

GAS CUSTOMER FORUM MINUTES
Monday 02 April 2007
Elexon Office, 350 Euston Road, London

Attendees

John Bradley	(Chair)	(TD)	Joint Office of Gas Transporters
Mike Berrisford	(Secretary)	(MiB)	Joint Office of Gas Transporters
Bali Dohel		(BD)	Scotia Gas Networks
Claire Gibney		(CG)	NHS Purchasing & Supply Agency
Christiane Sykes		(CS)	Statoil
Debbie Draycott		(DD)	BP Gas Marketing Limited
Eddie Proffitt		(EP)	Major Energy Users Council
Gareth Davies		(GD)	Chemical Industries Association
Graham Holley		(GH)	ESPO
Henry Smyth		(HS)	Bord Gais Networks
Linda Wardman		(LW)	CMR Consultants Limited
Liz Spierling		(LS)	Wales & West Utilities
Mark Freeman		(MF)	National Grid Distribution
Padraic O'Connell		(PO)	Bord Gais Networks
Paul Savage		(PS)	energywatch
Rick Hemmings		(RH)	Poyry
Robert Cameron-Higgs		(RCH)	Northern Gas Networks
Robert Spears		(RS)	UCC
Sebastian Eyre		(SE)	John Hall Associates
Steven Sherwood		(SS)	Scotia Gas Networks

Apologies

Alex Spreadbury	(AS)	B&Q
Helen Bray	(HB)	Chemical Industries Association
Kerri Matthews	(KM)	National Grid Distribution
Mark Thompson	(MT)	Centrica
Tim Davis	(TD)	Joint Office of Gas Transporters

1. Introduction

JB gave an introduction, including the Elexon Emergency Evacuation arrangements.

2. Presentations

- 2.1 DN Interruption Reform including business rules, process & timescales (M Freeman)

MF opened the presentation by updating members on the progress of UNC modification 0090 "Revised DN Interruption Arrangements", advising that the modification has been approved and becomes effective as at 06:00hrs on 01 April 2008. The presentation is available on the Joint Office of Gas Transporters web site at: <https://www.gasgovernance.com/industryinfo/GasCust>,

MF informed members that with regard to the Pricing Methodology Papers, a report on consultation paper DNPC02, "Transportation Charges for Interruptible

Supply Points”, is to be issued today. In terms of incentives, he went on to say that Ofgem may adopt either a ‘single’ or ‘two stage’ consultation process.

MF informed members that the current timeline for the tender process in 2008 could be brought forward via a UNC modification. He went on to advise members that in respect Interruption, the Commercial, Emergency & Test Interruptions would not be affected by the implementation of modification 0090, although some members suggested otherwise.

MF moved on to remind members that the Interruption Allowance is currently 45 days, unless you are a TNI. Members enquired if end consumers would be able to ‘constrain’ this. MF responded by stating that each DN will wish to discuss their interruption requirements with their customers, although he acknowledged that there are ‘tensions’ between process simplification and customer needs. Members suggested that Users may exercise their right not to bid. LS advised members that the DN’s have concerns surrounding this, along with the associated timelines and expect to have discussions in due course. Members stressed that any discussions should be via the Shippers and that the DN’s should engage accordingly.

Members suggested that the difficulty with having flexible arrangements is that it becomes difficult for customers to know why they have/have not been chosen, to which MF advised that this would be defined within the interruptible capacity methodology.

Members believed that regardless of network geography, the various business rules must be consistent. Both LS and MF confirmed that they are consistent across the networks because the generic terms are contained within the UNC.

MF went on to state that as well as an Annual Process there is a facility for an Ad-hoc tender process which could have lead-times shorter than three years. Also, he advised that both ‘Failure to Interrupt’ and ‘Redesignation as Firm’ are defined within the UNC. Members asked what would happen in the event of a ‘distressed purchase situation’. Both LS and MF acknowledged that the DN’s would be affected in these circumstances and would try to avoid utilising the ad-hoc process although it would be dependant upon their incentives, which are yet to be defined.

With regard to the Interruptible Capacity Methodology, MF advised members that this document would not be overly large, (somewhere between 2 and 6 pages) and requires agreement with Ofgem before being published.

MF advised members that the tender process will be managed by xoserve, via a manual process. Consideration has been given to automating the process in 2008, but this remains to be decided. JB informed members that this has been discussed at recent UK Link Committee meetings and certain Shippers would prefer retaining a manual solution for the long term. RCH informed members that training will be provided to Shippers and End Users in due course.

MF advised that the rules surrounding the ‘Interruption Invitations’ are defined within the UNC. RCH pointed out that with regard to ‘Interruption Offers’ there was a validation process that would capture bids that did not meet the invitation rules.

Members enquired if any of the dates, associated with the publication of requirements, would change. LS advised that any such changes would be notified in advance. RCH supplemented this by advising members that it is better to bid early in the process as there is nothing to be gained by waiting. The DN representatives confirmed that all the DN’s would be running the annual process

at the same time. Members stressed that they believe that 'opening' bids early is a sensitive issue. Members asked what communication provisions had been made for current interruptible customers who may not wish to bid, in which case they would end up as firm loads. RCH informed members that there are no formal lines of communications to support this eventuality. LS supported this by stating that the networks have annual discussions with their Network Sensitive Loads and that this will be an ideal opportunity for both parties to understand matters, although there is no obligation on parties to actually bid. The DN representatives agreed that their respective companies would be interested to know why users would not wish to tender.

Members went on to suggest that some Shippers may not be interested in acting on behalf of the various interested parties, pointing out that throughout the UNC modification process associated with DN Interruption, Shippers remained ambivalent.

Members enquired what would happen when there was more than one incumbent Shipper, to which, MF advised that the UNC rules catered for Shared Supply Meter Points. RCH agreed to take an action to investigate and report back to members at the next GCF meeting.

Action GCF038: RCH to investigate the impact of multiple Shipper bids on one Supply Point

Members went on to ask about the probability of interruption during a 'normal' year, rather than a 1:20 year. MF reminded members that the DN's have a contractual obligation for a 1:20 year and LS supported this by stating that no analysis has been done on this, but interruptible users should bid into the tender with the expectation of being interrupted.

Members went on to add that Consumers are concerned about having information available to value interruption. LS responded by suggesting that they will need to consider their own historic data and the prevailing market forces, although the DN's are sympathetic in this regard. Furthermore, information surrounding these concerns has been given to Ofgem by the various parties.

Some members expressed their concerns suggesting that Ofgem's Impact Assessment does not clearly reflect the views provided and that there is a great danger that no one will bid. Some also believed that the administration aspects of the bidding process have been grossly underestimated.

A members asked if the HSE had expressed any views on DN Interruption Reform. MF informed members that, in his opinion, the HSE are currently more concerned that the DN's can demonstrate an ability to 'shed load'.

JB advised members that at the last Demand Side Working Group, it was also discussing Emergency Interruption.

Members then enquired if anyone had discussed DN Interruption with the Environmental Agency, to which LS advised that they had not.

Members were advised that if they had any questions in respect of the presentations they should contact the respective DN representatives.

2.2 Interruption Pricing Example (L Spierling)

LS opened the presentation to members by informing them that it is available on the Joint Office web site at:

<https://www.gasgovernance.com/industryinfo/GasCust>,

LS then went on to state that the various workgroup discussions had highlighted a need for clarity, hence the presentation, which is based upon Uniform Network Code requirements.

Running through the examples, LS and MF advised members that the bid structure was as described by the legal text in the UNC, although the DN's were still considering how this can be simplified. LS informed members that should the bid structure stay as it currently is, the DN's will look to provide a 'quick ready reckoner' to assist interested parties.

LS went on to add that a part-day interruption would result in a full day's payment. Members asked if there was an incentive to bring an interruption back on asap, rather than leaving it off for a whole day. LS stated that there was not.

Members asked if the bids would be in 'full' day multiples, to which the DN representatives confirmed that they would be.

Members then enquired about the Capacity/Commodity split and MF informed them that there will be a consultation on this matter in due course.

2.3 DN Specific Update (All DN's)

In this section each DN gave their specific presentation, as follows:

L Spierling, on behalf of Wales and West Utilities opened her presentation to members by informing them that the information contained within the presentation had not been formally released as yet, and as a consequence, would not be made available on the Joint Office of Gas Transporters web site at this time. Furthermore, the figures quoted in the presentation are indicative figures only as by the time May 2008 comes around the information will have already changed.

Members enquired when the information would be publicly available, to which LS responded by stating that it would be closer to October 2007 before meaningful information would be available. Additionally, commercially sensitive data at LDZ level is not available.

With regard to the map of Wales showing the area breakdowns, LS informed members that she believes that at least one of the South sectors will be sub divided further and that the North sector is subject to ongoing discussions. She reminded members that any 'modelling' is subject to Ofgem regulatory impacts and DN and Pricing incentives.

In summary, LS advised members that the presentation was trying to give a 'flavour' as to where the DN maybe looking to invoke an interruption in the future.

Action GCF039: LS to provide the 'Total Interruptible Load' v's 'Total over 200,000 therms Load' data comparison

R Cameron-Higgs, on behalf of Northern Gas Networks opened his presentation to members by informing them that this is NGN's first cut for 2011 and that more information will be available towards October 2007.

RCH advised members that the indicative figures presented within column 2 of the table are the maximum possible. He went on to state that looking at the map, Zones L, M, N & O are where NGN do not expect to invoke a 1:20 interruption. However, Zones A to K are more likely to witness an interruption.

Action GCF040: RCH to add a new column to their table to 'align' with the WWU information.

S Sherwood, on behalf of Scotia Gas Networks opened his presentation to members by informing them that this is based upon SGN's proposed web pages, which should be available in a few weeks time. A notification of its launch will be issued via the Joint Office of Gas Transporters in due course.

SS informed members that he believed that by the time we get to October 2007 there will be more than six Scottish Zones. As yet, there is no indication as to what SGN are going to offer in 2008.

SS went on to state that he believes that the Southern Zones are unlikely to change significantly from those indicated within the presentation.

He then advised members that a database is to be provided on their web site to allow individuals to look up their eligibility status. However, the information is only indicative and places no legal obligation on SGN.

SS went on to advise members that SGN will not publish their indicative figures at this moment in time due to the uncertainties due to the potential impact of 0116 "the incentive regime", and the need to complete the demand forecasting for 2007. SGN intends to provide the information around October 2007. Members voiced concerns regarding the delay in releasing information until October 2007 as they believe that this would be wasting valuable time that could be spent by shippers in engaging the relevant customers.

SS informed members that SGN's Interruption Methodology Statement is currently with Ofgem awaiting approval before being published. LS reminded members that the Uniform Network Code defines that Ofgem have to approve the various IMS's and may, if they so wish, ask for a consultation to take place.

M Freeman, on behalf of National Grid Distribution opened his presentation to members by informing them that he would be happy to provide copies, but at the same time reminded them that the information is subject to change before 2008.

In referring to Locational Interruption, MF advised members that the post codes describe the location and show if you are eligible to bid in the tender and the last column, showing historical data, indicates just how warm the last 5 winters have been.

In referring to Volume Interruption, MF advised members that the interruptible allowances were indicative. He went on to point out that the 2.6% figure is not the interruption requirement as a proportion of the eligible amount, rather a proportion of the total energy in the LDZ Members enquired about the current amounts of interruption to which MF agreed to investigate and provide at a later date.

MF confirmed that all of the requirements presented were within either the East Midlands or the North West. He went on to remind members to bear in mind that this is an estimate of what would have been required for 2010 and will be subject to change.

Members asked if it was the DN's intention to align their respective information sets as they believe customers would welcome this move earlier, rather than later. LS pointed out that the presentations reflect the current DN positions, but acknowledged that working towards a 'consistent' presentation across all the DN's would be beneficial and considered July to be a representative timeline for this work.

Action GCF041: MF to investigate and provide 'Volume Band' table information for next GCF meeting

3. Date of next meeting and agenda items

3.1 Future Meeting Venues

JB reminded members that the 30 April 2007 GCF meeting is scheduled to take place at the Elexon Office, 350 Euston Road, London.

Dates and locations are also included on the Joint Office calendar, at <http://www.gasgovernance.com>

4. A.O.B.

In light of the 2007 Summer holiday impacts, members asked whether or not the 30 July 2007 meeting could be moved to an earlier date, such as, Monday 09 July 2007. MiB agreed to investigate and advise in due course.

Action GCF042: MiB to investigate moving the July meeting date from 30/07/07 to 09/07/07

JB closed the meeting and asked members to submit any suggestions for agenda items to the Joint Office via enquiries@gasgovernance.com

Appendix A

Action Log – Gas Customer Forum – 02 April 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF020	10/07/06	2.2	Transporters to consider the appropriateness of customers, rather than xoserve, owning Aqs.	Trans'	Carried Forward 30/04/2007
GCF021	10/07/06	2.2	xoserve to consider issuing the base date from which Aqs are calculated.	SN	Carried Forward 30/04/2007
GCF036	29/01/07	1.3	Joint Office to ensure that AQ Base Date Calculation is on the April 07 GCF Agenda.	MB	16/04/2007
GCF037	29/01/07	1.3	Joint Office to confirm when the iGTs Unified Code goes live on 01 April 07.	MB	01/04/2007
GCF038	02/04/07	2.1	NGN to investigate the impact of multiple Shipper bids on one Supply Point.	RCH	09/04/2007
GCF039	02/04/07	2.3	WWU to provide the 'Total Interruptible Load' v's 'Total over 200,000 therms Load' data comparison.	LS	09/04/2007
GCF040	02/04/07	2.3	NGN to add a new column to their table to 'align' with the WWU information.	RCH	09/04/2007
GCF041	02/04/07	2.3	National Grid Distribution to investigate and provide 'Volume Band' table information for next GCF meeting.	MF	09/04/2007
GCF042	02/04/07	AOB	Joint Office to investigate moving the July meeting date from 30/07/07 to 09/07/07.	MiB	Completed 05/04/2007

