

## RbD Audit Sub Committee Minutes

Thursday 24 April 2008

31 Homer Road, Solihull

### Attendees

John Bradley (Chair)	JB	Joint Office of Gas Transporters
Helen Cuin (Secretary)	HC	Joint Office of Gas Transporters
Alex Travell	AT	E.ON UK ( <b>Alternate</b> )
Andrew Margan	AM	Centrica ( <b>Alternate</b> )
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CW	National Grid Distribution
Fiona Cottam	FC	xoserve
Jenny Booth	JB1	Ofgem
Linda Whitcroft	LW	xoserve
Mark Jones	MJ	Scottish and Southern Energy ( <b>Member</b> )
Phil Lucas	PL	National Grid Distribution
Simon Howe	SH	RWE Npower ( <b>Alternate</b> )
Simon Trivella	ST	Wales and West Utilities
Stefan Leedham	SL	EDF Energy

### Apologies

Brian Durber	BD	E.ON UK ( <b>Member</b> )
James Boraston	JBMC	RWE Npower ( <b>Member</b> )
Julian Majdanski	JM	Joint Office of Gas Transporters
Marie Clark	MC	Scottish Power ( <b>Member</b> )
Mitch Donnelly	MD	Centrica
Rochelle Hudson	RH	Centrica ( <b>Member</b> )

## 1. Status Review

JB welcomed members to the meeting, which was quorate.

### 1.1. Minutes from January 2008 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 RbD1204:** Joint Office to add agenda item to UNC Committee Agenda regarding sub-committee membership and Terms of Reference.

**Action Update:** Joint Office asked for this action to be carried forward. This was agreed.

**Action Carried Forward.**

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

**Action Update:** ST provided Modification Proposal 0211 on 09/04/08. **Action Complete.**

**Action RbD0102:** SH to provide appropriate information to Joel Martin (JMa) for Offtake Metering Audits.

**Action Update:** SH provided JMa with some appropriate wording to raise at the Offtake Workstream. **Action Complete.**

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

**Action Update:** SH confirmed that JMa had asked to be excused from this action, SH confirmed that Steve Roe has been contacted about the concerns of the timetable on the invasion investigation. SH was not able to provide assurance that all 120 offtakes had been investigated. Some of the meters examined may have been tested more frequently. Steve Roe has offered to provide a presentation on the current activities, the level of investigation and potential future thoughts. SH confirmed that Steve Roe will be invited to the next Distribution Workstream meeting. HC to add agenda item NTS LDZ Offtake Audits. **Action Closed.**

## 2. RbD Audit Report and Feeder Process Report

LW gave members a brief summary on the RbD Audit Report and Feeder Process Report. The members and alternates agreed that the documents could be provided to the auditors pre determined circulation list.

HC requested that the alternates representing members today ensure that the member has provided written confirmation to the Joint Office of their appointment.

LW confirmed on confirmation of the alternates she will circulate the documents.

## 3. Potential suspension of Audit Work

ST confirmed that the Proposal had been raised and referred to the Distribution Workstream and RbD Audit Sub-committee for the production of a Workstream Report.

JB1 queried the value of the audit in the current form; she confirmed that Ofgem will be providing a response to the UNC Panel, but that the initial view was that the audit should continue as a default. Ofgem might be more sympathetic if any Proposal required a majority vote on the UNC Committee to suspend the audit and this vote was conducted annually.

A debate evolved on the reinstatement of future RbD Audits. SL challenged why the RbD Audit Sub-Committee would not want to vote to reinstate the audit. SH had no concerns on the audit being suspended as the RbD Audit Sub-Committee had considered its value in previous meetings and had agreed that there appeared little value continuing the audit in its present form. ST summarised the possible voting mechanism for the reinstatement of audits confirming that the Panel represented the whole industry, not just the companies present.

LW confirmed that the electricity industry audit model had been examined and that consideration has been given to establishing a work group to consider future gas industry audits. SH offered to re-raise a previous modification which proposed the extension of the RbD Audit scope.

ST questioned if the current proposal should be amended for a majority vote at the UNC Committee on whether the audit should **not** take place on a yearly basis ie the default would be for it to take place. LW acknowledged the principle but believed it would be clearer if the audit was suspended in 2008 and then UNC vote held in January each year. She pointed out that this mechanism would require the appointment of the auditor each year the audit was undertaken. The appointment of the auditor and the timescales required were discussed. It was agreed that the Proposal would be amended.

ST agreed to amend the Proposal, but expressed some concern on the timescales. JBr explained the option of asking for Urgency status. ST confirmed he will consider the best steps for progressing the modification, and whether this ought to be raised as urgent or not.

LW expressed concern about the possibility that the Proposal could be rejected and the requirement to tender an auditor appointment. The timing of the auditor appointment and relevant audit period was discussed. It was agreed that the audit period would be set as part of the audit scope and this could include a one or two year period.

The Committee considered whether a Review Proposal ought to be submitted. SH confirmed that RWE will liaise with National Grid and Wales and West Utilities to produce a Review Proposal. FC suggested that the Review Group could create a framework for industry assurance whereby the powers are given to a committee to set the scope for the audit, year on year. SH confirmed that he would progress a Review Proposal.

**Action RbD0401:** RWE to raise a Review Proposal to consider future gas industry audits.

It was agreed to amend the Modification Proposal considering the changes discussed and a Workstream Report was produced on behalf of this Committee and, as requested, the Distribution Workstream.

AT questioned how the cost savings would be passed on to Shippers when the audit is not conducted. Some concern was expressed on cost recovery. The cost recovery process was discussed; it was explained how year on year the mechanism is altered to prevent under or over recovery.

#### 4. AOB

#### 5. Initial Diary Planning for Sub Committee

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
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: Complete
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: Closed
RbD0401	24/04/08	2.0	RWE to raise a Review Proposal to consider future gas industry audits.	RWE (SH)	Action: Pending