

**Gas Customer Forum Minutes**  
**Monday 28 July 2008**  
**Elxon Office, 350 Euston Road, London**

Attendees

Tim Davis (Chair)	(TD)	Joint Office
John Bradley (Secretary)	(JB)	Joint Office
Alex Thomason	(AIT)	National Grid NTS
Andy Miller	(AM)	xoserve
Anna Taylor	(AT)	Northern Gas Networks
Alex Spreadbury	(AS)	B&Q
Claire Gibney	(CG)	NHS
Chris Lewis	(CL)	CIPS
Clare Temperley	(CT)	Gas Forum
Denis Aitchison	(DA)	Scotia Gas Networks
Eddie Proffitt	(EP)	MEUC
Kerri Matthews	(KM)	National Grid Distribution
Leigh Bolton	(LB)	Cornwall Energy
Phil Broom	(PB)	Gaz de France
Rob Hetherington	(RH)	Scotia Gas Networks
Richard Street	(RS)	Corona Energy
Steve Marland	(SM)	National Grid Distribution
Simon Trivella	(ST)	Wales & West Utilities

**1. Introduction**

Presentations are available at:

<http://www.gasgovernance.com/industryinfo/GasCust/2008Meetings/>

**1.1 Minutes of last meeting**

Minutes of the 12 May 2008 meeting were accepted.

**1.2 Review of Actions**

**GCF050: NGN (RCH) to investigate progress on the provision of baseline information for Interruptible Loads and report back at the next meeting.**

It was concluded that some but not all of this information had been provided by an Ofgem presentation to the July Distribution Charging Methodology Forum.

**Carried Forward**

**GCF051: Corona Energy (RS) to present on AMR issues at the next GCF meeting.**

See item 2.3 below

**Closed**

**GCF055: xoserve (AM) to contact B&Q (AS) to discuss charging and service provision concerns.**

This contact had occurred.

**Closed**

**GCF056: NHS (CG) and B&Q (AS) to provide evidence of their Supplier problems associated with the maintenance of data on xoserve systems, to xoserve for consideration.**

CG will follow this up since the Supplier had proved reluctant to provide information which was to be shared with xoserve.

**Closed**

**GCF057: xoserve (AM) to provide to B&Q (AS) a copy of the Framework Contract for the Provision of Non-Code Services.**

This had been provided

**Closed****2. Presentations****2.1 Pricing Update**

The DNs summarised the average changes in October 2008 charges which will be published no later than 1 August – AIT confirmed that revised NTS charges would be published at the same time. The DNs expressed caution that individual charges will vary from the averages primarily because of the move to a 95:5 capacity:commodity split. To demonstrate the variability, TD summarised information provided by Ofgem on charge increases and decreases at DM Supply Points caused by the change in the capacity:commodity split. AT stated that some Supply Point SOQs were known to be considerable overestimates and hence some of the larger increases should not be seen in practice provided the data is corrected. However, it is up to the relevant Shippers to nominate and confirm these in order for the corrections to be made. CG asked for the deadline for such sites to be confirmed and AM agreed to provide this.

**Action GCF058: xoserve to advise through the Joint Office the deadline for nomination and confirmation of Supply Points in order to ensure revised SOQs are on-line by 01 October 2008.**

SM stated that the updated charge calculator will be produced soon after the charges were implemented, i.e. early October. CL drew attention to some performance issues on provision of this and CG emphasised the importance of this to customers – with a strong preference for the calculator to be provided now such that post October charges could be readily calculated ahead of implementation. CL said that a Supplier had provided him with a calculator which was proving useful, and PB confirmed that GDF also provide such a calculator. SM stated that the DNs were developing a calculator in spreadsheet form to facilitate future updates and easier publication. This development was welcomed.

**2.2 xoserve Issues**

AM presented on Project Nexus. LB asked whether the date had been fixed for the November/December industry event. AM agreed to check and, if available, advise the Joint Office. AM confirmed that xoserve believed it had done all it could to involve all parties in the consultation process. However, xoserve would also be willing to engage with other parties advised by attendees.

CG questioned the indication that phasing in would be an option rather than an expectation. AM confirmed that there are generally advantages in phasing-in new systems but emphasised that xoserve wanted to keep an open mind at this stage. Attendees generally felt phasing was prudent and suggested that xoserve state whether this is their preferred option or not.

**2.3 AMR issues**

RS gave this presentation. BERR has set a mandatory AMR threshold of 732,000 which covers about 40,000 Meter Points. There is some lack of clarity on the drafting of the anticipated gas Suppliers licence change which would implement this mandate. Whilst BERR believed that there will be sufficient commercial incentives to base settlement on AMR data, some attendees were sceptical on this point and felt this may also need to be mandated.

PB outlined the discussions in UNC Review Group 0175 but identified that, prior to Project Nexus, there may be capacity constraints within xoserve which could restrict the number of AMR sites able to submit reads. ST responded that, without investment, xoserve systems had capacity for up to 50,000 Supply Meter Points - the

DNs had no desire to obstruct progress and had received no indication that this constraint was likely to be a barrier in the immediate future.

CG mentioned that Ofgem had given notice that it intended to begin a working group on AMR, although leadership of this group had not been identified. EP suggested that AMR was an industry issue and should be addressed through UNC Modifications. However, others felt this would be insufficient and that cross-industry leadership was needed from BERR/Ofgem to ensure coverage of all aspects.

CG suggested that the most important issue was the lack of standardisation such that customers would not be tied in to a Supplier as a result of choosing a particular AMR approach - AS believed there were six alternative protocols already in the market. The meeting agreed that this point was central.

EP asked what the costs of implementing AMR were likely to be. Various estimates were given such as, for an I&C site, £200 per AMR unit plus a similar amount for supporting infrastructure. Due to the lack of a pulse, around 30% of existing meters may have to be changed if AMR equipment was to be added.

EP also asked questioned the benefits of within day gas readings since the price is set on a daily basis. CG distinguished between AMRs and Smart Meters that alert the consumer of high usage rates - for which simply reducing DM thresholds would be insufficient. This information would be useful for delivering energy efficiency aims.

The following action was agreed:

**Action GCF059: TD to contact Ofgem and invite them both to identify who will be leading the AMR working group and to the next GCF meeting.**

## 2.4 DN Interruption Reform

ST summarised information published regarding the outcome of the initial tender. Individual shippers were informed of the outcome on Friday 25 July 2008 and general data had been published on the morning of the meeting. In accordance with the UNC, information had only been produced at LDZ level. ST described the difference between disaggregated and aggregated data and believed that the disaggregated data was more helpful – if multiple bids were received for a site, these would be “double counted” in the aggregated data.

EP asked why the requirements had not been published alongside the results. ST responded that in some cases the requirements had reduced. EP was concerned at this response and felt the DNs should have honoured bids up to the published requirement. CG emphasised that some customers had paid their Suppliers to bid and these would be particularly upset if the capacity were no longer required. DA stated that in Southern LDZ, reductions in projected demand and the small quantities offered had removed the case for accepting any interruption offer. Whilst recognising the concerns expressed, ST stated that in the case of WWU it would have rejected bids due to their high price even if its requirements had stayed the same.

EP expressed particular surprise at the lack of acceptance of bids in SE LDZ where requirements were understood to be high. DA explained that some reinforcement might be required in the future but the DN had decided it would not be required for 2011/12 even if no interruption were available. ST emphasised that the DNs would be willing to discuss individual bids and the reason for rejection with the relevant Shippers.

The DNs then outlined the planned ad hoc auction. EP suggested that successful bidders would be at a disadvantage as a result of this second auction. The DNs did not agree with this statement as their bids were safeguarded even if a more attractive bid came in. The DNs also assured the meeting that all the non-accepted bids had not met the criteria of being more economic than reinforcement.

The DNs outlined the contacts to be made to each Shipper prior to the next auction. EP emphasised that the same contact should be made in each case in order to remain non discriminatory. This was accepted by the DNs but they emphasised that they should market the interruptible service to the best of their ability.

CG still had some issues with the bidding process and contrasted this with the NHS contracting arrangements where a change in requirements would have caused the whole tender to be repeated. She hoped that some lessons would be learned in this respect. EP believed that a debate was needed with a senior person within Ofgem prior to embarking on a second auction.

## 2.5 Transmission Issues

AIT gave this presentation. This covered the Exit Reform Impact Assessment, the Transporting Britain's Energy event and the Transmission Planning Code. EP asked for an update on Operating Margins which AT undertook to provide.

**Action GCF060: National Grid NTS to provide an update on Operating Margins arrangements.**

## 3. Modification Proposals

TD outlined Proposal 0194 which, if implemented, would raise costs to I&C Shippers, RS suggested this could amount to £85-90m, and corresponds to approximately 4TWh.

Proposal 0210, supporting the move to a 95:5 capacity:commodity split, was likely to be implemented.

Ofgem are looking for more customer representation at the UNC Panel that contrasts with arrangements in the BSC. EP stated a previous reluctance to attend if he had no vote at Panel meetings – and TD confirmed that Ofgem were looking at this aspect. Ofgem also wanted to encourage participation in governance processes by small players.

## 4. Customer Issues

### 4.1 DNO Update

No additional issues raised.

### 4.2 Customer Issues

EP raised the issue of safety under the new interruption regime especially since there were very few accepted bids. ST offered to provide an update to the next Gas Customer Forum.

**Action GCF061: DNs (ST) to provide an update on emergency arrangements under the new interruption regime.**

### 4.3 Regulatory Issues

No additional issues raised.

## 5. Date of next meeting and agenda items

The next GCF meeting is booked for 27 October 2008 at Elexon's Offices, London.

Dates and locations are available on the Joint Office calendar, [www.gasgovernance.com/Diary](http://www.gasgovernance.com/Diary), and papers on the Gas Customer Form section of the website, [www.gasgovernance.com/industryinfo/GasCust/2008Meetings](http://www.gasgovernance.com/industryinfo/GasCust/2008Meetings).

Suggestions for agenda items can be sent to [enquiries@gasgovernance.com](mailto:enquiries@gasgovernance.com)

## 6. Any other business

None

**Action Log – Gas Customer Forum – 28 July 2008**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GCF050	30/11/07	1.2	Investigate progress on the provision of baseline information for Interruptible Loads and report back at the next meeting.	Northern Gas Networks (RCH)	Some information provided by Ofgem more to be provided by RCH <b>Carried Forward</b>
GCF051	10/03/08	3.1	Corona Energy (RS) to present on AMR issues at the next GCF meeting.	Corona Energy (RS)	Presentation made 28/07/08. <b>Closed</b>
GCF055	12/05/08	2.1	Contact B&Q (AS) to discuss charging and service provision concerns.	xoserve (AM)	Contact made <b>Closed</b>
GCF056	12/05/08	2.1	Provide evidence of their Supplier problems associated with the maintenance of data on xoserve systems, to xoserve for consideration.	NHS (CG)/ B&Q (AS)	Evidence being obtained <b>Closed</b>
GCF057	12/05/08	2.1	Provide to B&Q (AS) a copy of the Framework Contract for the Provision of Non-Code Services.	xoserve (AM)	Contract provided <b>Closed</b>
GCF058	28/07/08	2.1	Advise through the Joint Office the deadline for nomination and confirmation of Supply Points in order to ensure revised SOQs are on-line by 01 October 2008.	xoserve (AM)	
GCF059	28/07/08	2.3	Contact Ofgem and invite them both to identify who will be leading the AMR working group and to the next GCF meeting.	Joint Office (TD)	
GCF060	28/07/08	2.5	Provide an update on Operating Margins arrangements.	National Grid NTS (AIT)	
GCF061	28/07/08	4.2	Provide an update on emergency arrangements under the new interruption regime.	DNs (ST)	

\* AM = Andy Miller, AS = Alex Spreadbury, AT = Alex Thomason, CG = Claire Gibney, RCH = Robert Cameron Higgs, RS = Richard Street, ST = Simon Trivella, TD = Tim Davis.