

GAS CUSTOMER FORUM MINUTES
Monday 10 March 2008
Elexon Office, 350 Euston Road, London

Attendees

Tim Davis	(Chair)	(TD)	Joint Office of Gas Transporters
Mike Berrisford	(Secretary)	(MiB)	Joint Office of Gas Transporters
Claire Gibney		(CG)	NHS Purchasing & Supplies Agency
Claire Temperley		(CT)	Gas Forum
Eddie Proffitt		(EP)	Major Energy Users Council
Lee Bolton		(LB)	Cornwall Energy
Liz Spierling		(LS)	Wales & West Utilities
Mark Freeman		(MF)	National Grid Distribution
Robert Spears		(RoS)	UCC
Ritchard Hewitt		(RH)	National Grid NTS
Richard Street		(RS)	Corona
Robert Cameron-Higgs		(RCH)	Northern Gas Networks
Steven Sherwood		(SS)	Scotia Gas Networks

Apologies

Alex Spreadbury	(AS)	B&Q
Beverley Grubb	(BG)	Scotia Gas Networks

1. Introduction

Presentations are available at: <http://www.gasgovernance.com/industryinfo/GasCust/2008Meetings/>

1.1 Minutes of last meeting

Minutes of the 30 November 2007 meeting were accepted.

1.2 Actions arising

TD reviewed the outstanding actions:

- **GCF046** LS advised that the DN's had discussed the release of the emergency related reports, and various BERR working groups had been initiated. The OPUS report is expected to be published by the HSE towards the end of March. Attendees questioned the delay in releasing the OPUS report, and RH agreed to pass this concern to the HSE.

Action GCF046: Closed

- **GCF047**, LS advised that the latest version of the 'Ready Reckoner' accompanied by a set of User Guidelines, was available from the WWU web site. Attendees thanked WWU for providing such a helpful tool.

Action GCF047: Closed

- **GCF048**, RCH said that an updated version of the Indicative Interruption Zones and Requirements presentation had been published by the Joint Office.

Action GCF048: Closed

- **GCF049**, RCH said that an updated version of the Indicative DN Interruption Requirements presentation had been published by the Joint Office. LS pointed out that the JO web site now has links to each of the DN web sites.

Action GCF049: Closed

- **GCF050**, RCH apologised - he was mistakenly under the impression that this outstanding action had already been completed. LS suggested that DNs had published this information within their respective seminar packs. EP said information by Load Band remained missing, and RCH agreed to progress this for publication alongside these minutes.

Action GCF050: Carried Forward

2. Presentations

2.1 DN Interruption Reform Updates

LS provided a Safety Case update. The DNs have been in discussion with the HSE regarding whether or not they will need a safety case change is necessary - the DNs believe no material change is required. The DNs are undertaking two specific pieces of work with the HSE, namely:

- Reviewing the current Safety Case with regard to 'Sectorisation'
 - how best to isolate parts of the network to enable delivery of Firm Load Shedding; and
- Impacts relating to Interruption Reform
 - practical areas to focus on, such as customers moving from interruptible to firm status and the impact of the auction outcomes.

Attendees thought the HSE should be concerned that, post 2011, during a Stage 1 Emergency there will be less interruptible load than at present to take off the system within 5 hours. Maintaining present performance is hardly assured when the emergency contact statistics indicate a 50% success rate. TD suggested that the practise of removing interruptible loads followed by firm during an emergency was not changing, so there was no Safety Case change for the HSE to accept. LS confirmed that the HSE is looking closely at this area and is keen to see a clear demonstration of effective load shedding.

LS continued that, from an HSE perspective, two key actions will take place between now and 2011:

- An NEC Safety Case Review; and
- Control Centre relocation to within each DN's control.

Attendees pointed out that Firm Load owners are under the misconception that they are protected by Interruptible Loads during an emergency. Furthermore, attendees remained concerned as to how the network will be protected in the event of an emergency.

Exercise OPUS Update

RH provided an update on the Exercise OPUS Findings. Discussions highlighted the following points:

- In the 'Firm load shedding >25,000 tpa sites' slide
 - 2004 data was excluded because of incompatibility issues;
 - Approximately 75% of contacted sites were able to turn off;
 - Quality of contact information remains a concern; and

- If volume weighted, the 35% incorrect contact detail would look significantly better.
- In the 'Cannot Contact Site' slide
 - General trend is towards an improvement in contacting personnel;
 - The two Shippers without a 'Neptune' element did not have > 60 sites at the time of exercise Neptune; and
 - Shippers are potentially at the mercy of their customers providing accurate information.
- In the 'Sites Contacted and Can Turn Off' slide
 - Concerns remain surrounding the percentage impact of Large Volume sites;
 - Acknowledgement that the larger sites normally have better procedures, supported by more accurate contact information; and
 - The data presented can be difficult to interpret.
- In the 'Special Status Sites' slide
 - Bullet point one shows this to be an excellent result;
 - A benefit of the exercise has been the re-establishment of DN to Customer communication mechanisms.

Members expressed concern as to what constitutes a special status site. LS suggested this is not a formal status but refers to the largest sites, based on volume, and that these parties have been made aware of their status. Attendees wondered if there was a sufficient incentive to encourage these sites to interrupt. LS suggested that these sites are often already aware of the importance of their support during an emergency, which could help to reduce the scale of, or potentially prevent the onset of, an emergency.

LS confirmed that the status of priority sites, such as certain NHS sites, would not be affected and irrespective of the size of load these were not treated as special status sites during the exercise.

Attendees suggested that publicising Shipper specific information could help improve contact information, but acknowledged that all parties have a responsibility in this area. RH expected Shippers to be named when HSE publish the report. Adopting a mandatory annual review approach was also discussed, but it was concluded that this would be difficult to enforce and make effective.

Scotia Gas Networks

SS highlighted the small changes compared to previous presentations (GCF and SGN Seminars). A zone has been added covering the rest of Scotland, and there may be further changes within zones 2, 3 & 5 in the South LDZ.

SS emphasised that SGN have published on their web site the FAQs from their seminars (www.scotiagasnetworks.co.uk/industrychanges).

National Grid

MF said the NG requirements are as presented at recent Seminars, but subtly different to that provided to the previous GCF meeting. NG plan to arrange an additional seminar, the details for which will be available in due course.

MF confirmed that, in respect of the East Midlands maximum interruptible allowance (days), this could possibly involve accepting bids, and so interrupting, for up to 45 days. EP pointed out that gasoil customers potential break even point is around 22 days given the differential between gasoil and gas prices. Beyond this, they would be paying no net transportation charges but rather see a net payment for being connected to the system. LS indicated that the DNs are aware that payments can exceed transportation charges.

Attendees suggested that some customers do not fully understand the bid requirements nor know how to price their offers. LS acknowledged that the first Auction will not have

transparent prices but believed that, once completed, improvements to the process will be considered.

In terms of historic interruption, RoS enquired what volumes sit behind the reported site days. SS responded that these volumes are potentially insignificant. CG added that, in her view, the information provided in the form that it has been will not be a barrier to informed decisions being made regarding bidding approaches. LS confirmed that the DNs had provided the information in this form (minus volume data) at the request of a Shipper. TD asked if attendees would like the DNs to provide volume information, but no one took up the offer.

Wales & West Utilities

LS emphasised that while the WWU figures remain indicative, significant change is unlikely. She also advised that WWU are considering accepting bids on a daily basis rather than the current blocks of 5 days.

Northern Gas Networks

RCH also said the NGN figures are indicative. NGN have provided additional information on USB drives at their seminars and elsewhere. RCH emphasised that NGN may interrupt, say, three large loads in preference to one very large load – decisions will depend upon factors including price. He recommended bidding early in the 10 day bid window such that there was a potential for errors to be corrected.

CG enquired if bid templates would be made available. LS advised that xoserve had already provided the necessary file formats to Shippers, which RS confirmed. Corona would be contacting its customers to ensure data was provided in an appropriate format.

RCH reported questions raised at NGN's seminars and confirmed that the matter of stranded assets had been raised. NGN will be arranging further seminars. He confirmed that discussions relating to possible early contract termination had also taken place.

LS said that WWU had been asked if VAT applied, and WWU believe that it will.

MF indicated that the Interruptible Capacity Methodology (ICM) statement is with the Authority awaiting approval. MF also confirmed that there had been a mixed response at the NG seminars, but he believes parties are realising that they need to engage with the DNs sooner rather than later. RS supported this saying that, on average, Corona receive one enquiry per day about interruption reform.

The DNs reported that seminar attendance was typically around 40 delegates. SS pointed out that SGN plan to host two additional seminars.

2.2 Transmission Issues

TBE Process Timeline

RH urged all to complete the TBE Questionnaires as soon as possible – accurate demand side information provides an important input to forecasting and network development.

EP enquired why, when demand is reducing, CAPEX is increasing? LS explained that replacement of above ground installations, such as pressure reducing stations, is treated as CAPEX rather than REPEX, and should not be mistaken as being related to growth.

OM (Operating Margins Gas) Consultation

When asked about how OM gas relates to line-pack, RH advised that line-pack is a day-to-day tool whereas OM is intended to support the system, if required, under specific circumstances, such as plant failure.

Gas Operations Winter Reporting

RH said he was providing an overview - more detail is provided at the regular Gas Operations Forum which all are welcome to attend. On the 'Gas Demands' slide, EP wondered if the Interconnector figure netted off Irish demand since he had expected to see more importation.

Transmission Planning Code

RH said this new Code was being developed and was expected to help parties decide where to connect to the network. This was therefore an opportune time for consumers to say what they think is required.

CG enquired as to how, she and others are supposed to feed in to the Supply and Demand Outlook process, to which RH responded that this is aimed at the large industrial loads which may choose to connect directly to the NTS.

3. Modification Proposals

3.1 Review of UNC Modification Proposals

TD highlighted the UNC Modification Proposals not previously discussed in the meeting that he expected to be of greatest interest to the GCF, specifically:

- 0194 "Correct Apportionment of NDM Error – Energy", RS informed members that this relates to the theft of gas to the tune of £80m;
- 0202 "Improvements to More Frequent Readings Provisions to allow benefits of AMR", closely related to UNC Modification 0175 "Encouraging Participation in the elective Daily Metered Regime", looking at how automated meter readings should be reflected in Transporter systems.

Attendees expressed concern about the development of AMR and particularly pointed to the risks to competition if common standards were not adopted.

RS offered to present on AMR issues at the next GCF meeting.

Action GCF051: RS to present on AMR issues at the next GCF meeting.

4. Customer Issues

4.1 DNO Update

Attendees were reminded that the 95:5 capacity:commodity split of charges was due to take place in October. All were urged to encourage checking of the capacity data on which charges are based. Indicative charges to apply from October 2008 are due to be published at the start of May. LS also said that WWU have been discussing a Capacity Reduction Window with one of its Shippers.

When asked, LS informed members that a copy of the Customer Satisfaction Survey had been published on the Ofgem web site within the last two weeks.

4.2 Customer Issues

EP voiced his concerns surrounding the potential utilisation of private user information under the User Pays banner, as he believes this is the opposite to what was indicated during his previous discussions with the Authority.

Furthermore, both he and Alex Spreadbury were alarmed by the proposed IAD charges – customers should not be charged to view their own data. It was argued that the reason for customer access – improving data quality – seemed to have been forgotten and that by introducing charges, customers may simply not provide updates and so data quality would worsen. TD asked if the DNs would wish to take this matter up with xoserve and consider removing IAD charges for consumers? LS responded that this would be difficult for the DNs as it is part of the Ofgem's proposals and suggested an alternative would be for Shippers to discuss this with their customers.

Attendees suggested that the User Pays approach has been introduced with little or no proper consultation. RS stated that his principal objection to UP is the apparent monopolistic xoserve service provision. TD pointed out that Ofgem is consulting on the proposed UP licence changes as part of the wider Price Control Review. Ofgem will also have to approve the charging statement which supports the User Pays approach. If parties are concerned, they need to respond to Ofgem as soon as possible.

4.3 Regulatory Issues

No additional issues raised.

5. Date of next meeting and agenda items

It was agreed to defer the planned 28 April meeting to early in May and that confirmation of the remaining 2008 GCF meetings should be issued, with a preference for meeting at Elexon's offices with a 12:00 start.

Dates and locations are available on the Joint Office calendar, www.gasgovernance.com/Diary, and papers on the Gas Customer Form section of the website, www.gasgovernance.com/industryinfo/GasCust/2007Meetings.

Action GCF052: MiB to rearrange April meeting to early May.

Post meeting note – meeting arranged for Monday 12 May, 12:00 for 12:30, Elexon Offices, London

Action GCF053: MiB to confirm 2008 GCF meeting schedule.

6. A.O.B.

Attendees voiced concern over the level of customer attendance, and acknowledged the excellent support provided by NTS and the DNs and that they had once again found the meeting useful. It was suggested that the DNs could invite their top 10 customers to the meeting, but LS felt they were unlikely to attend. RS wondered if the people best positioned to promote the meetings are the customers that have attended. CG offered to review the mailing list to see if it included any potential attendees or if there were obvious omissions. LB suggested that the meeting invitation as currently issued, is bland and provides little incentive to attend – adding a description of issues likely to be covered might encourage attendance.

Action GCF054: All to consider how to promote GCF attendance.

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

Appendix A

Action Log – Gas Customer Forum – 10 March 2008

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GCF046	30/11/07	1.2	DNs (LS) to ascertain when the E3C and OPUS reports will be released.	LS	Update provided. Closed
GCF047	30/11/07	1.2	WWU (ST) to update the 'Ready Reckoner' and provide a copy for the Joint Office to publish.	ST	Update provided. Closed
GCF048	30/11/07	1.2	NGN (RCH) to update the Indicative Interruption Zones and Interruption Requirements presentation and provide a copy for the Joint Office to publish.	RCH	Update provided. Closed
GCF049	30/11/07	1.2	NG (MF) to update the DN Interruption Requirements presentation and provide a copy for the Joint Office to publish.	MF	Update provided. Closed
GCF050	30/11/07	1.2	NGN (RCH) to investigate progress on the provision of baseline information for Interruptible Loads and report back at the next meeting.	RCH	Update due 14/03/08. Carried Forward
GCF051	10/03/08	3.1	Corona Energy (RS) to present on AMR issues at the next GCF meeting.	RS	Presentation due 12/05/08.
GCF052	10/03/08	5.1	MiB to rearrange April meeting to early May.	MiB	Completed 13/03/08.
GCF053	10/03/08	5.1	Joint Office (MiB) to confirm 2008 GCF meeting schedule.	MiB	Update due 12/05/08.
GCF054	10/03/08	6.0	All to consider how to promote GCF attendance.	All	Update due 12/05/08.