

RbD Audit Sub Committee Minutes

Tuesday 18 December 2007

Renewal Conference Centre, Solihull

Attendees

Julian Majdanski (Chair)	JM	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Brian Durber	BD	E.ON UK (Member)
Chris Warner	CW	National Grid Distribution
James Boraston	JB	RWE Npower (Member)
Joel Martin	JM	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Marie Clark	MC	Scottish Power (Member)
Mitch Donnelly	MD	Centrica (Alternate)
Phil Lucas	PL	National Grid Distribution
Simon Howe	SH	RWE Npower
Simon Trivella	ST	Wales and West Utilities
Tim Davis	TD	Joint Office of Gas Transporters

Apologies

Mark Jones	MJ	Scottish and Southern Energy (Member)
Rochelle Hudson	RH	Centrica (Member)
Anna Pechlivanidou		Ofgem

1. Status Review

JM welcomed members to the meeting, which was quorate.

1.1. Minutes from November 2007 RbD Audit Sub Committee

The Minutes of the previous meeting were approved.

1.2. Review of Actions from November 2007 RbD Audit Sub Committee

Action RbD 1101: All Members to consider the scope of the RbD audit

Action update: Further consideration required

Action: Carried Forward.

Action RbD 1102: AT to establish Elexon's auditing model and costs.

Action: Carried Forward.

2. Scope of Audit Work

JB requested clarification regarding whether the RbD Audit scope could be extended.

CW acknowledged that the UNC is open to interpretation and suggested that the scope of the audit could be reasonably extended, however he would not expect this to involve any Shipper visits.

JM quoted paragraph 9.5.1 from the UNC TPD Section V, which details that the purpose of the audit is to review whether "the Transporter has complied in all material respects with applicable provisions of the Code".

ST confirmed that he considered that the RbD Audit scope is limited to the “black box” calculations and the Transporters processes and procedures surrounding this. He considered that to extend the scope of the audit beyond this would need an amendment to the UNC.

MD concurred with ST that the UNC suggests the audit is limited to Transporters processes. He suggested that it may be possible to include validation processes, without amending the UNC.

It was acknowledged by the sub-committee that past RbD Audits have provided sufficient reassurance that RbD Calculations are processed correctly.

MD questioned the value of continuing to audit RbD calculations highlighting that a Shipper could process erroneous meter reads and that the RbD Audit would not currently flag this as a problem. The current RbD Audit process would simply check that the RbD calculation is undertaken correctly with the information provided. BD confirmed that Elexon audits information provision within the Electricity industry. LW explained that there are a number of filter failures operated by xoserve to ensure that provided meter readings are consistent.

JB questioned whether Offtake meters are audited. LW confirmed that 10 percent of Offtake meters are audited. MD expressed an interest in understanding which Offtake meter sites have been and will be audited in the future. LW confirmed that this is considered by the Offtake Committee and that Committee should be able to provide such information.

SH questioned whether a UNC Modification Proposal needs to be raised to extend the scope further than the Transporter processes. LW expressed concern with extending the scope due to the imminent auditor appointment process and the difficulty of providing a tender on an open ended scope. MCI suggested that the audit scope would need to be more explicit rather than extending the scope to all activities that could affect RbD.

Members discussed whether the audit could be more detailed but less frequent and questioned the benefit of continuing to audit the “black box” mechanism.

LW suggested a Review Group may need to be established to consider what type of audit the industry want to undertake. However SH expressed his concern with the likely delays this would involve.

JM questioned whether a nil scope could be set to allow next year’s audit to be postponed, whilst other options were considered. It was acknowledged that past RbD Audits have provided the reassurances needed and there was general consensus that there was a need for a change with the RbD Audit approach.

CW offered to obtain a Legal interpretation of the existing UNC Rules surrounding the RbD Audit.

Action RbD1201: CW to establish Legal Interpretation of existing RbD Audit scope.

Action RbD1202: All to consider possible areas for an industry wide audit to establish if the UNC requires a change

Action RbD1203: All to consider the 2008 Audit and the possibility of setting a nil scope.

3. AOB

ST questioned whether Transporters should be members of the RbD Audit sub-committee and whether there was a need for Terms of Reference. JM confirmed that the UNC Committee set sub-committee membership and any Terms of Reference beyond the requirements set out in UNC. If required this could be added to the UNC Code Committee's Agenda for consideration.

Action 1204: Joint Office to add agenda item to UNC Committee Agenda regarding sub-committee membership and Terms of Reference.

4. Initial Diary Planning for Sub Committee

Thursday 24 January 2008, 13:00 31 Homer Road, B91 3LT

Thursday 24 April 2008, 13:00 31 Homer Road, B91 3LT

Thursday 24 July 2008, 13:00 31 Homer Road, B91 3LT

Thursday 25 September 2008, 13:00 Elexon, 350 Euston Road,

Thursday 23 October 2008, 13:00 31 Homer Road, B91 3LT

Action Table (Appendix 1)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RbD1101	22/11/07	4.0	All Members to consider the scope of the RbD audit	All	Action: Carried Forward
RbD1102	22/11/07	4.0	AT to establish Elexon's auditing model and costs.	E.ON UK (AT)	Action: Carried Forward
RbD1201	18/12/07	2.0	CW to establish Legal Interpretation of existing RbD Audit scope.	National Grid (CW)	Action: Pending
RbD1202	18/12/07	2.0	All to consider possible areas for an industry wide audit to establish if the UNC requires a change	All	Action: Pending
RbD1203	18/12/07	2.0	All to consider the 2008 Audit and the possibility of setting a nil scope.	All	Action: Pending
RbD1204	18/12/07	3.0	Joint Office to add agenda item to UNC Committee Agenda regarding sub-committee membership and Terms of Reference.	Joint Office (JM)	Action: Pending