

**Determination of Daily Calorific Values Review Group (UNC0251)
Minutes
Wednesday 13 May 2009
By Teleconference**

Attendees

Tim Davis (Chair)	TD	Joint Office
John Bradley (Secretary)	JB	Joint Office
Adam Sims	AS	National Grid NTS
Dave Lander	DL	Dave Lander Consulting
Dave Tilley	DT	National Grid Distribution
John McNamara	JM	National Grid NTS
Ljuban Milicevic	LM	Ofgem
Phil Hobbins	PH	National grid NTS
Richard Wilson	RW	National grid NTS
Stefan Leedham	SL	EDF Energy
Steve Rose	SR	RWE npower
Steve Sherwood	SS	Scotia Gas Networks

Apologies

Simon Trivella	Wales & West Utilities
Chris Wright	Centrica
Richard Street	Corona Energy
Brian Durber	EON UK

1. Introduction and Review Group Operation

TD welcomed members to the teleconference and briefly explained the UNC Review process. The expectation is to meet monthly and produce a Review Group Report for consideration by the UNC Panel in October.

2. Outline of Proposal

PH explained that the Proposal had been raised to consider unbilled energy as a result of CV variations in a charging zone. The variation may increase in future because of new supplies entering the network and different NTS flow patterns as a result of new entry points beginning to operate. Shrinkage may therefore increase, imposing a cost on the industry. National Grid NTS believes it is worth looking at the methodology and seeing if it is possible to remove the additional cost from the industry by making sure what is billed is closer to what is being consumed.

SL indicated that the cost to domestic shippers as a result of the Regulations is far larger than the cost to National Grid NTS and suggested this should also be considered.

PH envisaged a two stage Review Group process. The first stage would involve identifying the magnitude of the problem and the second would look to develop alternative arrangements if this was felt necessary in light of the first stage.

3. Consider Terms of Reference

The draft terms of reference were discussed and agreed subject to some clarifications and adjustments. SR suggested making it clearer that much of the Review would necessarily focus on the Regulations, notwithstanding that this is a UNC Review Group. DT sought confirmation that the scenarios would consider biogas, which was conformed. LM indicated that Ofgem would like to see meter accuracy included in the scope, although others felt this, while important, was beyond the Group's remit. LM agreed to circulate a note about this. SL suggested the impact on end consumers should be considered, particularly if the CV changes might be sufficient to impact appliances - this was also felt to be beyond the remit of the Group.

Action RG0251 001: Ofgem (LM) to circulate a note regarding meter accuracy.

Action RG0251 002: Joint Office (TD) to amend draft Terms of Reference in light of discussions. (*Post meeting note: these are available on the JO website.*)

4. Review Group Process

It was agreed that the Review Group should reconvene once National Grid NTS has completed development of some scenarios, which would be circulated to the Group in advance of the meeting.

From the Terms of Reference, the next meeting will therefore seek to cover:

- Identify future gas network flow scenarios associated with:
 - potential new sources of gas entering the NTS and/or directly entering DNs, including biogas;
 - deliveries from existing sub-terminals if all were to adopt the full range of gas quality parameters as set out in the Gas Safety (Management) Regulations 1996 and in Appendix 5 of National Grid NTS's Ten Year Statement;
- For a range of identified future gas network flow scenarios, forecast levels of unbilled energy based on the current rules for calculating daily billable CVs; and
- Analyse the cost impacts of the identified unbilled energy scenarios, including Shipper and Supplier costs, in particular, assessing whether any parties may be unduly disadvantaged.

SL agreed to present information on the costs to Shippers from the present approach, and would coordinate estimates from other Shippers if available.

Action RG0251 003: National Grid NTS (PH) to develop scenarios and circulate findings ahead of the next meeting.

Action RG0251 004: EDF (SL) to present Shipper costs of CV capping at the next meeting.

5. Diary Planning for Review Group

10:00 Friday, 26 June 2009, venue to be confirmed.

6. Any Other Business

None raised.

ACTION LOG - Review Group 0251: 13 May 2009

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0251 0001	13/05/2009	3.0	Circulate a note regarding meter accuracy.	Ofgem (LM)	
RG0251 0002	13/05/2009	3.0	Amend draft Terms of Reference in light of discussions.	Joint Office (TD)	<i>Published 13 May</i>
RG0251 0003	13/05/2009	4.0	Develop scenarios and circulate findings ahead of the next meeting.	National Grid NTS (PH)	
RG0251 0004	13/05/2009	4.0	Present Shipper costs of CV capping at the next meeting.	EDF (SL)	