

Review Group 0126 Minutes
Thursday 08 February 2007
Elexon, 350, Euston Road, London

Attendees

John Bradley	(JB)	Joint Office
Mike Berrisford	(MiB)	Joint Office
Alan Raper *	(AR)	National Grid Distribution
Alex Travell *	(AT)	E.ON UK
Alison Jennings *	(AJ)	National Grid Distribution
Andy Miller *	(AM)	xoserve
Chris Hill	(CH)	RWE Npower
Joel Martin	(JM)	Scotia Gas Networks
Karen Kennedy *	(KK)	Scottish Power
Linda Whitcroft *	(LW)	xoserve
Mark Jones	(MJ)	Scottish & Southern Energy
Ndidi Njoku *	(NN)	Ofgem
Paul Gallagher *	(PG)	National Grid Distribution
Phil Broom	(PB)	Gaz de France Energy
Richard Hewitt *	(RiH)	National Grid NTS
Rochelle Hudson *	(RH)	Centrica
Stefan Leedham *	(SL)	EDF Energy
Tim Davis *	(TD)	Joint Office

Apologies

Abid Sheikh	(AS)	energywatch
Marie Clark	(MC)	Scottish Power
Simon Trivella	(ST)	WWU

**Highlighted names indicate teleconference linked*

1. Review of Minutes and Actions

1.1 Minutes

The minutes of the January meeting were accepted with the exception that in item 5.0, second paragraph "LW" and should read "LiW".

1.2 Review of Actions

Appendix A contains a tabulated update on actions.

RG126 0001 – see item 2.1 below

Action RG126 0001: Closed

RG126 0002 – see item 3.1 below.

Action RG126 0002: Closed

RG126 0003 – National Grid Distribution (AR) advised members that there was no specific Transporter Licence condition for LDZ Metering, although he did point out that the Gas Act makes reference to 'Thermal Energy Calculations 1996/97 – LDZ Metering Requirements'.

AR agreed to provide a 'covering' email to the Joint Office clarifying the position. Therefore members agreed to carry forward this action.

Action RG126 0003: Carried Forward

2. Consider Terms of Reference

2.1 Review of the Terms of Reference

The revised Terms of Reference had been presented to the 18 January 07 UNC Panel but the Panel had not considered them. JB asked members if they were happy with the revised Terms of Reference (v3.0), to which members indicated that they were. The Joint Office will resubmit the revised Terms of Reference to the February 07 UNC Panel for their consideration.

Action RG126 0004: Joint Office (MiB) to resubmit the revised Terms of Reference to the 15 February 07 UNC Panel.

3. Review Group Process

3.1 xoserve Impacted Areas & Associated Factors

xoserve (AM) gave this presentation and provided clarity as required:

- Slide 2 – RiH enquired if the rule being illustrated covered all reconciliation types, to which AM responded that it covered all charges on all invoices from all sources.
- Slides 3 & 4 – AM advised that these slides demonstrated the need for a business rule to ensure that any charges raised from X up to 31st March 08, but due for issue in the month of April e.g. the Reconciliation invoice issued at month plus 18 days, could still be issued as valid charges.

National Grid Distribution (AJ) enquired if an effective date of a new period other than the 1st of the month would cause problems, to which LW confirmed it would.

National Grid NTS (RiH) asked why not adopt 'a line in the sand' rather than a 'rolling invoice period' approach. AM considered that the Terms of Reference required an enduring solution and thus xoserve had considered a rolling restricted invoicing period. AM went on to clarify the point that invoices relating to a period pre 01/04/08 would go back to 'x', whereas invoices post 01/04/08 would rollback to 'x1' (but noting the rule demonstrated in slides 3 and 4).

- Slide 7 – AM emphasised to members that the dates are purely there for illustrative purposes,
- Slides 9 & 10 – AM informed members that the graph shows net effect of all reconciliations processed in 2006. The blue line (measured against the right hand scale) displays the net effect in terms of % I&C throughput. The yellow line (measured against the left hand scale) displays the net volume processed via RbD.

EDF Energy (SL) enquired as to what impact the Farningham adjustment would have, to which AM advised that this was included but as the energy was spread over many years it would only have a minor impact on the line.

SL then asked when Mod 0640 reconciliation will take place in 2007. LW advised that last year's invoice will be processed in March which is the norm.

- Slides 11 & 12 – AM advised members that the graph relates to large supply points energy not yet reconciled and that this data maybe helpful in determining the 1st cut over date.

- Slides 13 & 14 – AM advised that this rule for the RbD processing was required in order to keep energy whole across all market sectors.

SL asked what would prevent xoserve from doing both charges (RbD credit/debit) at the same time. LW advised that the RbD treatment of ‘on-line’ reconciliation occurs in the same month. For some ‘off-line’ reconciliations the RbD treatment occurs the following month, this was down to the time the ‘off-line’ reconciliation is processed within the invoicing month.

AM added that the example given seeks to illustrate the need to ensure energy is kept whole across all market sectors. SL agreed with this view, but questioned the need for a new rule as he believes that the current provisions are sufficient. AM did not consider the current provisions catered for this requirement, and there was a need to be explicit about all business rules.

- Slides 15 & 16 – AM provided a brief summary and members indicated that AM then enquired if members had any questions.

JB asked what category of charge applied to Farningham, to which AM replied that it was an LDZ Reconciliation.

Regarding slide 10, National Grid (AJ) asked if information relating to how much energy had been subjected to reconciliation and is in the ‘suppressed pot’, and how much energy had not yet been subjected to reconciliation. AM agreed to take an action and investigate with a view to reporting back to the group at a later date.

JB enquired if the considerations identified on slide 15 are ‘mapped’ to the Review Group Terms of Reference, to which AM responded that they were. JB then asked if anyone had any new items to discuss. AJ indicated that she would like more time to consider the proposals and if she has any new ideas she will route them through the Joint Office. JB suggested that if members have any new suggestions to add to discussions, they should also consider how these fit in with the ToR.

Action RG126 0005: xoserve (AM) to investigate how much energy has been reconciled but is in the ‘suppressed pot’ and how much energy has not yet been subjected to a reconciliation and report back to the group in due course.

JB enquired if xoserve would prefer the group to consider and prepare a set of business rules as part of its role in considering the review proposal to which xoserve (AM) and Centrica (RH) considered that business rules would be beneficial especially if the review group ultimately recommend the raising of a modification proposal. It was agreed that this should be a ‘target’ output from the group’s work.

AM informed members that xoserve would welcome input in identifying the total length of the invoicing period and frequency. JB asked members if they were in agreement that invoice period should start on the 1st of the month, to which all members agreed. Centrica (RH) indicated that she would like to see a 5 year gap, i.e. ‘x’ = 01 Jan 03 and move forward 2 years at a time. One suggestion was to base it on the ‘formula years’, but members concluded that this might prove too difficult. SL asked what the cost was of xoserve keeping data over time, to which AM advised that it is an ‘industry cost’ and the need for an enduring regime would benefit all parties. Supporting this view, PB reminded members that the rollout of AMR in the I&C Market will reduce ‘materiality’ going forward.

At this point, xoserve (AM) proposed developing a series of models based upon a 4 and 5 year period and to provide the information for the next meeting. With regard to slide 9, National Grid Distribution (PG) suggested inclusion of previous years reconciliation profiles would be helpful.

Action RG126 0006: xoserve (AM) to develop a 4 and 5 year models to enable and including previous years reconciliation profiles.

JB asked members what other factors should be considered in determining the RIP and roll-forward frequency. Members suggested the following:

- timing of Mod 640 adjustments
- time to complete portfolio reviews and process adjustments
- USRV resolution timing
- factors outlined in the 122 decision letter
- customer billing
- Ofgem general objectives

JB asked if any members would like to take 'ownership' for identifying the criteria which would inform any Review Group view of RIP. RH agreed to take on this action.

Action RG126 0007: Taking into account the Code Relevant Objectives, (eg efficient and economic operation of the system) Centrica (RH) to identify RIP Criteria and report back to the next meeting.

4. Meeting Schedule

4.1 Agreement of future meetings

JB asked members if they were happy to conduct the next meeting on 8 March 2007 following the UK Link Committee meeting, to which members agreed.

5. Date of next meeting and agenda items

5.1 Agenda Items

JB summarised the meeting by highlighting the main points for the next meeting, as follows:

- Centrica Criteria Presentation by RH, and
- xoserve additional information for agreement of RIP & Roll Forward

5.2 Schedule of Future meetings

Midday for 12:30, 8 March 2007 at Elexon, 350 Euston Road, London

6. AOB

None.

APPENDIX A.

ACTION LOG - Review Group 0126 08-February-07

Action Ref	Meeting Date	Minute Ref (original ref)	Action	Owner*	Status Update
RG126 0001	11/01/07	1.2 (3.0)	Joint Office (JM) to prepare and send terms of reference document to the 18 January 07 UNC Modification Panel for their consideration.	Joint Office (JM)	Completed 12 Jan 07. Closed
RG126 0002	11/01/07	1.2 (4.0)	xoserve (AM) to provide documented evidence of impacted areas and associated factors for discussion at the next review group meeting.	xoserve (AM)	Completed 06 Feb 07. Closed
RG126 0003	11/01/07	1.2 (AOB)	National Grid (AR) to investigate Transporter Licence with regard to validation requirements and report back to the February review group meeting.	National Grid Dist (AR)	08 February 07. Clarrification email to be provided to JO. Carried Forward
RG126 0004	08/02/07	2.1	Joint Office (JM) to resend revised terms of reference document to the 15 February 07 UNC Modification Panel for their consideration.	Joint Office (MiB)	Completed 09 February 07.
RG126 0005	08/02/07	3.1	xoserve (AM) to investigate the nature of the unreconciled energy and report back to the group in due course.	xoserve (AM)	08 March 07.
RG126 0006	08/02/07	3.1	xoserve (AM) to developing a 4 and 5 year models and report back at the next meeting.	xoserve (AM)	08 March 07.
RG126 0007	08/02/07	3.1	Centrica (RH) to identify RIP Criteria and report back at the next meeting.	Centrica (RH)	08 March 07.

*** Key to action owners**

AM Andy Miller, xoserve

AR Alan Raper, National Grid Distribution

JM Julian Majdanski, Joint Office of Gas Transporters

MiB Mike Berrisford, Joint Office of Gas Transporters

RH Rochelle Hudson Centrica