Gas and Scottish Power were to present a set of business rules, including the criteria for appointing an auditor and an appeals process.

3. AOB

None raised.

4. Diary Planning for Workgroup

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary
Thursday 28 Jul 2011, 31 Homer Road, Solihull, B91 3LT

Action Log - Workgroup 0379

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0501	17/05/11	4	Revise modification to reflect comments/suggestions.	British Gas (DW)	Closed
WG 0502	17/05/11	4	Consider the materiality of risk based approach used by the BSC and report to Workgroup.	British Gas (DW)	Closed
WG 0601	06/06/11	2	Consider whether or not Xoserve can identify a means that might help to clarify the rough number of Shippers that might have breached the proposed 85% threshold had it applied historically.	Xoserve (LW, SP)	Complete
WG 0602	06/06/11	2	British Gas to produce a set of business rules to define a pre-audit process, consider an appeals process and the criteria for appointing an Auditor.	British Gas (DW)	Due for discussion on 28 July
WG 0603	06/06/11	2	Scottish Power to produce a set of business rules to define a pre-audit process, consider an appeals process and the criteria for appointing an Auditor.	Scottish Power (KK)	Due for discussion on 28 July
WG 0604	06/06/11	2	Define additional triggers for presentation at next meeting.	EDF (SL)	Due for discussion on 28 July
WG 0605	06/06/11	2	Consider (within 0379A) how obligations would be placed on Ofgem; and how supplier charges would be applied.	Scottish Power (KK)	Due for discussion on 28 July
WG 0606	06/06/11	2	Discuss with National Grid Distribution (CW) defining liabilities and the flow of funds within 0379.	British Gas (DW)	Due for discussion on 28 July