

RbD Audit Sub Committee Minutes

Thursday 24 January 2008

31 Homer Road, 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	JMa	Scotia Gas Networks
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	Scottish and Southern Energy (Member)
Mitch Donnelly	MD	Centrica
Phil Lucas	PL	National Grid Distribution
Rochelle Hudson	RH	Centrica (Member)
Shelley Rouse	SR	Statoil
Simon Howe	SH	RWE Npower
Simon Trivella	ST	Wales and West Utilities
Sue Davies	SD	Wales and West Utilities

Apologies

Marie Clark	MC	Scottish Power (Member)
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1. Status Review

JM welcomed members to the meeting, which was quorate.

1.1. Minutes from December 2007 RbD Audit Sub Committee

The Minutes of the previous meeting were approved.

1.2. Review of Actions from the December 2007 RbD Audit Sub Committee

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

Action: Complete

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

Action update: BD provided a presentation on the Elexon Model and briefly referred to the BSC Technical Procedure. MD confirmed that the cost of the BSC Audit will be included in the report. He explained the extent of the BSC Audits which incorporates supplier information. He also explained the roll of PAB. MJ clarified that liquefied damages are applied for areas of non-compliance.

Action: Complete

Post Meeting Note: BD has provided confirmation that Elexon's Audit Costs for the 2007-08 Audit was £2.01m. The Technical assurance was £0.55m

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

Action update: CW confirmed that National Grid's Legal interpretation had been provided. ST confirmed WWU had also reviewed the legal text, it was believed that the current drafting is vague, but is limited to Transporter hand-offs. ST confirmed that he had investigated the possibility of postponing the audits but found that under the UNC there is

an obligation to appoint an auditor so the appointment process would have to continue unless a Modification is made.

Action: Complete

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

Action: Complete

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

Action: Complete

Action RbD1204: Joint Office to add agenda item to UNC Committee Agenda regarding sub-committee membership and Terms of Reference.

Action: Carried Forward

2. Scope of Audit Work

The committee discussed the quality of data submitted. MD highlighted that the current audit process simply audits that xoserve are processing the data provided correctly. The committee acknowledged the audit would not establish if incorrect data is supplied. LW confirmed that validations are undertaken by xoserve and that the validations are audited by Ernst & Young.

The committee discussed the validation processes undertaken by xoserve. The group then discussed the relevance of feeder processes and what Transporter processes would be included.

JM suggested that the UNC could be changed to allow a suspension of the existing audit. However he highlighted that there would be a 12 month delay to re-allow the appointment of an auditor. ST believed that the UNC could be changed to reflect that the audit would be called as and when it was required.

The committee agreed that there was little benefit continuing with the current audit.

SH suggested that there was a two stage process to suspend the RbD Audit and then to implement an alternative audit.

ST confirmed that WWU would be willing to raise a Modification Proposal to postpone the RbD Audit. The RbD Audit sub-committee agreed that the Audit does need to be postponed.

Action RbD0101: ST to produce a Modification Proposal to suspend current RbD Audits.

The committee discussed the role of the UNC Committee and that the UNC Committee would have to review and instigate the requirement for an RbD Audit.

The committee discussed whether UNC 9.5 from the UNC TPD Section V needs to be amended for clarity. MD suggested that 9.5 need not be changed as any change would still not allow an audit of supplier systems or provision of data.

The committee considered what could be audited, Offtake Metering was discussed. ST confirmed that each network could clarify which Offtake meters have been validated. Technical audits were discussed. MD suggested Shippers would have more confidence if they had visibility of the Offtake Technical Audits and the volume of such audits.

SH suggested that the Offtake committee writes to Ofgem to establish what audits have been undertaken and the plan of audits for the next 5 years. SH agreed to provide the appropriate details to JMa to raise at the Offtake Workstream on 28 January 2008.

Action RbD0102: SH to provide appropriate information to JMa for Offtake Metering Audits.

Post Meeting Note: SH has provided JMa with some appropriate wording to raise at the Offtake Workstream.

Action RbD0103: JMa to request via the Offtake Workstream details of Offtake Meter Technical audits.

3. Appointment of Auditor for 2009

As it was agreed that the Appointment will be postponed, the process was not discussed.

4. AOB

5. Initial Diary Planning for Sub Committee

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

Thursday 24 July 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: Complete
RbD1102	22/11/07	4.0	AT to establish Elexon's auditing model and costs.	E.ON UK (AT)	Action: Complete
RbD1201	18/12/07	2.0	CW to establish Legal Interpretation of existing RbD Audit scope.	National Grid (CW)	Action: Complete
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: Complete
RbD1203	18/12/07	2.0	All to consider the 2008 Audit and the possibility of setting a nil scope.	All	Action: Complete
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: Carried Forward
RbD0101	24/01/08	2.0	ST to produce a Modification Proposal to suspend current RbD Audits.	WWU (ST)	Action: Pending
RbD0102	24/01/08	2.0	SH to provide appropriate information to JMa for Offtake Metering Audits.	RWE (SH)	Action: Complete
RbD0103	24/01/08	2.0	JMa to request via the Offtake Workstream details of Offtake Meter Technical audits.	SGN (JMa)	Action: Pending