

**Review Group UNC0264 Minutes**  
**Tuesday 01 September 2009**  
**Teleconference**

**Attendees**

John Bradley (Chair)	JB	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Alison Meldrum	AM	Corus Group
Anna Taylor	AT	Northern Gas Networks
Chris Hill	CH	RWE npower
Chris Warner	CW	National Grid Distribution
Dean Johnson	DJ	xoserve
Emma Smith	ES	xoserve
Gareth Evans	GE	Waters Wye Associates
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
Karron Baker	KB	Ofgem
Kevin Woollard	KW	British Gas
Lesley Ramsey	LR	National Grid NTS
Mark Jones	MJ	SSE
Richard Street	RS	Corona Energy
Shelley Rouse	SR	Statoil (UK)
Steve Marland	SM	National Grid Distribution

**Apologies**

Anne Jackson	AJ	SSE
Simon Trivella	ST	Wales & West Utilities

**1. Introduction and Review Group Operation**

JB welcomed members to the first meeting and explained the UNC Modification Rules (UNC Modification Rules Section 11) governing UNC Review Groups. The intention was to hold industry meetings (at an agreed frequency) to discuss the Review Proposal, to identify and clarify any issues and potential solutions, and produce a Review Group Report for consideration by the UNC Panel and other governing bodies in October.

JB also pointed out that although Review Groups had a defined membership, there was a general policy to hold open meetings which any interested party may attend.

**2. Outline of Proposal**

CW introduced the Proposal raised by National Grid Distribution and explained the background to the origin of this Review Proposal.

Previously three Proposals had been raised relating to this area and all three were rejected by Ofgem. In its decision letter, Ofgem cited a lack of evidence and analysis on the topic/substance of the Modification Proposals as a reason for rejection, commenting that it also expected that DNOs carry out analysis to see if differential treatment was in fact appropriate and, if so, to define a way forward.

Following up on these points, National Grid Distribution has commissioned xoserve to look more closely at this area, as encompassed in the UNC and its supporting regimes, to see if anything may be done to begin to address any recognised issues. CW reiterated that, although not convinced that the UNC would at the end of any deliberations be the most appropriate place to achieve a solution, a Review Group appeared to be the best way to address the issues. This would enable clearer industry-wide identification of any problems, potential short/long term solutions and establish appropriate route(s) to move forward for resolution. CW also pointed out that the DNOs were mindful of impending change to the interruption regime in 2011, and that it may be prudent to consider facilitation of this while reviewing any potential solutions.

CW, as a Transporter, recognised that there needed to be a deeper comprehension of the interactions and potential issues that may form and surface between the onward chain of relationships (Transporter/Shipper/Supplier/Consumer), and that it was hoped that these would become evident as the work progressed.

### 3. Consider Terms of Reference (ToR)

The ToR were considered and discussed.

AM and RS believed that SHQs were not relevant and should be excluded (referred to in the draft Terms of Reference). It was agreed that the Group would not focus on this and CW pointed out that the reference to SHQs in the document simply reflected Ofgem's statement and was not intended to imply any work needed to be done on this aspect.

CW emphasised that, as a first step, the group needed to understand the issue more clearly. A consumer's perspective was required on what was causing the problem, and whether it could be identified as being rooted in the UNC or elsewhere, ie a quantification of the problem and a quantification of the scale. AM thought that this had already been done. KB responded that there had been no real assessment of what the impacts would be of any potential solution (not what the problem was) on consumers.

CW indicated that the debate on the identified problems might usefully be recycled, whilst considering the interactions between the various parties in the relationship chain and how different factors (simple or complex) filter through; was it a simple or complex billing relationship? RS believed that a recycling of previous debate would not add much value and preferred to see the debate move forward. He offered to meet with CW to discuss the problem, review the impacts and discuss what analysis may be required, which could then be brought to the next meeting.

**Action RG0264 001: CW and RS to review the problems, impacts and analyses required, and provide an update to the next meeting.**

In response to a clarifying question from JB, KB confirmed that Ofgem had nothing particular in mind in respect of 'transitional relief' and merely wished to indicate that it did not want to exclude anything else from being developed.

JB pointed out that the emphasis should be on *can* it be done, **and** *should* it be done. Members agreed to this.

CW added that xoserve was continuing with the work; DJ reported that the rules and options were being refined and there would be something to report on potential transitional relief options fairly soon.

**Action RG0264 002: CW and DJ to report on potential transitional relief options to the next meeting.**

JM suggested the inclusion of consideration of implications on capacity planning.

The Membership of the Review Group was considered and adjusted. Noting that Corus and MEUC were the only consumers represented, AM added that she would ask other consumers, including other Energy Intensive User Group members, if they wished to become more directly involved in future meetings.

JB agreed to amend the draft Terms of Reference considering today's discussions and publish these for further consideration.

**Action RG0264 003: Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.**

**4. Review Group Process**

It was believed that a number of sessions would be required to consider all the topics.

Following a brief discussion the group agreed to the aspiration that meetings should be convened twice a month. CW expressed sympathy with this view but cautioned that preparing material in advance at this frequency might be challenging.

The next meeting would focus on an initial analysis of the problem(s) together with any potential transitional reliefs.

**5. Diary Planning for Review Group**

10:00 Wednesday, 16 September 2009, Holiday Inn, 61 Homer Road, Solihull

**6. AOB**

None raised.

**ACTION LOG - Review Group 0264: 01 September 2009**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>RG0264 0001</b>	01/09/2009	3.0	CW and RS to review the problems, impacts and analyses required, and provide an update to the next meeting.	National Grid Distribution (CW) and Corona Energy (RS)	Pending
<b>RG0264 0002</b>	01/09/2009	3.0	CW and DJ to report on potential transitional relief options to the next meeting.	National Grid Distribution (CW) and xoserve (DJ)	Pending
<b>RG0264 0003</b>	01/09/2009	3.0	Joint Office to amend draft Terms of Reference in light of discussions and publish for comment on the Joint Office website.	Joint Office (JB)	Published. <b>Closed</b>