

**Review Group 0126 Minutes**  
**Thursday 11 January 2007**  
**Elexon, 350, Euston Road, London**

**Attendees**

Julian Majdanski	(JM)	Joint Office
Mike Berrisford	(MiB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Jennings	(AJ)	National Grid Distribution
Andy Miller	(AM)	xoserve
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	RWE Npower
Linda Whitcroft	(LW)	xoserve
Lisa Waters	(LiW)	Waters Wye Associates Ltd
Paul Gallagher	(PG)	National Grid
Phil Broom	(PB)	Gaz de France Energy
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Rochelle Hudson	(RH)	Centrica
Steve Pownall	(SP)	National Grid Transmission

**Apologies**

Jon Dixon	(JD)	Ofgem
Richard Hall	(RH)	Ofgem
Mark Jones	(MJ)	Scottish & Southern Energy
Marie Clark	(MC)	Scottish Power
Karen Kennedy	(KK)	Scottish Power

**1. Introduction and Review Group operation**

JM opened the meeting and outlined the principles for the Review Group operation, advising that after their six (6) months they will be required to prepare a Review Group Report making a recommendation to the UNC Modification Panel, which may be the raising of a UNC Modification Proposal.

JM then provided a brief overview of 'related' UNC Modification Proposals 0117 "Amendment to Invoice Billing Period" and 0122 "Restriction of Invoice Billing Period to Price Control", both of which have been rejected by the Authority. He referred to the decision letter, which indicated that the Review Group should consider identifying improvements in the apportionment mechanism and ensure that any solution proposed is enduring rather than incident specific.

**2. Outline of Proposal**

RH provided an overview of the Review Proposal, outlining the recent Farningham LDZ offtake meter error as an example of the problems encountered by the industry. She then went on to indicate that the rationale for raising the proposal is to introduce a restriction for invoice billing periods for retrospective corrections (a backstop date for any future large adjustments/cut offs).

RH explained that the review proposal focuses on two (2x) high level areas, namely:

- the appropriateness of arrangements that form the baseline within the Uniform Network Code (UNC); and
- areas where the UNC is silent but where appropriate arrangements should be agreed and codified in advance of any future metering or billing errors.

Several broad discussions amongst members took place with a view to identifying what would be considered as 'in scope' for the work of the Review Group. Members questioned whether this should cover all meter reconciliation, pointing out that if it was restricted to offtake meters only this could be considered discriminatory.

SP advised members that the representations received against the previous Urgent Modification Proposals 0117 and 0122 had suggested that this was restricted to NTS Offtakes only.

AM advised that the UNC rules apply to all invoice adjustments and any change in the backstop from 1998 would therefore apply to all reconciliation.

Members then went on to enquire if the group should be looking at improving:

- commercial incentives for all parties involved,
- the overall metering regime;

whilst providing a commercial regime that provides confidence that all retrospective liabilities have been addressed i.e. full and final settlements. Members discussed whether or not there was any value in 'splitting' the work into two (2x) groups. JM advised members that should they decide that the work should be split, this would need approval of the UNC Panel by way of revised terms of reference.

AJ suggested that perhaps the best way forward would be to identify the 'end goal' and work out the most effective way to get there. This would help to 'flush out' any commercial issues and that the 0117 and 0122 representations and associated authority decision letters would be an aid to this process.

SP pointed out the limitations of examining only the invoicing side of the equation, suggesting that the aspects of the problem are broader than that, and involve technical issues as well. This view was supported by PG who advised members that whilst National Grid are concerned and care about the problem they do not own all the meters.

Members acknowledged a need to identify regulatory requirements especially as yearly auditing of such meters is impractical.

### 3. Consider Terms of Reference

JM informed members that the UNC Modification Panel anticipate changes to the draft Terms of Reference for the Review Group to be presented for their consideration at the 18 January 2007 meeting.

Members agreed to JM's suggestion to remove the background elements.

Reviewing the 'Scope' section, members agreed to include the current 'backstop date' of February 1998 (a product of IQR). Some members suggested that consideration of a 'rolling regime' (14 months) could build in some flexibility

Members asked for clarity over to cut over to any new regime. JM advised that should the Review Group recommend a Modification Proposal, which changed the regime, the effective implementation date could be set at a future date.

JM asked, and members agreed, that he should send the amended terms of reference to the 18 January 07 UNC Modification Panel meeting

**Action RG126 0001:** Joint Office (JM) to prepare amended terms of reference for consideration at the 18 January 07 UNC Modification Panel.

#### 4. Review Group Process

PG asked for clarity over the term 'initial' to which JM advised that this refers to the first six (6) month period concluding when the Review Group present the Review Group Report to the Panel. However this period could be extended by the Panel.

RCH enquired about the frequency of the group meetings asking if monthly meetings are sufficient, to which JM responded that the terms of reference define a minimum of once per month, at the same time pointing out that the group can agree to increase the number of meetings.

AR suggested that today's meeting had 'set the scene' and that the next meeting should concentrate on identifying the targets. AM responded that xoserve would investigate and produce a document identifying impacted areas and factors for consideration for the next meeting.

**Action RG126 0002:** xoserve (AM) to provide evidence of impacted areas and associated factors for discussion at the next Review Group meeting.

JM asked members if they had any views on the time periods especially with regard to the meetings, when and how many. He went on to suggest that the group could always adopt the UK Link Committee monthly meeting dates as a basis and National Grid (AJ) supported this view.

Members suggested awaiting xoserve's document before confirming a detailed schedule for the meetings. AM indicated that the documentation could be ready in time for a meeting in week commencing 05 February 2007.

#### 5. AOB

BD asked if members had any ideas regarding what, if any impact, the Offtake Arrangements might have, to which PG advised that the validation process is in line with TPRME2 as defined within the UNC OAD Section.

LW stated that she would like to see all the Transporters identify what elements surrounding validation are within their respective licences.

AR responded that he did not believe this to be a licence issue but a UNC OAD one, although he did agree to investigate further and report back to the next meeting.

**Action RG126 0003:** AR to investigate Transporter Licence with regard to validation requirements and report back to the February review group meeting.

#### 6. Diary Planning for Review Group

JM suggested, and members agreed to meeting again on 08 February 2007 at midday following on from the UK Link Committee meeting

#### Schedule of Future meetings

Thursday midday at the Elexon Offices, 350 Euston Road, London on the following dates:

- 08-Feb-07
- 08-Mar-07
- 12-Apr-07
- 10-May-07
- 14-Jun-07
- 12-Jul-07

**APPENDIX A.****ACTION LOG - Review Group 0126 11-January-07**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b> (original ref)	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
RG126 0001	11/01/07	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)	18 January 07
RG126 0002	11/01/07	4.0	xoserve (AM) to provide documented evidence of impacted areas and associated factors for discussion at the next review group meeting.	xoserve (AM)	08 February 07
RG126 0003	11/01/07	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

**\* Key to action owners**

AM Andy Miller, xoserve

JM Julian Majdanski, Joint Office of Gas Transporters

AR Alan Raper, National Grid Distribution