

Review Group 0168 Minutes
Monday 13 September 2007
Elxon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	(JB) Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB) Joint Office of Gas Transporters
Alan Raper	(AR) National Grid Distribution
Andy Miller	(AM) xoserve
Bali Dohel	(BD) Scotia Gas Networks
Chris Hill*	(CH) RWE Npower
Chris Warner	(CW) National Grid Distribution
Joanna Ferguson	(JF) Northern Gas Networks
Jon Dixon	(JD) Ofgem
Kate Potts	(KP) E.ON UK plc
Mitch Donnelly	(MD) British Gas Trading
Nigel Nash	(NN) Ofgem
Richard Dutton	(RD) Total Gas & Power
Richard Street	(RS) Statoil
Simon Trivella	(ST) Wales & West Utilities
Stefan Leedham	(SL) EDF Energy

Apologies

Simon Howe	(SH) RWE Npower
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* *via teleconference*

1. Introduction and Review Group Operation

JB welcomed members to the first meeting and explained that the intention was for the Review Group to run for 6 months, culminating in a Review Group Report being produced for the February 2008 UNC Panel Meeting.

2. Outline of Proposal

MD introduced the Proposal raised by British Gas Trading informing members that a copy of the draft Terms of Reference had been given to Gemserv to enable the corresponding iGT Review Group to understand the work being undertaken within this group.

MD providing a brief summary of the Proposal. Some key areas of the are as follows:

- The Proposer is concerned that, over time, the RbD reconciliation has become inaccurate;
- Proposed replacement of the UK Link system is a main driver for the review;
- Treatment of AQ's going forward (EAC type of solution)
 - Fixed
 - Rolling, and
- What to do with the remaining energy (Unallocated Gas).

Various members then suggested that consideration should perhaps also be given to the following items:

- Costs;
- Data quality;

Whilst in agreement with the general principle, MD advised members that he believes there are potential problems when looking at data quality issues but acknowledged that there maybe benefit gained by considering it in the context of a 'Benefit v's Risk' analysis.

- Identification of GO/NO GO Criteria (i.e. variance);
- Technology & Innovation (i.e. AMR's);

Some members questioned whether this should be in or out of scope, as 'other' groups are already looking into this area, whilst acknowledging that any costs and concerns associated with this matter are global industry wide ones, and

- Possible investigation of Smaller Supply Point (SSP) Reads, as defined within Code.

In response, MD suggested that the group may need to look at reconciliation on a line-by-line basis.

Action RG0168/001: Joint Office (MiB) to ensure that Gemserv are added to the appropriate group email listing.

3. Consider Terms of Reference

JB invited members to review the draft Terms of Reference and provide any required amendments as deemed appropriate.

CW pointed out that there does not appear to be any proposal to look at threshold. MD confirmed this. The review is looking at the category, but Daily Metered is out of scope.

ST pointed out that any benefits accrued as part of this review should, as a minimum, exceed those associated with the current regime.

Members then asked if the proposer's intention is to change either the RbD process or the AQ regime, or 'extinguish' the RbD process altogether. MD responded by suggesting that RbD could continue as the 'smearing mechanism' in future, but the main concerns on accuracy and fair allocation of RbD within the market would remain. However, it is not the intention of the proposer that this would be utilised as a 'reallocation smearing mechanism' should the Authority reject the two related UNC modifications.

xoserve (AM) reminded members, with regard to the current I.T. systems that support the Gas Markets, these do not have scope for any further expansion (scaleability) unless significant investment is undertaken. At the same time, AM pointed out that, when comparing these with the electricity market, their systems were scoped with scaleability considerations built-in.

CW reaffirmed his belief that consideration of accurate and timely meter readings obtained via methods such as AMR are important. However, RS pointed out that the review group should not, and cannot rely on AMR Rollout and therefore questioned the validity of undertaking an in-depth investigation into these. CW stated that he believed this would be a 'missed opportunity' if not considered.

In examining the 'Scope & Deliverable' section, AM suggested splitting item number one (1) into two (2) sub divisions:

- Examination of existing arrangements, and
- Look into future arrangements.

RS stated that he believed that item number four (4) should include costs & benefits, to which Ofgem (NN) added that a specific breakdown would help Ofgem in their future considerations.

Moving on to the 'Limits' section, RD enquired as to what members considered to be the correct level of detail. RS suggested that 'only the amount of detail necessary to identify the solutions and their associated costings (i.e. viability of solutions).

A revised copy of the Terms of Reference incorporating the suggested changes as discussed above, is available to view or download from the Joint Office of Gas transporters web site at:

Action RG0168/002: Joint Office (JB) to refine the Terms of Reference prior to formal submission to the 20 September 2007 UNC Modification Panel meeting.

4. Review Group Process

Chair (JB) asked members to nominate a location for the group meetings, to which the consensus was London. Thereafter, members indicated that they were happy to meet on the second (2nd) Thursday in the month immediately following on from the UK Link Committee meetings. They also agreed that, where appropriate, additional meetings would be arranged.

5. Diary Planning for Review Group

14:00, 11 October 2007 at Elexon, 350 Euston Road, London (immediately following the UK Link Committee meeting)

6. AOB

Chair (JB) asked Ofgem (JD) if he was aware of any forthcoming Ofgem policy decisions that may impact upon the work that the group is to undertake, to which JD responded by saying that he would take this away with a view to reporting back to the next meeting.

JB closed the meetings by summarising three (3) new outstanding actions for individuals, in preparation for the October meeting, as follows:

Action RG0168/003: The proposer (MD) to provide a scheme (plan) of work for the group to consider.

Action RG0168/004: xoserve (AM) to provide an update on the 'current arrangements' and RbD parameters.

Action RG0168/005: Ofgem (JD) to provide a link to their 'Issues Log' to the Joint Office for inclusion within these minutes, as follows: www.ofgem.gov.uk/Licensing/IndCodes/Governance

APPENDIX A.

ACTION LOG - Review Group 0168

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0168/001	13/09/2007	2.0	Joint Office to add Gemserv to the group email listing	Joint Office (MiB)	Completed 13/09/07.
RG0168/002	13/09/2007	3.0	Joint Office (JB) to refine the Terms of Reference prior to formal submission to the September 2007 UNC Modification Panel meeting.	Joint Office (JB)	Completed 14/09/07.
RG0168/003	13/09/2007	6.0	The proposer to provide a scheme (plan) of work for the group to consider.	BGT (MD)	Update at 11 Oct 07 meeting.
RG0168/004	13/09/2007	6.0	xoserve to provide an update on the 'current arrangements' and RbD parameters.	xoserve (AM)	Update at 11 Oct 07 meeting.
RG0168/005	13/09/2007	6.0	Ofgem to provide a link to their 'Issues Log' to the Joint Office for inclusion within these minutes.	Ofgem (JD)	Completed 14/09/07.

* Key to action owners

MiB Mike Berrisford, Joint Office of Gas Transporters

JB John Bradley, Joint Office of Gas Transporters

MD Mitch Donnelly, British Gas Trading

AM Andy Miller, xoserve

JD Jon Dixon, Ofgem