

## Gas Customer Forum Minutes

**Monday 26 April 2010**

Energy Networks Association, London SW1P 2AF

### Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	National Grid Distribution
Bob Spears	(BS)	UCC
Chris Lewis	(CL)	CIPS
Denis Aitchison	(DA)	Scotia Gas Networks
Eddie Proffitt	(EP)	Major Energy Users Council
Joanna Ferguson	(JF)	Northern Gas Networks
Peter Thompson	(PT)	LAGUR & UIA
Phillip Hindmoor	(PH)	Innovia Films
Richard Street	(RS)	Corona Energy
Shirley Wheeler	(SW)	xoserve
Shiv Singh	(SS)	National Grid Distribution
Simon Trivella	(ST)	Wales & West Utilities

### Apologies

Alex Spreadbury	B&Q
Ritchard Hewitt	National Grid NTS

## 1. Introduction

TD welcomed all to the meeting. Presentation and other materials are available from the Joint Office web site at [www.gasgovernance.co.uk/gcf/260410](http://www.gasgovernance.co.uk/gcf/260410).

### 1.1 Minutes of last meeting

Minutes of the 25 January 2010 meeting were accepted.

### 1.2 Review of Actions

**Action GCF063:** Ofgem (JBo) to provide an update on the emergency arrangements across both the gas and electricity markets.

**Update:** In the absence of an Ofgem representative, the secretary was asked to write to the Ofgem CEO requesting that the action be addressed at the next meeting.

**Action: Carried Forward**

**New Action GCF073:** JO (MB) to write to the Ofgem CEO seeking Ofgem support for the GCF.

**Action GCF069:** National Grid Distribution to advise the equivalent threshold to the top 200 sites for each National Grid LDZ.

**Update:** AC provided the information, as follows:

*"The top 200 site list which forms the basis of National Grid data validation and site visit exercise is based on SOQ. The list has then been sorted by AQ which forms the basis of the figures below.*

*It should be noted that these AQs are only indicative as the lists change from time to time. I must also point out that the list is not strictly AQ 'thresholds' because as mentioned the lists are initially based on SOQ and not AQ."*

<b>LDZ</b>	<b>AQ – Lowest figure (kw/h)</b>
EA	2771274
EM	5325269
NT	2883524
NW	2156534
WM	1816617

**Action: Closed**

**Action GCF070:** Wales & West Utilities (ST) & National Grid Distribution (CW) to investigate whether a warning notification would be issued during the summer period in the event of a breach of the BSSOQ.

**Update:** ST briefly reviewed the process where a user breaches the BSSOQ, and noted that UNC modification 0283 “Removal of Bottom Stop SOQ” no longer includes any changes to ratchets. No warnings are issued prior to an actual breach, and the Transporters it was practically possible to issue a warning as they would not know a breach was going to occur.

**Action: Closed**

**Action GCF071:** DNs to consider how impacted parties can be helped to understand capacity ratchets.

**Update:** ST explained that where daily usage is greater than the SOQs then ratchets would/could apply. As a consequence, parties should calculate their potential maximum equipment usage and the expected run time to ascertain whether or not they will breach their ratchet(s). He then added that a UKLink file flow notification at D+1 provides a warning that a breach has been registered. RS suggested that suppliers may need assistance to better identify the impacted sites and that UNC modification 0283 regime discussions are looking into this very matter. Furthermore, the DME Regime – in support of which the recent xoserve workshops have been extremely helpful - is also looking at providing a twelve-month ratchet charge exemption period.

PH was of the view that he would expect consumers to have dialogue with their respective suppliers. PT also pointed out that industry newsletters could be used to encourage customers to discuss issues with their supplier.

**Action: Closed**

**Action GCF072:** National Grid NTS to consider superimposing real time flow rates on the predicted closing line pack graphs.

**Update:** TD indicated that S Pownall had agreed to look at clarifying the graphs if and when used in future.

**Action: Closed**

## 2. Presentations

*Copies of all the materials are available from the Joint Office web site at: <http://www.gasgovernance.co.uk/GCF/260410>*

### 2.1 Project Nexus Update

SW presented on behalf of xoserve.

SW explained that a smart metering prospectus setting out next steps and principles for development is expected in late summer. EP enquired how long it would take xoserve to build its system once the prospectus is published. SW responded that they (xoserve) had previously gone on the record to say that for a ‘thin’ CCP (Central communications Provider) solution they expect to be able to deliver the system by

2014. However, should a 'thick' CCP be adopted this may not be the case. SW added that the CCP name has been changed to COMCO.

In considering the fallback preference for a Rolling AQ, EP wondered how this would impact upon the SOQ. In response, DA suggested that you would/could assume a rolling SOQ whilst still being able to predict charges in April with the added benefit of reducing step changes. SW pointed out that the workgroup(s) have considered the high level aspects of UNC modification 0209 "Rolling AQ" in their deliberations, whilst RS added that the Nexus workgroup recommendation is that the booking of SOQ should remain as is.

When considering Allocations, SW confirmed that otherwise unallocated gas will still exist despite the full roll out of new meters and consequently an allocation process will continue to be required in future. She added that the need to revisit this topic in due course has been recognised. RS explained that, as a result of a number of Modification Proposals having been raised, I&C shippers expect to incur an element of the associated charges in future.

PT said that during his involvement in various Project Nexus meetings, he has witnessed the customer views being readily acknowledged and considered. This is very welcome and encouraging and he was looking forward to this continuing in the more detailed discussions due to take place over the coming months.

## **2.2 Annual Interruption Invitation June 2010**

ST advised that, through an ad-hoc invitation, WWU had been looking to identify potential opportunities for 2012, but no bids had been accepted. He confirmed that, at present, WWU have no intention of approaching the Authority for a CAPEX Reopener.

### **2.2.1 National Grid**

SS provided a brief review of the forthcoming process and National Grid's expected interruption requirements.

In considering the Tender Design aspects, BS voiced concern surrounding the fact that bid offers for multiple years must be the same for each of the years, up to a maximum of 5 years, believing that this could be a barrier to receiving any bids in the first instance. When challenged for the thinking behind this approach, SS stated that this was purely for mathematical purposes and made it easier for National Grid to assess bids received. DA supported this by adding that it makes comparing options. ST pointed out that WWU have a different approach and are happy to receive different bids for each year without constraint, which JF confirmed also applies to NGN.

RS noted that the National Grid approach inferred that demand is reducing which contradicts their previous predictions (May 2009) which suggested that demand would grow. EP remained confused at National Grid's thinking especially in light of historic interruption precedents (107 sites impacted). In response to these comments, SS indicated that he fully expects the next set of forecast demand figures to be consistent with the presented requirements. Through interruption contracts and investment, National grid remains confident that all obligations will continue to be met when all loads are treated as firm.

### **2.2.2 Wales & West Utilities**

ST pointed out that the requirements presented were to address flow deficit issues rather than simply interruption. He acknowledged that WWUs more flexible approach to the bidding process could involve slightly more risk for customers than the National Grid approach. For instance WWU could accept bids for years 2 & 4, but reject those for years 1, 3 & 5. However, while

ensuring all parties are treated equally, WWU would look to engage and discuss where necessary prior to accepting offers.

In response to a question, ST suggested that the published figures are unlikely to change, but any small changes would be included in the published documents in due course.

### **2.2.3 Scotia Gas Networks**

DA explained that SGN was providing indicative figures only with the final ones being published on 07 May. Only Scotland would be included in the process.

RS enquired what SGN intended to do if they fail to get any bids for 2011 as it is the fourth time of asking - would they have time to obtain the investment needed should this prove to be the case. DA confirmed that reinforcement plans are already in place but obtaining interruption offers could still prove to be a more cost effective solution.

### **2.2.4 Northern Gas Networks**

JF highlighted that the previous Zone 7 had been split into two – Zones 7 and 17 - reflecting a new area of potential constraint on Teesside.

## **2.3 NTS Update**

EP commented that since the four GBAs, someone had suggested that these were originally intended as day-ahead alerts and wondered if this was a correct assumption. TD was unable to confirm this, but suggested the starting point had been to provide the equivalent of NISMs (Notice of Insufficient Supply Margin) which were believed to provide within day notice to the electricity market.

## **2.4 Ofgem Update**

Those present at the meeting expressed their disappointment at the absence of an Ofgem representative.

TD advised that Ofgem's Industry Codes Governance Review final proposals, published at the end of March, confirmed a requirement for code administrators to support the involvement of consumers and their representatives in code modification processes. EP suggested the Joint Office is an example of how it should be done (i.e. the GCF meetings), and argued that the electricity market is weak in this aspect.

BS noted that Ofgem had been suggesting the adoption of an independent chair for the UNC and CUSC Panels. TD confirmed this will be required - licence holders will appoint the chair subject to Ofgem approval. BS saw this as a particular issue for the CUSC since the Joint Office was set up from the outset as an independent body with the appropriate constitution in place to support it.

TD noted that a Modification Proposal (0286) has been raised to implement Ofgem's requirement that customer representative(s) have a vote on the UNC Panel. The Proposal would make the two Consumer Focus appointees voting Members of the panel. An alternative has been raised which would restrict this to a single vote. In addition, Ofgem have proposed that the second consumer representative would be appointed by Ofgem. EP advised that the Modification Proposal had been discussed at a recent Ofgem and large consumer meeting where it was suggested that a consumer representative should be voted in to position, in preference to simply being appointed by Ofgem.

Opinions on whether or not consumers, as non-licence parties, should be given Panel voting rights are divided. Some parties suggest that, at the end of the day, it is the customers who are paying for everything and in having a 'check' vote they would potentially provide a fair balance against the supplier and shipper votes. RS noted

that on the grounds that it is a regulated contract, he could envisage supporting this approach.

In response to a question from PT relating to the competition commission appeal implications of such a proposed change, ST argued that the current Appeals process should be left alone, although he could support a voting consumer panel member concept. In his view the issue boils down to a fundamental difference between what constitutes a 'vote' and the consequential impacts of this – potentially removing the DNs protection by access to the Appeals process being blocked in some circumstances (since this can only be used when Ofgem's decision differs from the Panel recommendation). ST would welcome the viewpoint of all sides being formally recorded, but did not see that having a vote was essential to register a view.

On charging methodologies, TD confirmed that changes will follow the UNC modification process in future. Ofgem have also proposed that consumers should be able to raise Modification Proposals. Issues were raised about the timing of implementation and the desire to retain infrequent changes to charges. DA said there was no proposal to change this and that it would mean there could be potential delay to implementation if the key dates were missed. RS enquired who would fund the networks to support this process, and ST responded that it is part of the administration of the system, and as a consequence, no specific allowance is made for it.

In closing, TD asked that if anyone has any thoughts on what service they want from the code administrator, please let the Joint Office know via email to: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

## **2.5 Review of UNC Modification Proposals (Joint Office)**

TD reviewed of all live Modification Proposals, drawing attention to those with a specific customer interest. A copy of the modifications register is available from the Joint Office web site at: <http://www.gasgovernance.co.uk/mods>

When asked, parties indicated that they were happy with the update and that quarterly was sufficiently often – they would not like a monthly teleconference to walk through the Modification Proposals

## **3. Customer Issues**

### **3.1 Transporters Update**

No additional issues raised.

### **3.2 Customer Update**

Following on from the concerns he raised at the 25 January regarding getting the correct AQ/SOQs registered on xoserve systems, CL provided an update on progress to date. Currently the AQ Appeals have gone through and now better reflect the actual figures and the problem associated to the small site has disappeared as it is now being appealed on a regular basis.

The sub deduct meter problem has clearly highlighted issues within the xoserve system and processes whereby they do not chase reads and he expects to discuss the issue with the supplier concerned in due course. He went on to thank JF for all her support is resolving this issue. ST reminded those present that whilst it is not a code obligation, the networks do obtain meter readings on behalf of shippers.

JF pointed out that this has also highlighted capacity/commodity issues relating to the fact that this is an NDM Prime, with a DM sub meter, of which there are about 17 examples nationally. CL remained concerned whether or not the other 16 sites will be (commodity) rebated. RS wondered if it would be worthwhile asking xoserve to contact the other 16 suppliers/shippers to raise their awareness of the problem. JF agreed to take an action to discuss the matter with xoserve.

**Action GCF074: NGN (JF) to discuss with xoserve how best to raise the awareness of the capacity/commodity issues associated to the 16 other the Primes & DM Subs sites with their respective suppliers/shippers.**

### **3.3 Regulatory Issues**

TD informed those present that the proposed move from a 95:5 to 100:0 capacity/commodity split update consultation paper is available from the Joint Office web site at [www.gasgovernance.co.uk/dnpc07](http://www.gasgovernance.co.uk/dnpc07), with responses requested by 28 May.

### **4. Date of next meeting and agenda items**

The next meeting of the Gas Customer Forum is scheduled to take place at the ENA Offices in London at 13:00 on Monday 26 July 2010.

Dates and locations of future meetings are available on the Joint Office calendar, [www.gasgovernance.com/Diary](http://www.gasgovernance.com/Diary), and papers on the Gas Customer Forum section of the website, [www.gasgovernance.co.uk/gcf](http://www.gasgovernance.co.uk/gcf). Suggestions for agenda items can be sent to [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk) at any time.

### **5. Any other business**

#### Interruption Bid Timeline Conflict with GCF

RS enquired if the July GCF meeting would possibly conflict with the Interruption Bids process timeline. ST suggested that WWU (and the other DNs) plan to publish their report in advance of the meeting.

**Action Log – Gas Customer Forum – 26 April 2010**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GCF063	26/01/09	2.	Provide an update on the emergency arrangements across both the gas and electricity markets.	Ofgem (JBo)	Update due at 26/07/10 meeting. <b>Carried forward</b>
GCF069	27/06/09	2.4	Advise the equivalent threshold to the top 200 sites for each National Grid LDZ.	National Grid Distribution (MF/CW)	Update provided. <b>Closed</b>
GCF070	25/01/10	2.2.3	Investigate whether a warning notification would be issued during the summer period in the event of a breach of the BSSOQ.	Wales & West Utilities and National Grid Distribution (ST/CW)	Update provided. <b>Closed</b>
GCF071	25/01/10	2.2.3	Consider how impacted parties can be helped to understand capacity ratchets.	DNs (JF/ST/CW)	Update provided. <b>Closed</b>
GCF072	25/01/10	2.3.1	Consider superimposing real time flow rates on the predicted closing line pack graphs.	National Grid NTS (SP)	Update provided. <b>Closed</b>
GCF073	26/04/10	1.2	Write to the Ofgem CEO seeking Ofgem support for the GCF.	Joint Office (MB)	Sent on 30 April
GCF074	26/04/10	3.2	Discuss with xoserve how best to raise the awareness of the capacity/commodity issues associated to the 16 other the Primes & DM Subs sites with their respective suppliers/shippers.	Northern Gas Networks (JF)	Update due at 26/07/10 meeting.

**\* Key to action owners**

JBo Jenny Boothe, Ofgem

JF Joanna Ferguson, Northern Gas Networks