

Review Group 0126 Minutes
Wednesday 4 April 2007
Holiday Inn, 61 Homer Road, Solihull

Attendees

Julian Majdanski	JM	Joint Office
Helen Cuin	HC	Joint Office
Alison Jennings	AJ	National Grid Distribution
Andy Miller	AM	xoserve
Brian Durber	BD	E.ON UK
Chris Hill	CH	RWE Npower
Joel Martin	JMa	Scotia Gas Networks
Karen Kennedy	KK	ScottishPower
Linda Whitcroft	LW	xoserve
Mark Cockayne	MC	xoserve
Paul Gallagher	PG	National Grid
Richard Hall	RHa	Ofgem
Richard Wilson	RW	National Grid
Rochelle Hudson	RH	Centrica
Simon Trivella	ST	WWU
Stefan Leedham	SL	EDF Energy
Steve Pownall	SP	National Grid NTS

Apologies

Alan Raper	AR	National Grid Distribution
Claire Thorneywork	CT	National Grid NTS

1. Review of Minutes and Actions

1.1. Review of Minutes

The Minutes of the previous meeting were approved.

1.2. Review of Action

Action RG126 0008: Ofgem (NN) to confirm the existence of an 'open letter' relating to Meter Assurance Activities and advise the Joint Office.

Action Update: RHa confirmed that the 'open letter' has been deferred pending further consideration.

Action: Complete

Action RG126 0009: Joint Office (Mike Berrisford) to provide a copy of the Final Review Group Report template to xoserve.

Action: Complete

Action RG126 0010: Members to consider their preferred model and report back to the 04 April 07 meeting.

Action Update: See Item 2.1

Action: Complete

Action RG126 0011: xoserve (AM) to add a new Interest Charges on Invoices business rule.

Action Update: See Item 2.3

Action: Complete

Action RG126 0012: xoserve (AM) to commence drafting the Review Group Report and provide for publication.

Action: Complete

2. Review Group Process

2.1. Selection of a preferred model

A number of the Review Group members expressed a preference for the 5-year model. There was a general consensus that this model had less risk than the other shorter-term models. However SL expressed a preference for the 4-year model. He also expressed a concern in relation to the LDZ Shrinkage Adjustment Factors, which are cut off after 18 months.

SL suggested that the Review Group Report recommend that the chosen 5-year model should be reviewed with the possibility of reducing to a shorter-term in the light of experience.

2.2. Identification of potential drawbacks (straw man)

JM asked if anybody had a list of drawbacks following on from last month's discussions.

RHa (Ofgem) referred to 0117 and asked if a rolling period ought to be considered.

The Review Group discussed filter failures. RW requested what progress had been made with USRVs. LW confirmed that British Gas Trading (BGT) had produced a draft Modification Proposal and that xoserve, BGT and another Shipper met to discuss the Proposal and examine how the process could work. LW confirmed that the ideal situation would be for all USRVs to be resolved but this may not be possible. It was stated that the intention was to go to a hard cut-over on the basis that the USRVs were also considered. SP suggested that the proposed 0126 regime would be an incentive for the resolution of USRVs.

SL expressed concern with Distribution Workstream discussions potentially leading to a reform of incentives as this may impact on any decision for Review Group 0126.

BD suggested a project arrangement might need to be established for the resolution of USRVs. MC expressed concern on the impact on resources. LW expressed a concern over placing a dependency on the resolution of USRV filter failures before the possible implementation of any new regime resulting from the Review Groups recommendations.

BD expressed concern of other issues outstanding such as shipper less sites, and unconfirmed site-works but AM confirmed that these issues would have no impact.

PG expressed a concern with the interdependency with the 0131 Review Group. SL confirmed that the 0131 Review Group would need to be aware of any impacts on the 0126 regime.

2.3. Preparation of the draft Review Group Report

AM provided a presentation on the business rules and a number of scenarios on the provision of reads for roll forward periods.

LW clarified that there would be an incentive to resolve any rejected reads through the filter failure regime.

AM confirmed that xoserve undertook an exercise and established that no reads were provided during April 2005 that predated April 2003.

The Review Group then considered and started to draft the Review Group Report.

BD questioned if I&C CSEP reconciliations would be included.

PG raised a concern relating to the impact of the proposed RIBP on the percentage of NTS/LDZ reconciliation costs that would be socialised. He referred to a spreadsheet he had produced and would provide for the Joint Office website illustrating a proportion of costs that would be socialised dependant upon the agreed length of the RIBP. PG explained that applying the 5-year rule the model would, based on historical data, potentially socialise 14% of NTS/LDZ reconciliation costs. RH challenged that, as the 0126 model is a rolling 5-year period the loss indicated might be significantly reduced. PG agreed to re-examine the model to understand the true impact against the 4-5 year, annual hard cutover model and the likely impact in relation to throughput. RH confirmed that 14% of all NTS/LDZ errors might only represent a very small percentage of all the reconciliations carried out which in turn represent only 1% of total throughput.

SL expressed concern regarding incentives relating to cost recovery.

AJ highlighted that the incentives to provide requisite metering is an overriding incentive.

Action RG126 0013: Review Group to consider the Advantages and Disadvantages and submit these to the Joint Office by 13 April 07 for inclusion of the Review Group Report.

RW suggested that the review group would need to consider the relevant objectives.

British Gas Trading confirmed that they would be prepared to draft a Modification Proposal. AJ and ST offered to assist.

3. Diary Planning for Review Group

24 April 2007, at a location to be confirmed (Solihull).

4. AOB

APPENDIX A.**ACTION LOG - Review Group 0126 14-March-07**

Action Ref	Meeting Date	Minute Ref (original ref)	Action	Owner*	Status Update
RG0126 0008	14/03/07	3.3	Ofgem to confirm the existence of the 'open letter' relating to Meter Assurance Activities and advise the Joint Office.	Ofgem (NN)	Action: Complete
RG0126 0009	14/03/07	5.1	Joint Office to provide a copy of the Final Review Group Report template to xoserve.	Joint Office (MiB)	Action: Completed 19 March 07.
RG0126 0010	14/03/07	5.1	Members to consider their preferred model and report back to the 04 April 07 meeting.	All	Action: Complete
RG0126 0011	14/03/07	AOB	xoserve to add a new Interest Charges on Invoices business rule.	xoserve (AM)	Action: Complete
RG0126 0012	14/03/07	AOB	xoserve to provide, if possible, background figures for the slides numbered 23 to 26 in their presentation.	xoserve (AM)	Action: Complete
RG0126 0013	04/04/07	2.3	Review Group to consider the Advantages and Disadvantages and submit these to the Joint Office by 13 April 07 for inclusion of the Review Group Report.	All	Action: Due 13 April 2007