

**Review Group 0175 Minutes**  
**Thursday 04 March 2008**  
**Renewal Conference Centre, Solihull**

**Attendees**

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Phil Broom (Proposer)	PB	Gaz de France
Brian Durber	BD	E.ON UK
Chris Warner	CW	National Grid Distribution
Linda Whitcroft	LW	xoserve
Phil Lucas	PL	National Grid Distribution
Steve Mullinganie	SM	ECO European
Sue Sherry	SS	xoserve
Richard Street	RS	Corona Energy

**Apologies**

Anna Pechilivanidou	AP	Ofgem
Joel Martin	JMa	Scotia Gas Networks
Richard Pomroy	RP	Wales & West Utilities
Simon Trivella	ST	Wales & West Utilities

**1.0 Introduction and Status Review**

**1.1. Minutes from the December Review Group Meeting**

CW requested the following amendment to January's minutes, Section 2.0 paragraphs following Action 0011

JD believed that the costs associated with possible extremes also need to be understood as system development may be required if all I&C sites decided they wanted to utilise Daily Meter Reading, irrespective of the changes being considered by the Review Group. JD also expressed the need for cost and benefit analysis and Ofgem's preference of avoiding the production of a Final Modification Report without any the inclusion of relevant cost/benefit information.

CW expressed concern as to the apparent limited interest being shown in the group and by implication the desire for a new regime with only three Shippers being present at the meeting. CW suggested the possible involvement of ~~with~~ the Gas Forum may be useful in gauging the extent of likely participation in an unbundled DM regime.

The Minutes of the previous meeting were then approved.

**1.2. Review of Actions from previous meetings**

**Action 0001:** All to consider the models provided, including the advantages and disadvantages, for further discussion.

**Action Update:** Further consideration may be required.

**Action:** Carried Forward.

**Action 0003:** Transporters to consider the potential cost of each model.

**Action Update:** PB confirmed that he had discussed the models with National Grid and Shippers and hoped to formulate a workplan at the next meeting as soon as the cost analysis was available. He believed that a further three meetings would be required before conclusion of the Review Group and that the workplan ought to focus on the analysis, system costs and various options, the likely take up and the benefits of each model.

**Action:** Carried Forward.

**New Action 0012:** Joint Office to request a three month extension at March Panel Meeting.

**Action 0004:** Transporters to investigate the proportion of costs attributed to each model.

**Action Update:** xoserve also agreed to examine the capabilities and likely economics of each model.

**Action:** Carried Forward.

**Action 0007:** xoserve to confirm the extent of the validation processes.

**Action Update:** LW confirmed that the data-logger is not used to validate.

**Action:** Complete.

**Action 0008:** xoserve to investigate and confirm the type of failures and frequency of failure types.

**Action Update:** LW confirmed that there are no statistics available however the type of failures tends to relate to tolerances and that a read was not expected. SS confirmed the tolerance is twice the daily average and that three or more consecutive zeros will produce a report for further investigation.

**Action:** Complete.

**Action 0009:** xoserve to confirm what asset details would be required.

**Action Update:** LW believed all automated files contain the MPRN and read. However LW will re-confirm what the file contains to validate the read.

**Action:** Complete.

**Action 0010:** xoserve to identify the cost of increasing the system capacity for submission of daily meter reads.

**Action Update:** Still under investigation.

**Action:** Carried Forward.

**Action 0011:** National Grid Metering and National Grid Distribution to examine Step 1 of the Daily Read Delivery Requirement for a capacity costing of a commercial arrangement base on 50,000 100,000, 150,000 and 200,000 reads.

**Action Update:** Still under investigation.

**Action:** Carried Forward.

## 2.0 Review Group Discussion

CW provided a spreadsheet containing the UNC changes required for unbundling the elective DM market. It considered the differing sections of the code, primarily UNC Sections M4 and M5. CW believed that a new section would also be required to manage a new supply type Daily Metered Elective (DME).

BD expressed his concern over creating a new category and the criticism that this may create. SM was concerned that a new category would create extra complexity. CW confirmed he had considered the impacts to the system and the use of existing file formats. RS was unsure why a new supply type would be

needed. CW explained the difference between mandatory DM and the use of elective Independent Datalogger equipment.

SM questioned option 4 and whether this was a delivery hub for information before the aggregation of data for xoserve. CW confirmed that xoserve would provide multiple routes rather than setting up multiple IX equipment.

The Review Group discussed the provision of reads and the possibility of a read being provided in error for a site that did not belong in their portfolio. LW confirmed that the validation process would not check whether a read was provided by the appropriate shipper.

SM challenged that all xoserve need to know is that the site is DM and that a read is expected within a certain read window. CW believed that xoserve need to understand where the meter read will be coming from to ensure that estimated reads are not triggered.

RS challenged the costs associated with creating a new DM type. CW explained that all sites consuming over 2million therms are mandatory DM which require Transporter owned Datalogger equipment. In theory anything under this threshold would effectively be unbundled and it would up to the Shipper to undertake the appropriate obligations. RS questioned who the mandatory asset is owned by and it was believed that this was NG Metering. LW explained that there are currently sites that are DM under the 2million threshold. CW suggested that any sites under the 2million threshold should be controlled by the Shipper.

BD suggested that sites below the threshold could have some sort of legacy arrangement whereby they wouldn't have to become an elective DM. CW believed that the complexities of maintaining legacy sites below the threshold as Mandatory DM would need to be investigated.

SM suggested some transitional arrangements could be created to account for large site consumers. SS suggested there were approximately 480 sites that have dropped below the threshold. SM was concerned that anticompetitive structures are not created.

Concern was expressed about the impact of the rolling AQ review on threshold crossers. RS confirmed that the rolling AQ Review would still be an annual process for these sites to avoid sites fluctuating forwards and backwards across the threshold.

**Action 0013:** xoserve to investigate the complexities of using a different supply type or the use of an AQ driven regime.

SM expressed an interest in the history of threshold crossers to understand the likely variations, and the number of sites involved.

**Action 0014:** xoserve to provide some statistical analysis on threshold crossers.

**Action 0015:** xoserve to investigate the asset information that is required for the DM nominations and confirmation files and the possibility of using a default AIS.

The principle of re-synchronising reads when Shipper assets replace Transporter assets was discussed. PB explained that Shippers are commercially incentivised to act appropriately and to ensure statutory obligations are met. SS expressed a concern with the impact on the NDM market if re-syncs are not undertaken.

Shippers believed that with AMR equipment there wouldn't be much drift. Nevertheless BD believed that the scenario of drift should not to be ignored. SM did not foresee changing the existing regime with regards to re-synchs.

LW expressed concern regarding the possible manual intervention required. SS explained that the DM service provider puts a read on the system for a re-synchronised read which creates reconciliation and these are manually checked by xoserve. This involves adding or subtracting the consumption as a read cannot be replaced.

LW asked if Shippers would want xoserve to provide validation. SM challenged that Shippers should take control of the data and should be checking that the service provider is providing accurate reads. BD agreed that some validation should exist. PB agreed that there should be some sort of backstop validation.

The principles around "user failure to provide reads" was discussed and whether protection needs to be provided in the way of must reads. CW expressed a concern for RbD Shippers as he perceived the possibility of gaming. RS believed that Shippers will have a vested interest in insuring that the AMR equipment is maintained. PB believed that there may be an argument for a must read requirement, perhaps if actual reads have not been provided for four months, in the event of equipment failure.

LW challenged that where there was no read data available then a default estimate should be provided i.e. the use of AQ/365 where an opening read is not provided. CW believed that where reads are not provided Transporters would produce an estimate. SM believed the ultimate solution is that Shippers can provide D-7 estimates where actual reads have not been provided. CW was concerned about the perception of the industry allowing the provision of Shipper estimates. SS challenged that if estimates were to be considered then the validation of these would also need to be considered. CW pointed out that currently, only Transporters are able to provide estimates. SS was unsure of the use of Shipper estimates.

Close out reconciliation was discussed and it was agreed that this needed to be considered further. SM believed the bi-annual inspection read which includes capturing a read within the NDM Monthly market, could be used as a check read which locks the reconciliation position.

**Action 0016:** xoserve to look at an alternative method for obtaining check reads.

The Daily Read Error challenge mechanism was discussed. SS explained that a replacement read functionality cannot replace actual reads. Only consumption can be currently replaced. It was discussed that estimates can be replaced within D7. It was envisaged that there may be a need for a replacement read facility but this would mean extending the current functionality. In principle it was agreed that there should be a challenge mechanism.

Incentivising performance for meter reads was discussed. The Review Group considered the need for a must read provision and the appropriate period. RS believed that daily estimates for equipment failure would need to be provided by the Transporter. CW highlighted that there are liabilities which are currently ratcheted. SM believed that the current liabilities may not be appropriate for the elective regime as it would be disproportional. The current liabilities are appropriate for the mandatory DM market with very large consumptions. RS suggested that the current "must read" regime should continue for the market as it

exists, based on NDM Monthly sites. RS believed that there was no added risk to reflect the NDM Monthly market. BD believed that the D-7 regime was acceptable. SM believed that a window for re-establishing the AMR read equipment should exist, he suggested that AMR reads could be re-established within a week, with the possible use of daily customer reads, however he believed that if the meter rotary rig fails it could take up to 6 months for the meter to be replaced. SS suggested a daily consumption could be provided until the issue is resolved and reconciled when a read is available. RS believed that the regime needs to reflect the risk because the Shipper may as well re-nominate the site as an NDM.

**Action 0017:** All to consider a workable regime for must reads.

Capacity and Offtake was briefly discussed and the application of ratchet charges.

National Grid agreed that the reviewed spreadsheet would be updated and provided with the minutes, recording the significant issues raised and that this could be used as an appendix to the Review Group Report. It was agreed that the spreadsheet would assist with the development of the Business Rules.

It was agreed that the plan for the next meeting would be to consider the costs of a DM Elective regime. RS suggested that Shippers need to consider who are likely to want an AMR service and the physical ability for the installation of AMRs.

**Action 0018:** Shippers to consider the likely installation of AMRs.

PB hoped for the next meeting all analysis can be brought together, it was agreed not to set a meeting date until the data was available

### **3.0 Diary Planning for Review Group**

To be Confirmed.

### **4.0 AOB**

None.

## APPENDIX A.

## ACTION LOG - Review Group 0175

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0175 0001	22/11/2007	2.0	All consider models provided, including the advantages and disadvantages.	All	Action: Carried Forward
RG0175 0003	22/11/2007	2.0	Transporters to consider the potential cost of each model.	Transporters	Action: Carried Forward
RG0175 0004	18/12/2007	2.0	Transporters to investigate the proportion of costs attributed to each model.	Transporters	Action: Carried Forward
RG0175 0007	24/01/2008	2.0	xoserve to confirm the extent of the validation processes.	xoserve (LW)	Action: Complete
RG0175 0008	24/01/2008	2.0	xoserve to investigate and confirm the type of failures and frequency of failure types.	xoserve (LW)	Action: Complete
RG0175 0009	24/01/2008	2.0	xoserve to confirm what asset details would be required.	xoserve (LW)	Action: Complete
RG0175 0010	24/01/2008	2.0	xoserve to identify the cost of increasing system capacity for daily meter reads submission.	xoserve (LW)	Action: Carried Forward
RG0175 0011	24/01/2008	2.0	National Grid Metering and National Grid Distribution to examine Step 1 of the Daily Read Delivery Requirement for a capacity costing of a commercial arrangement base on 50,000 100,000, 150,000 and 200,000 reads.	NGM and NGD (SF and CW)	Action: Carried Forward
RG0175 012	04/03/2008	1.2	Joint Office to request a three month extension at March Panel Meeting.	Joint Office (JM)	Action : Pending

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0175 013	04/03/2008	2.0	xoserve to investigate the complexities of using a different supply type or the use of an AQ driven regime.	xoserve (LW)	Action : Pending
RG0175 014	04/03/2008	2.0	xoserve to provide some statistical analysis on threshold crossers.	xoserve (LW)	Action : Pending
RG0175 015	04/03/08	2.0	xoserve to investigate the asset information that is required for the DM nominations and confirmation files and the possibility of using a default AIS.	xoserve (LW)	Action: Pending
RG0175 016	04/03/2008	2.0	xoserve to look at an alternative method for obtaining check reads.	xoserve (LW)	Action : Pending
RG0175 017	04/03/2008	2.0	All to consider a workable regime for must reads.	All	Action : Pending
RG0175 018	04/03/2008	2.0	Shippers to consider the likely installation of AMRs.	All Shippers	Action : Pending