

Gas Customer Forum Minutes

Monday 25 October 2010

Energy Networks Association, London SW1P 2AF

Attendees

| | | |
|-----------------------------|------|----------------------------------|
| Tim Davis (Chair) | (TD) | Joint Office of Gas Transporters |
| Mike Berrisford (Secretary) | (MB) | Joint Office of Gas Transporters |
| Alex Spreadbury | (AS) | B&Q |
| Chris Lewis | (CL) | Consultant |
| Eddie Proffitt | (EP) | Major Energy Users Council |
| Fiona Cottam | (FC) | xoserve |
| Gareth Evans | (GE) | Waters Wye |
| Joanna Ferguson | (JF) | Northern Gas Networks |
| Peter Thompson | (PT) | LAGUR & UIA |
| Richard Street | (RS) | Corona Energy |
| Simon Trivella | (ST) | Wales & West Utilities |

1. Introduction

TD welcomed all to the meeting. All materials associated with the meeting are available at: www.gasgovernance.co.uk/GCF/251010.

1.1 Minutes of last meeting

The minutes of the previous meeting were accepted.

1.2 Review of Actions

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

Update: JF said discussions with xoserve are ongoing. The issue of Prime and Sub AQs is due to be discussed further on 04 and 05 November. RS advised that he has also been involved in discussions with xoserve about Primes and Subs issues. A UNC modification may be proposed to address the issues identified.

CL updated that from 01 October 2010 his client's AQ and SOQs were correct. He believes that the owners of his sub deduct meters intend removing them as a means of avoiding any future issues. PT suggested that, from a customer perspective the removal of Prime and Sub configuration can only be seen as a benefit for all concerned.

Action: Carried Forward

Action GCF075: National Grid to find out the number of failures to interrupt for the next meeting.

Update: No update available.

Action: Carried Forward

Action GCF076: Ofgem to provide a view at the next meeting for the following:

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 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 contacts 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 DN's and customers will look like and how outputs will be measured.

Update: TD confirmed that CC had actioned all the items within Ofgem. However, no representative was present at eh meeting to provide a further update. RS advised that Ofgem is currently investigating potential supplier licence breaches.

Action: Carried Forward

2. Presentations

Copies of all the meeting materials are available at www.gasgovernance.co.uk/GCF/251010.

2.1 Project Nexus Update

2.1.1 Supply Point Enquiry Service

GE and RS acknowledged that customers had registered concerns regarding the proposed Supply Point Enquiry Service and welcomed the opportunity to debate what was envisaged.

Referring to UNC modifications 0255 "Facilitating a Supply Point Enquiry Service for Large Supply Points" and 0296 "Facilitating a Supply Point Enquiry Service for Non-Domestic Supply Points" GE argued that further improvements could be made. He suggested that easy customer access to their own data would enable improved information flows, including direct flows from xoserve to Shippers when authorised by the customer. PT argued that, as a matter of principle, customers should be in the driving seat, deciding which Suppliers to approach and deciding which data they should be provided with. Providing data through a chain (xoserve to shipper to supplier) would be less efficient than the customer providing data directly. AS pointed out that electricity customers have access to their half hourly data, and hence are able to pass information to suppliers. GE pointed out that the information comes from suppliers who are able to charge for it, which is potentially detrimental to competition.

In response to a concern that suppliers could potentially cherry pick, declining to offer to supply some sites while focussing, RS pointed out that the customer would remain in control, providing authorisation before any data could be accessed. EP voiced concern at any system based upon warrants that customers have provided verbal or email permission for information to be accessed: having the correct authorisation processes in place is of paramount importance. Developing a facility for customers to issue a supply point code allowing parties to access data may be a better solution – similar to the system used for telecoms switching.

RS pointed out that the smart metering programme is considering appropriate security levels to apply to data exchange. Since experts in the field are considering this, he suggested that any solution should be informed by their conclusions. PT felt agreement was being reached on a way forward which would provide the assurances that customers were seeking. GE and RS agreed that the debate with GCF had been useful in clarifying the intent and that desired outcomes were consistent.

2.1.1 xoserve update on the project to replace IT systems underpinning the competitive gas market

FC presented for xoserve.

Asked about Nexus implementation dates, FC explained there are several dates associated with the potential xoserve system changes, dependent to some extent on definition of the scope and changes required. RS pointed out that models for smart metering are being developed and this will inform which of xoserve's current services are carried out within the proposed DECK. AS voiced concern that DECC appear to be more focused on the domestic than I&C market.

EP suggested that the Nexus project appears to be progressing slowly. He was concerned that current xoserve functions may be moved to the DCC which could have an adverse impact on the customer, especially in the I&C market. ST advised that the scope of Project Nexus has grown with the advent of the smart metering discussions, and pointed out that there will be an opportunity to respond to the prospectus. It was also noted that xoserve is the body which supports energy balancing, and this settlement role is beyond the role of a data collector, such as DCC.

In considering the AMR work to date, AS asked what is the potential customer benefit of daily read submission, and suggested it would be beneficial if Shippers were to outlining the possible changes which might be seen. GE suggested that, as a shipper, it is all about how consumption information is obtained. AS indicated that for him, it is about avoiding unexpected change. ST suggested that the underlying issue is AMR and Smart Metering being able to walk before they can run - understanding and maximising potential benefits that are already there.

EP voiced concern that if larger sites are not mandated to provide daily reads, they could make that decision based on their own savings and so, by definition, increase others costs. GE advised that the potential impact of large sites being mandated as daily read is being considered.

ST informed those present that with regard to DM Unbundling, two new UNC modifications are currently being drafted with a view to being formally issued shortly.

2.2 NTS Update

National Grid NTS were.

2.3 Ofgem Update

Ofgem were not represented at the meeting.

2.4 Review of UNC Modification Proposals (Joint Office)

TD reviewed all live UNC modifications.

0337: EP suggested that linepack is a system balancing tool, and should remain within the control of National Grid.

0335: ST pointed out that the three recent and large Offtake errors were not related to equipment or technical issues, but were due to human/process related problems.

0329: Concerns were raised around any change towards hourly charging or balancing. ST confirmed this was not the intention and suggested that customer input to the Review would be more than welcome.

3. Customer Issues

3.1 Transporters Update

ST indicated that each Transporters will undertake stakeholder engagement on price control issues during the forthcoming review. PT suggested that the Consumer Federation could be a good starting point. A concern was registered that customers can face information overload, especially when the networks consult them separately about much the same issue.

ST and JF confirmed that the DNs anticipate progressing proposals on the move to 100% capacity charges and refinements in the structure of charges for implementation in April 2012.

EP voiced dismay at the potential April 2011 price increases, many of which are far higher than he would have expected. It was agreed that the DNs would provide a presentation on pricing issues at the next GCF.

Action GCF077: Joint Office (MB) to invite DNs present on pricing issues.

3.2 Customer Update

CL provided an update on his experience resolving issues on behalf of customers, and suggested that xoserve has great problems resolving issues with non-standard supply points - it takes a lot of time and effort to get any action.

3.3 Regulatory Issues

No issues raised.

4. Date of next meeting and agenda items

TD was asked to write to National Grid NTS to express disappointment at the lack of a representative at this and the previous meeting and to request support of future GCF meetings. For example, updates on the Winter Outlook Report and National Grid's view of Project Transmit would have been appreciated.

All agreed to also continue to seek support from other customers for the forum.

New Action GCF078: Joint Office (TD) to request that National Grid NTS support GCF.

Dates and locations of future meetings are available on the Joint Office calendar, www.gasgovernance.co.uk/diary.

Suggestions for agenda items can be sent to enquiries@gasgovernance.co.uk

5. Any other business

EP voiced concern over DECC proposals to allow the Authority to direct changes to the Uniform Network Code in the interests of security of supply. This was to allow removal of the cash-out price cap as a mechanism to enable the market to continue trading under emergency conditions. Informed parties question what the impact of this would be, and believe it may only raise prices rather than attract additional supplies. AS added that it could encourage supply to be held back in the expectation that this would drive prices higher. EP suggested that an alternative option might be for Transporters and Shippers to contract for interruptible sites. ST anticipated that security of supply issues will be taken forward during 2011 as part of a significant code review.

Action Log – Gas Customer Forum – 25 October 2010

| Action Ref | Meeting Date(s) | Minute Ref | Action | Owner* | Status Update |
|-------------------|------------------------|-------------------|---|----------------------------|----------------------|
| GCF074 | 26/04/10 | 3.2 | Discuss with xoserve how best to raise awareness of the capacity/commodity issues associated to the 16 other Primes & DM Subs sites with their respective suppliers/shippers. | Northern Gas Networks (JF) | Pending. |
| 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> <ul style="list-style-type: none"> i) feelings concerning the interruptions reforms and firm load shedding in emergency situations; and ii) suggestions that Ofgem review: <ul style="list-style-type: none"> a. the request for some form of compensatory regime to reflect 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. <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. roll over of contracts, complaints procedures/voice recording of telephone contacts etc).</p> <p>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</p> | Ofgem (CC) | Pending. |

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|------------|-----------------|------------|--|-------------------|--------------------------------|
| | | | will look like and how outputs will be measured. | | |
| GCF077 | 25/10/10 | 3.1 | Invite DNs to present on pricing issues. | Joint Office (MB) | To be presented at January GCF |
| GCF078 | 25/10/10 | 4. | Request that National Grid NTS support GCF | Joint Office (TD) | Update due at January meeting. |

*** Key to action owners**

SS Shiv Singh, National Grid Distribution
JF Joanna Ferguson, Northern Gas Networks
CC Clare Cameron, Ofgem
TD Tim Davis, Joint Office
MB Mike Berrisford, Joint Office