

User Pays User Group Minutes
Friday 17 October 2008
at Energy Networks Association,
6th Floor, Dean Bradley House,
52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	TD	Joint Office
Lorna Dupont (Secretary)	LD	Joint Office
Alan Raper	AR	National Grid Distribution
Andy Miller	AM	xoserve
Bali Dohel	BD	Scotia Gas Networks
Collette Baldwin	CB	E.ON Energy
Dave Addison	DA	xoserve
David Hayton	DH	RWE npower
Graham Frankland	GF	xoserve
Helen Barratt	HB	xoserve
James Crosland	JC	Corona Energy
Jemma Woolston	JW	Shell
Joel Martin	JM	Scotia Gas Networks
Kevin Woollard	KW	British Gas
Lorna Gibb	LG	Scottish Power
Mark Cockayne	MC	xoserve
Richard Phillips	RP	RWE npower
Robert Cameron-Higgs	RCH	Northern Gas Networks
Rosie McGlynn	RM	EDF Energy
Simon Trivella	ST	Wales & West Utilities

1.0 Introduction and Status Review

TD welcomed attendees to the meeting.

1.1. Minutes from the previous Meeting (08 September 2008)

The minutes of the previous meeting were approved.

1.2. Review of Actions from previous meetings

The outstanding actions from previous meetings were reviewed.

UPUG 0021: Transporters to reconsider signing the User Pays contract and return to next meeting with reasons for their decisions.

Update: The Transporters gave an update on their positions.

JM (SGN) reported that SGN's lawyers were discussing various areas of concern with xoserve. It was possible that if agreement could be reached then SGN will sign the contract.

RCH (NGN) reported that NGN was not particularly minded to sign the contract at present, but in view of SGN's position will continue to address this.

Both AR (NG UKD) and ST(WWU) reported a similar position to NGN. There were no service lines relevant to sign up to; the Transporters procure the services differently and had a presence at SPAA; the governance and change of services was covered through the ASA, but if it helped to move the situation forward then the parties may be prepared to sign the contract as 'an act of convenience'. ST would however like a clearer idea of what WWU would be buying by signing.

RP asked the Transporters if they would withdraw from these discussions if they did not sign the contract, since the debate should be between parties to the contract. ST responded that this was an open meeting and any persons should be welcome, for example prospective new entrants. CB observed that the Transporters took the services under the ASA and should discuss their receipt of such in that forum; once the User Pays contract was finalised their presence may be more acceptable. ST pointed out that the Transporters' presence was due in part because this was linked to the ACS and there was a Licence condition in effect to provide it; the Shippers had asked the Transporters to consider signing the contract and this had naturally elicited greater interest on their part. MC thought that the ToR should make clear the Transporters' capacity for presence.

RP was concerned that two contracts would be running in parallel and could impact each other. CB added that there was a risk of dual governance, with different contract terms for each of what were in effect identical services - one set of arrangements would be cleaner and more straightforward. RM pointed out that there may be an impact on the Transporters' businesses when changes were effected, and wondered if the Transporters were happy to place themselves in a position where they must trust the UPUC to act in a manner not against the Transporters' interests.

Action carried forward.

UPUG 0028: xoserve to review the file/form functionality.

Update: This was still under review. **Action carried forward.**

UPUG 0039: Voting models - xoserve (AM) to organise some models with different scenarios, and provide some information on market segmentation to give a better indication of how a balance may be struck.

Update: Covered under agenda item 3. **Action closed.**

UPUG 0040: xoserve (GF) to produce Terms of Reference for both UPUC and UPCEG.

Update: Covered under agenda item 4. **Action closed.**

UPUG 0041: xoserve process - All to feed back comments on process to xoserve within the next 2 weeks to inform redevelopment of the main contract.

Update: Completed. **Action closed.**

UPUG 0042: xoserve to define UPUC SLD change process in main contract.

Update: Covered under agenda item 4. **Action closed.**

UPUG 0043: xoserve (DA1) to establish whether changes can be made to the log in screens, and if so, arrange for the statement at Note 3 (Create Profile screen and any other screens identified as including this statement) to be rephrased to read "At least one special character (i.e. \$, #, and _) must be included.

Update: DA confirmed that this had been completed. **Action closed.**

UPUG 0044: CB to forward examples of 'incomplete' new account creation requests to GF for investigation and response.

Update: Completed. **Action closed.**

2.0 Contract Update

xoserve were complimented on the material provided for the meeting.

GF gave a presentation explaining the changes made to the contract, setting out the key points together with some graphics to aid clarity to the understanding of the contract structure and governance. HB suggested that members might like to share the graphics with their lawyers before reviewing the contract document.

RM questioned how it might work if not everyone signed following completion of the change process. GF acknowledged that it would be a potential challenge to get everyone to sign, but this was felt necessary from a legal perspective. TD pointed out that included in the contract is an obligation to sign, but conceded that enforcement may prove difficult. RM suggested that the mechanism could be explored under the auspices of the UPCEG.

RM also commented that much progress had been made and the Shippers welcomed the positive approach that had been taken.

TD pointed some omissions in the service schedule change process in respect of publishing times and locations, which were neither in the Contract nor the ToR; GF agreed to include the equivalent process map from the UPCEG ToR in the UPUC ToR.

Action UPUG0045: xoserve (GF) to include change process steps in the UPUC ToR.

The Refinements Register was briefly reviewed and AM noted comments made by LG relating to Clause 10.1.

The next steps were reviewed and the timeline was discussed. It was agreed that:

- following the review of the contract by the Customers' legal teams, comments would be forwarded to xoserve by Friday 14 November 2008;
- the meeting scheduled for 10 November 2008 was no longer required and would be cancelled; and
- a UPCEG meeting would be organised for 20 November 2008 to carry out a page turning exercise.

KW asked whether the change process in the current contract could be used in relation to the parties who had already signed the contract in preference to cancelling that contract and signing a new one. GF asked these parties to confirm to xoserve how they wished to approach the transition between contracts.

Action UPUG0046: Parties to confirm to xoserve how they wish to approach the transition between contracts.

3.0 UPUC customer voting – a proposal

AM explained the different approaches that had been explored by xoserve, and pointed out that these had been applied to existing Non Code Services in total only, as it was deemed too complex to split out individual service line value in terms of calculating voting percentages. The objectives were to reduce the risk of one or two parties being able to exert an undue influence if voting reflected scale, but also to strike a balance between the imposition of change and its inhibition. The group's views were then sought on the potential approaches.

The square root transformation technique appeared to be the most appropriate option; however the group felt it needed to develop more understanding of the technique before any commitment could be made.

There was concern that there did not seem to be a way to ascertain whether a party's vote could make a difference; it would be difficult to know whether attempts to canvas support would be worthwhile as transparency was lacking; voting would seem to be quite obscure. There were also concerns about setting the bar in the right place in percentage terms. TD pointed out that the percentage needed to block change, as opposed to the percentage needed to introduce change, may present entirely different views. JM added that if a change was rejected through the voting process, it could always become a new service for those who were prepared to pay for it. KW observed that if this happened frequently and changes continued to be blocked, resulting in the setting up of new services that disappointed parties then took up in preference, then the IAD service, for example, would potentially become very expensive over time for those remaining parties who continued to use it.

JC saw no problem with the fact that a domestic Shipper would naturally have a larger percentage vote, and thought that the square root transformation technique seemed a fairer way than simple market share. GF confirmed that xoserve's analysis of the square root transformation approach (based on the invoiced value of non-code services) were 8 percentage points difference between the top 6 Shippers. AM pointed out that, if a party only took the one service as opposed to many, then the party's vote was proportionately lowered, because the calculation was performed on the total invoice value and not on each separate service line.

MC suggested that the table shown on slide 17 presented the best options for a decision on the raising or lowering of the bar; more transparency may mean the disclosure of each party's percentage which may attract issues of commercial sensitivity. RCH thought there was comfort at the 80% level as this included I&C Shippers. CB wanted to see the algorithm before reaching any decision.

ST then provided and presented an example graph for the clarification of the square root transformation methodology that he had worked on while the meeting was in progress. This demonstrated that smaller party's level of influence had increased. To further inform the meeting GF then provided rounded square root percentages (made anonymous) for the 14 largest parties. TD observed that if 2 of the 3 largest Shippers wanted to block a change this would be possible if 80% approval was required for a change to progress, and if one of the largest three Shippers wanted to do so, this was possible at 70%. Smaller players appeared to have a reasonable degree of influence under this approach, and xoserve would be able to inform each party individually what its percentage position was.

No objections were received to the Chair's recommendation that square root transformation methodology be incorporated into the ToR of the contract.

A discussion then took place to decide on the level of the percentage pass rate to set, and it was agreed to set this initially at 75%.

4.0 UPCEG and UPUC Terms of Reference

4.1 User Pays User Committee: Terms of Reference

The draft document provided by xoserve was reviewed and discussed. The following comments were made:

Section 3 Membership

Concerns were expressed with respect to the degree of 'openness' of the meetings. It was pointed out that the Chair and attendees had powers to exclude parties if necessary for all or part of a meeting.

It was suggested that 'alternate' be added at 3.1.

It was suggested that '..of the same organisation' be removed at 3.4.

Section 4 Quorum

Quoracy was agreed as requiring 4 Voting Members.

Section 5 Meetings

It was suggested that emails should be sent to all Members and any previously identified representatives of each organisation.

Section 6 Customer Voting Convention

GF confirmed that xoserve will make the appropriate addition as decided at this meeting.

Section 7 Maintenance of the Terms of Reference

It was agreed that any changes would require 75% agreement of the Voting Members present at any meeting before any change is made.

Action UPUG0047: xoserve to make amendments to the UPUC Terms of Reference and apply appropriate version control.

The Terms of Reference were agreed on this basis.

4.2 User Pays Contract Expert Group: Terms of Reference

The draft document provided by xoserve was reviewed and discussed.

Section 3 Membership

It was suggested that 'alternate' be added at 3.1.

It was suggested that '..of the same organisation' be removed at 3.4.

Section 4 Quorum

Quoracy was agreed as requiring 4 Voting Members and the xoserve representative.

Section 5 Meetings

It was suggested that meetings at shorter notice shall be correctly convened provided at least 4 Voting Members request the convening of a meeting at short notice.

Section 6 Maintenance of the Terms of Reference

It was agreed that any changes would require 100% agreement of the Voting Members present at any meeting before any change is made.

Action UPUG0048: xoserve to make amendments to the UPCEG Terms of Reference and apply appropriate version control.

It was pointed out that the embedded document (Contract Change Process) within the draft Terms of Reference was not easily accessible. AM provided paper copies for review and it was agreed that the proposal was acceptable.

Action UPUG0049: xoserve to publish copy of Contract Change Process.

The Terms of Reference were agreed on this basis.

5.0 Modification Proposal 0192 and the Agency Charging Statement

AM gave a brief presentation outlining the implications of implementing Modification Proposal 0192, based on the assumption that Ofgem would direct it to be implemented.

The Transporters were looking at the implementation that would be required and confirmed that at least a month's notice would be given. The Shippers confirmed that they did not require a longer notice period.

6.0 xoserve Update

6.1 IAD Update

DA advised that the original implementation date had been deferred and explained the reasons. The revised approach was then outlined together with the timeline for making the go/no go decision and the planned communications to Users.

DA confirmed that the datafix for LSO Managed Organisations had been successfully tested, and that a further reconciliation exercise was planned for 20 October 2008.

He emphasised to those Shippers who were LSO Managed Organisations that it was of great importance that their responses with revised details needed to be sent to xoserve by Wednesday 22 October 2008, otherwise the accounts will NOT be included in the datafix and they would then have to set the details themselves from Day 1.

For any new accounts requested between 20 October and the 'go live' date the LSOs would also have to set the profile details themselves.

6.2 Operational Update

GF provided a general update and confirmed that the ACS had been approved on 30 September 2008, with new prices effective from 01 October 2008.

Mark Cockayne was introduced as the new Shipper Relationship Manager focusing on User Pays, and would be taking over from AM over the next couple of months.

This was followed by a more specific operational update, covering July, August and September, on the performance of the Telephone Service Line, the IAD Service Line, the Email Report Service Line, Portfolio Reports, AQ Enquiries, IAD Account Transaction Volumes, and Portfolio Reports.

GF advised that in October there had been a minor outage on the Telephone Service Line caused by a technical problem which was being investigated.

There were ongoing issues with new account set up on IAD but these had been escalated with the supplier and formal SLAs were being explored.

Querying the figures displayed, LG questioned if there was a definition of Bulk Password Resets.

7.0 Any Other Business

7.1 Account Password Resets

LG explained that a number of account password reset requests had been returned as 'removed due to inactivity', and questioned if there was a time restriction associated with perceived lack of use. GF was unaware that this was so and agreed to investigate and respond.

Action UPUG0050: xoserve to investigate the account password reset requests returned as 'removed due to inactivity', and verify if there was a time restriction associated with perceived lack of use.

7.2 Consumer Focus

HB reported that Consumer Focus (previously energywatch) had contacted xoserve regarding its IAD accounts and had suggested that they should not be required to pay for their use. After a short discussion the group confirmed that under the new regime its expectation was that the Consumer Focus should pay for its usage on the same basis as other organisations.

RM agreed to confirm what arrangements had been made for similar services elsewhere (eg SPA Schedule 23, ECOES).

Action UPUG0051: Consumer Focus – charges for use: RM agreed to confirm what charging arrangements had been made elsewhere (eg SPA Schedule 23, ECOES).

7.3 User Pays User Group Meeting 08 December 2008

HB extended an invitation to the group to join xoserve for lunch following the December UPUG meeting. This was warmly appreciated and accepted by the group.

8.0 Diary Planning for User Pays User Group

8.1 Contract Expert Group

A meeting to review comments and page turn the revised User Pays contract ahead of the final version being sent out to customers has been scheduled for

Thursday 20 November 2008 and will be held at E.ON, 6th Floor , 100 Pall Mall, London SW19 5NQ.

8.2 User Pays User Committee

It was agreed that the meeting scheduled for Monday 10 November 2008 was no longer required and would be cancelled.

It was agreed that an Operational Update for November could be provided by email.

Action UPUG0052: xoserve to provide an Operational Update for November by email.

The next full meeting will therefore take place at 10:00 on Monday 08 December 2008, at Elexon, 350 Euston Road, London NW1 3AW, followed by lunch arrangements (to be confirmed nearer the time by xoserve).

For 2009:

Monday 12 January 2009, 10:00, venue to be confirmed.

Monday 09 February 2009, 10:00, venue to be confirmed.

Monday 09 March 2009, 10:00, venue to be confirmed.

Monday 13 April 2009, 10:00, venue to be confirmed.

Monday 11 May 2009, 10:00, venue to be confirmed.

Monday 08 June 2009, 10:00, venue to be confirmed.

Monday 13 July 2009, 10:00, venue to be confirmed.

Monday 10 August 2009, 10:00, venue to be confirmed.

Monday 14 September 2009, 10:00, venue to be confirmed.

Monday 12 October 2009, 10:00, venue to be confirmed.

Monday 09 November 2009, 10:00, venue to be confirmed.

Monday 14 December 2009, 10:00, venue to be confirmed.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UPUG 0021	14/07/08	2.2	Transporters to reconsider signing the User Pays contract and return to next meeting with reasons for their decisions.	All Transporters	See 1.2 above. Carried forward to 17/10/08
UPUG 0028	14/07/08	3.2	Password resets: xoserve to review the file/form functionality.	xoserve (AM)	Carried forward
UPUG 0039	08/09/08	2.1	Voting models - xoserve (AM) to organise some models with different scenarios, and provide some information on market segmentation to give a better indication of how a balance may be struck.	xoserve (AM)	Closed
UPUG 0040	08/09/08	2.1	xoserve (GF) to produce Terms of Reference for both UPUC and UPCEG.	xoserve (GF)	Closed
UPUG 0041	08/09/08	2.1	xoserve process - All to feed back comments on proposed process to xoserve within the next 2 weeks to inform redevelopment of the main contract.	ALL	Closed
UPUG 0042	08/09/08	2.1	xoserve to define UPUC SLD change process in main contract.	xoserve (GF)	Closed
UPUG 0043	08/09/08	3.1	xoserve (DA1) to establish whether changes can be made to the log in screens, and if so, arrange for the statement at Note 3 (Create Profile screen and any other screens identified as including this statement) to be rephrased to read "At least one special character (i.e. \$, #, and _) must be included.	xoserve (DA1)	Closed
UPUG 0044	08/09/08	3.2	CB to forward examples of 'incomplete' new account creation requests to GF for investigation and response.	E.ON (CB) and xoserve (GF)	Closed
UPUG 0045	17/10/08	2.0	Contract Change: to include change process steps in the UPUC ToR.	xoserve (GF)	
UPUG 0046	17/10/08	2.0	Contracts: Parties to confirm to xoserve how they wish to approach the transition between contracts.	ALL	

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UPUG 0047	17/10/08	4.1	Make amendments to the UPUC Terms of Reference and apply appropriate version control.	xoserve (GF)	
UPUG 0048	17/10/08	4.2	Make amendments to the UPCEG Terms of Reference and apply appropriate version control.	xoserve (GF)	
UPUG 0049	17/10/08	4.2	Publish a copy of the Contract Change Process document.	xoserve (GF)	
UPUG 0050	17/10/08	7.1	Account Password Resets: investigate the account password resets requests returned as 'removed due to inactivity', and verify if there was a time restriction associated with perceived lack of use.	xoserve (GF)	
UPUG 0051	17/10/08	7.2	Consumer Focus – charges for use: RM to confirm charging arrangements in other areas (eg SPA Schedule 23, ECOES, etc).	EDF Energy (RM)	
UPUG 0052	17/10/08	8.0	Provide an Operational Update for November by email.	xoserve (DA)	November 2008