

## Gas Customer Forum Minutes

**Monday 26 July 2010**

Energy Networks Association, London SW1P 2AF

### Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Alex Spreadbury	(AS)	B&Q
Bob Spears	(BS)	UCC
Clare Cameron	(CC)	Ofgem
Eddie Proffitt	(EP)	MEUC
Joanna Ferguson	(JF)	Northern Gas Networks
Peter Thompson	(PT)	LAGUR & UIA
Phillip Hindmoor	(PH)	Innovia Films
Richard Hall	(RH)	Consumer Focus
Shirley Wheeler	(SW)	xoserve
Shiv Singh	(SS)	National Grid Distribution
Simon Trivella	(ST)	Wales & West Utilities

### Apologies

Chris Lewis	(CL)	CIPS
Claire Gibney	(CG)	OGC

### 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/260710](http://www.gasgovernance.co.uk/gcf/260710).

#### 1.1 Minutes of last meeting

Minutes of the 26 April 2010 meeting were accepted.

#### 1.2 Review of Actions

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

**Update:** CC clarified the issues which attendees wished to clarify and undertook to report back to colleagues within Ofgem (see 2.3 below).

**Action: Closed**

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

**Update:** TD advised he had written to Ofgem.

**Action: Closed.**

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

**Update:** JF advised discussions had taken place on the potential capacity/commodity issues associated with these sites. Further discussions were required before a further report could be provided to the GCF.

**Action: Carried Forward**

**2. Presentations**

*Copies of all the materials are available from the Joint Office web site at: <http://www.gasgovernance.co.uk/GCF/260710>.*

**2.1 Project Nexus Update**

SW provided an update on behalf of xoserve.

ST explained that DNOs are progressing DM unbundling outside of Project Nexus as it may be possible to introduce alternative arrangements earlier. EP asked what happens if Supplier provided equipment isn't provided or fails – who will replace it? ST confirmed it would be an obligation on the Shipper to provide and maintain.

ST advised Transporters are aiming to implement the DM elective scheme during November this year, with approval of the implementation plan being sought at the August UK Link Committee.

SW advised the AMR discussions had identified a potential new service where prospective Shippers can request meter reading information in addition to the normal supply point enquiry from the Transporter, subject to customer approval. EP thought this was the situation already; SW confirmed a supply point enquiry provides some, but not all, of the information suggested for the service in future. PT expressed strong concerns that the service should not allow “fishing trips” by Shippers/Suppliers - the customer should be in control. This was supported by other attendees.

**2.2 NTS Update**

In the absence of an NTS representative, no update was provided.

**2.3 Emergency Arrangements**

PH/EP raised concerns around the lack of compensation for firm customers who are expected to be the first sites interrupted in any emergency situation, thereby providing protection for domestic and other customers. Sites wishing to ensure continued production need to invest in alternative fuel arrangements in order to mitigate the risk of interruption, and it was appropriate for compensation to be available in these circumstances, recognising that the service is less firm than for other sites. BS noted that the commercial arrangements are not the same as electricity; there is insufficient scope within the gas arrangements for procuring interruptible customer capacity to meet emergency requirements. PH was also concerned that firm larger gas users are more likely to be interrupted due to the new arrangements introduced by Modification 0090, with a reduced volume of interruptible load.

EP advised that Poyry have produced a report for DECC. This recommends that elements of the old interruptible regime should be reintroduced as it protects the gas supply network. PT thought, as a minimum, it would be appropriate for the introduction of a compensation scheme for larger firm gas customers where they have been interrupted. BS thought there might be options to incentivise firm customers to load shed in near emergency incidents: arrangements for this are missing from, and create holes in, responses to network supply problems.

It was pointed out that many firm customers will be unprepared interruption and will not have alternative fuel arrangements in place. AS felt there was little contact between DNOs and larger gas customers to make them aware of the issue. However, ST confirmed that DNOs had contacted the largest customers to explain the regime and confirm contact details, access arrangements and where valves were etc., making clear what would be expected in an emergency.

ST clarified that emergency and interruption regimes are linked but not the same schemes, and should not be treated as being the same. AS was still concerned that a level of protection for firm customers has been removed by the removal of interruptible contracts and where the interruptible customers were equipped to use alternative fuels, firm customers were not. PH added that alternative fuel arrangements cost a significant amount of money and firm customers are not compensated for the cost incurred.

ST added that compensation schemes for interruptible/firm customers willing to reduce their loads under the new regime would need to be funded, and this could have a significant impact on transportation charges.

## **2.4 Mains Replacement Programme**

EP asked for a view from the DNOs of the mains replacement programme for the next 25 years under the 30/30 scheme (replacing cast iron main within 30 metres of a premises over a 30 year period). This costs gas users £25 each per year which will eventually rise to £75 each. ST was unaware of any discussions with the HSE to change the replacement policy.

## **2.5 LDZ Capacity Regime**

It was confirmed that Scotia Gas Networks are expected to raise a Review Proposal seeking to discuss SHQ booking and other aspects of the LDZ capacity regime. ST noted that some consumers appear to be reviewing their own requirements and nominating an appropriate SHQ, which has subsequently removed NSL status in a number of cases.

## **2.6 Ofgem Update – Code Governance Review**

CC provided an update on progress to date for both gas and electricity and the status of modification proposals, both draft and formal. TD asked how customers were expected to benefit from the governance review changes. CC advised that processes will be similar across codes, there will be a code of practice and significant code reviews will be able to implement changes quicker than incremental changes are seen now. RH said consumer representation in gas is to be improved but he would prefer two customer representatives on the UNC Panel rather than one. The Licence change allows Ofgem to appoint a customer representative in addition to Consumer Focus representation, and EP would like to see an I&C representative appointed by the industry rather than Ofgem. An election could be organised, for example, to identify a widely supported candidate.

CC advised Ofgem is open to suggestions regarding the appointment of a consumer representation should attendees wish to bring them forward.

AS asked if the change of process has been disruptive to the administration of the codes. CC confirmed some disruption was likely to align the codes and make the process consistent: however, some of the changes will allow more self governance for Panels and hopefully speed up the overall process.

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

TD reviewed of all live Modification Proposals, drawing attention to those with a specific customer interest.

Highlighted Mods were:

- RG 0252 credit related proposals
- Code governance proposals
- Unallocated gas proposals

AS asked whether the volume of unallocated gas would reduce with the role out of AMR/Smart metering. TD said this is possible, but some allocation will always be required: not all remote-reading devices will provide a reading everyday; meter reads will include some inaccuracy; and unmetered gas will be lost from the system (for example, through theft).

### **3. Customer Issues**

#### **3.1 Transporters Update**

##### **National Grid**

SS provided an update on the Annual Interruption Tender. EP asked why demand forecasts had reduced. SS advised that demand had increased marginally during the cold weather. However, the general trend is demand reducing slightly. EP was concerned why the forecasts keep changing, as there is no confidence that these will be correct at any given time. Either the network capability is re-evaluated or reinforcement is increased, which changes the interruption requirements and this may be a reason why few bids are received.

EP asked if any failure to interrupt invoices were being issued. SS was unable to provide the details but would see if information could be provided at the next meeting.

**Action GCF075: SS to establish the scale of failure to interrupt charges for the next meeting.**

##### **Northern Gas Networks**

JF advised there are no new interruption requirements and no bids had been accepted. PH was concerned the process is difficult to work with as there is no feedback between the customer and network. It is difficult to manage expectations within their management team and get bids approved, as there is no explanation by the DNOs as to why, or why not, a bid is accepted.

PH was also concerned that consumers needed to understand the risk if they were to enter into interruptible contracts. In this context, he had received contradictory explanations about failure to interrupt charges, with the lack of clarity undermining any case to submit a bid. PH suggested DNOs might usefully highlight the implications of an interruptible contract, including failure to interrupt charges. This ought to give DNOs confidence that parties fully understand the implications and risks of the arrangements such that they would actually be available and ready to interrupt if called to do so.

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

ST advised WWU had received offers in two zones but the bids had not been accepted. EP asked what action is required as a result. ST advised WWU may need to do some above ground reinforcement, though this may not be needed as the

constraints were due to NTS flexibility being unavailable and all options are being explored.

RH asked why DNOs don't discuss the bids received to see if the bidders can amend these, rather than turn them down. ST advised that consumer representatives have discouraged this in the past, to help prevent unfair advantage being gained.

### **3.2 Customer Update**

#### 3.1 Transporter Update

#### 3.2 Customer Issues

- AQ update experience

TD provide an update from C Lewis who wished to keep the action open for discussion at a later date.

- Interruption Issues

### **3.3 Regulatory Issues**

PT asked if Ofgem could address a number of points:

- the definition of a Smart meter - what constitutes a Smart meter.
- provide a view on the regulation of suppliers and the marketing of energy.
- Customer / Supplier contract dispute management.

RH thought it would useful to understand the role of Ofgem when considering customer contracts. AS explained that Ofgem expect Suppliers to have customer escalation processes within house to manage customer disputes. EP did not believe Ofgem would support larger customer complaints with suppliers as they consider it should be left to commercial organisations to resolve their disputes.

RH advised that the proposed price review approach provides for DNOs to put in place customer consultation processes on aspects of service that customers' value - although it will be necessary to understand what is in scope and what consultation means. BS was concerned that consultation should not mean network operators presenting their responses without taking on board what the respondents wanted.

**Action GCF 076:** Ofgem to provide a view on the following at the next meeting.

#### 1. Feedback to Ofgem the Customer Forum's:

- i) feelings concerning the interruptions reforms and firm load shedding in emergency situations; and,
- ii) suggestions that Ofgem review:
  - a. the request for some form of compensatory regime to reflect the costs of alternative power methods for those firm load customers who may be interrupted in emergency situations; and,
  - b. whether the emergency interruption arrangements are satisfactory/appropriate.

2. Feedback to Ofgem that consumers would like a definition of a smart meter.
3. Pass on the Customer Forum's invite to the relevant Ofgem team to attend the next meeting in October to discuss the regulation of gas suppliers' marketing/selling (e.g. roll over of contracts, complaints procedures/voice recording of telephone contracts etc).
4. Feedback to Ofgem the Customer Forum's desire to understand, following the recent publication on RPI-X@20, what the consultation process between DNs and customers will look like and how outputs will be measured.

**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 25 October 2010.

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

**5. Any other business**

None

**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 (CC)	Update due at 25/10/10 meeting. <b>Closed</b>
GCF073	26/04/10	1.2	Write to the Ofgem CEO seeking Ofgem support for the GCF.	Joint Office (MB)	<b>Completed</b>
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 Primes & DM Subs sites with their respective suppliers/shippers.	Northern Gas Networks (JF)	Update due at 25/10/10 meeting. <b>Carried forward</b>
GCF075	26/07/10	3.1	Find out the number of failures to interrupt for the next meeting.	National Grid (SS)	Pending
GCF076	26/07/10	3.3	<p>Provide a view at the next meeting for the following:</p> <p>1. Feedback to Ofgem the Customer Forum's:</p> <ul style="list-style-type: none"> <li>i) feelings concerning the interruptions reforms and firm load shedding in emergency situations; and,</li> <li>ii) suggestions that Ofgem review: <ul style="list-style-type: none"> <li>a. the request for some form of compensatory regime to reflect the costs of alternative power methods for those firm load customers who may be interrupted in emergency situations; and</li> <li>b. whether the emergency interruption arrangements are satisfactory/appropriate.</li> </ul> </li> </ul> <p>2. Feedback to Ofgem that consumers would like a definition of a smart meter.</p> <p>3. Pass on the Customer Forum's invite to the relevant Ofgem team to attend the next meeting in October to discuss the regulation of gas suppliers' marketing/selling (e.g.</p>	Ofgem (CC)	Pending

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			roll over of contracts, complaints procedures/voice recording of telephone contracts etc).  4. Feedback to Ofgem the Customer Forum's desire to understand, following the recent publication on RPI-X@20, what the consultation process between DNs and customers will look like and how outputs will be measured.		

**\* Key to action owners**

CC Clare Cameron, Ofgem

JF Joanna Ferguson, Northern Gas Networks