

UNC Workgroup 0379/0379A Minutes Provision for an AQ Review Audit

Monday 15 August 2011

31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross	(AR1)	Northern gas Networks
Alison Jennings	(AJ)	Xoserve
Chris Warner	(CW)	National Grid Distribution
Colin Thomson	(CT)	Scotia Gas Networks
Darren Lindsay	(DL)	E.ON UK
Dave Corby	(DC)	National Grid NTS
Fergus Healy	(FH)	National Grid NTS
Gareth Evans	(GE)	Waters Wye Associates
Joanna Ferguson	(JF)	Northern Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	Scottish Power
Lesley Ramsey	(LR)	National Grid NTS
Lisa Harris	(LH)	Shell
Mark Jones	(MJ)	SSE
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Steve Mulinganie	(SM)	Gazprom
Sue Prosser	(SP)	Xoserve

Copies of all papers are available at www.gasgovernance.co.uk/0379/150811

1. Review of Minutes and Actions from previous meeting(s)

1.1. Minutes from the previous meeting

The Minutes from the previous meeting were accepted.

1.2. Review of actions from previous meetings

WG0602 (amended): 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.

Update: Action owner not present. **Carried forward.**

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

Update: BF reported that SL had provided a presentation which had been published on the Joint Office website and may be presented at the next meeting.

Closed.

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

Update: Action owner not present. **Carried forward.**

WG0701: Provide Must Read statistics to offer a view of the percentage of access success/fail.

Update: SP gave a verbal update and provided a post meeting presentation on the AQ2011 Calculation Analysis. KK asked how this would impact on AQ calculations. SP responded that the reads obtained might not fit a profile/may not have a previous read/could be excluded (non calculated or infrequently read). KK commented that a high volume of Must Reads could adversely affect a Shipper's performance. SP commented that only Shippers know why a Must Read situation exists for a site. KK questioned if it was more significant for the LSP market. It was noted that appeals could be made using the reads obtained.

Closed.

WG0702: Consider specific reasons why an LSP site would have less chance of calculating an AQ than an SSP site.

Update: GE referred to bundled reads and Primes & Subs; very specific circumstances existed presenting a Shipper with extreme difficulties of site access (dangerous condition of site, MoD sites, railway sites, etc). JW indicated he would report on reasons at next meeting. **Carried forward.**

WG0703: ICOSS to report back on their market and formally respond, quantifying the scale of any issues.

Update: GE reported that the current AQ review work had impeded progress in obtaining information, and would report back at meeting 07/09/11. **Carried forward.**

WG0704: Provide a distribution curve of performance to be used as a comparator for performance rather than the dead band of the 85% performance proposed in the Modification.

Update: SP illustrated the different positions obtainable using inclusions/exclusions of small Shippers. She confirmed that anything calculated was included. It was significant that if you exclude carry forwards it reduces the number of portfolios who may be included in the process audit. Excluding small Shippers with less than a thousand meter points takes it down to about 10%. It may be fairer to use this approach than to operate a straight line.

LSP Shippers raised concerns. For example, if a Shipper had recently taken on a large volume of customers without any previous history this could potentially distort the analysis, pushing the Shipper outside the accepted 'normality of performance', and this would be just due to the Shipper growing its business. KK referred to a similar issue with the loss and gain of significant numbers of customers in the SSP market; a certain proportion will recalculate because Xoserve have the history. SM was concerned that an incoming Shipper's perceived performance should not be besmirched by a previous Shipper's failure to operate. This is a potentially unintended consequence on the incoming Shipper and SP believed this to be a valid point.

SM reiterated that taking on a customer should not prejudice or distort a Shipper's status as a responsible Shipper, due to the poor performance of the previous incumbent and that this factor needed further consideration. GE added that Shippers were naturally displaying a certain amount of nervousness when faced with potential adverse circumstances, the consequences of which remained largely outside their control.

Closed.

WG0705: 5 year grace period - Produce examples and an illustrative timeline to clarify the application to new and established Users.

Update: Deferred to next meeting. **Carried forward.**

2. **Business Rules**

The Business Rules were under revision and will be brought back to the Workgroup for further discussion.

3. **Any Other Business**

3.1 **Warnings Report – LSP and SSP**

SP gave a brief overview of the information provided following the previous meeting, and encouraged the Shippers to focus on the sites that they could actually do something about, and ignore the DE (Dead) and EX (Extinct) categories which were never going to calculate.

KK asked why these 2 categories were still included. SP indicated they were still required to be reported on until such time as they were removed from the systems. Unless they were formally isolated and withdrawn there would still be costs associated with them. MJ pointed out that it was possible the asset could be showing as DE or EX but still have a perfectly live meter point and reading. KK believed there was a report on Dead sites, and JF indicated this should trigger a Shipper to investigate further and consider formal isolation and withdrawal.

SP commented that the LSP market is a bit more reactive due to within year appeals, which affects whether it is calculated or non-calculated, and these can show in Live as well; 15% of the ones that could not calculate were due to appeals.

Shippers believed that the modification should exclude sites about which nothing could be done, and these should be monitored elsewhere. Looking at Modification 0379A perhaps the focus should be on what affects Live AQs and commodity charging – if certain sites/categories of sites do not have any effect on these areas then they should be excluded. ST believed that certain sites would still have an effect if they were not formally isolated, as they will still be attracting charges.

It was suggested that it would be helpful to understand exactly what each status code actually meant.

Action WG0801: Warnings Report (LSP and SSP) - Clarify the meaning/ interpretation of each status code.

SM suggested the Appeals scenarios be excluded if a Shipper is actively doing something about a problem.

CW suggested that Xoserve check what happens with the DE and EX sites, ie if capped or removed has the effect of taking them out of capacity and commodity charges.

Action WG0802: Produce a table to show what charges are attracted to each category, and whether registered sites/appealed sites are included/excluded.

3.2 **Industry SSP (<73,200kWh) AQ Analysis 2008 to 2010**

SP reminded the group that LW had subsequently provided this information following references made to it at the previous meeting.

4. Diary Planning for Workgroup

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

The next meeting of the Workgroup will take place within the business proceedings of the Distribution Workgroup on Thursday 25 August 2011, at Elexon, 350 Euston Road, London NW1 3AW.

Action Log - Workgroup 0379

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
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)	Carried forward
WG 0604	06/06/11	2	Define additional triggers for presentation at next meeting.	EDF (SL)	Closed
WG 0606	06/06/11	2	Discuss with National Grid Distribution (CW) defining liabilities and the flow of funds within 0379.	British Gas (DW)	Carried forward
WG 0701	28/07/11	2	Provide Must Read statistics to offer a view of the percentage of access success/fail.	Xoserve (LW)	Closed
WG 0702	28/07/11	2	Consider specific reasons why an LSP site would have less chance of calculating an AQ than an SSP site.	Shippers (All)	Update due at meeting 07/09/11 Carried forward
WG 0703	28/07/11	2	ICOSS to report back on their market and formally respond, quantifying the scale of any issues.	ICOSS (SM & GE)	Update due at meeting 07/09/11 Carried forward
WG 0704	28/07/11	2	Provide a distribution curve of performance to be used as a comparator for performance rather than the dead band of the 85% performance proposed in the Modification.	Xoserve (LW)	Closed
WG 0705	28/07/11	2	5 year grace period - Produce examples and an illustrative timeline to clarify the application to new and established Users.	Scottish Power (KK)	Update due at meeting 25/08/11 Carried forward

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0801	15/08/11	3.1	Warnings Report (LSP and SSP): Clarify the meaning/ interpretation of each status code.	Xoserve (SP)	
WG 0802	15/08/11	3.1	Warnings Report (LSP and SSP): Produce a table to show what charges are attracted to each category, and whether registered sites/appealed sites are included/excluded.	Xoserve (SP)	