

UNC Workgroup 0687 Minutes

Creation of new charge to recover Last Resort Supply Payments

Thursday 27 June 2019

at Elexon, 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alsarif Satti*	(AS)	Ofgem (0696 only)
Andy Clasper	(AC)	Cadent
Bob Fletcher	(BF)	Joint Office
Brandon Rodrigues*	(BR)	ESP Utilities
Carl Whitehouse*	(CW)	Shell
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates Ltd
Guv Dosanjh	(GD)	Cadent
Hilary Chapman	(HC)	SGN
Joanna Ferguson	(JF)	Northern Gas Networks (joined at 12pm)
Joel Martin*	(JM)	SGN
Jonathon Trapps*	(JT)	Northern Gas Networks (0687 only)
Julie Cox*	(JC)	Energy UK (0696 only)
Julie Jeffries*	(JJ)	Spark Energy
Kate Mulvany	(KM)	Centrica
Kirsty Dudley	(KD)	E.ON
Louise Hellyer	(LH)	Total Gas & Power Limited
Mark Jones	(MJ)	SSE
Phil Lucas*	(PL)	National Grid NTS
Richard Pomroy	(RP)	Wales & West Utilities
Sean Hayward*	(SH)	Ofgem (0696 only)
Shardul Pandit*	(SP)	Wales & West Utilities
Tracey Saunders	(TS)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0687/270619

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 August 2019.

1.0 Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

1.1. Approval of Minutes (22 May 2019)

The minutes from the previous meeting were accepted.

1.2. Review of Outstanding Actions

Action 0501: Cadent (NP) to provide information on how the current process works in relation to miscellaneous pass through of charges, including SOLR. To include how DNOs would take into consideration under/over recovery from the SoLR charge and confirm there is no impact on DNOs overall allowed revenue or any other issues from the proposal.

Update: Nitin Prajapati (NP) provided an email update for this action advising that he is currently looking into the full process relating to the miscellaneous pass through of charges to determine the impact on allowed revenues. A further update will be provided at the next Workgroup in July 2019. **Carried Forward**

Action 0502: Total Gas & Power Ltd (AG)/Waters Wye Associates (GE) to clarify Business Rules 7-9 where appropriate and to clarify a) what is for information within the Business Rules/examples and b) to clarify the SOLR charges process to reflect discussions at the meeting and consider providing a new worked example split by DNOs.

Update: This is work in progress. **Carried Forward**

2.0 Consideration of Amended Modification

During an onscreen walkthrough, Gareth Evans (GE) provided an overview of the amendments made to the Modification which can be viewed in the published change marked Modification here: www.gasgovernance.co.uk/0687.

GE highlighted the key changes which are in relation to:

- The title of the Modification
- The purpose of the Modification
- Minor changes to the “Why Change; LRSP process”, (LRSP means Last Resort Supply Payment)
- The most significant changes have been made to DNO cost allocation and recovery methodology in the “Solution” section.

Amendments have mainly been made to the solution, and in particular to the worked example, where GE explained how the credit balance and residual balance, (of the LRSP), for each Network feeds into the calculation.

When asked, GE confirmed that IGTs are not impacted because they are not currently asked to contribute.

It was mentioned that, at the recent DNCMF meeting, the meter point count by Ofgem does not fully align with the cost recovery process.

Discussions are taking place with Xoserve as to how they will implement the implementation of the new charge in their systems.

David Mitchell (DM) asked GE if costs were too high would that sway the decision on implementing this Modification.

3.0 Consideration of Business Rules

Not covered at this Workgroup.

4.0 Review of impacts and Costs

Ellie Rogers (ER) provided the Workgroup with an explanation around three different invoicing options which would enable LRSP supporting information to be included on invoices paid by the Shippers to the Gas Distribution Networks.

Option 1: Add a New Charge Type to Core Invoices

A major system change would be required to implement this option. Previously, changes of this nature have only been available as part a Major Release.

Option 2: Add a new charge type to Scheduled Ancillary Invoices

It was clarified that this is a cheaper option because it is less complex to open up these invoices and the core invoices.

The difference between this option and Option 1 with that with this option second level supporting information would not be available.

As part of the implementation program, it was agreed that the feasibility of a minor release should be discussed.

Option 3: Add a New Charge Type to Unscheduled Ancillary Invoices

ER explained that this option is similar to Option 2 but is more of a manual process.

Richard Pomroy (RP) added that there is increased risk with some of these options given the increased to a manual element to the solution rather than a fully automated one.

GE stressed to the Workgroup that his intention is for this Modification to be implemented by April 2020, and if necessary, he would incorporate the dates into the Proposal.

It was noted that since an amendment to the pricing models would be necessary, the rates for the new charges would need to be passed to Xoserve by the end of January 2020.

5.0 Next Steps

The Chair, AR summarised that Workgroup feel comfortable that Xoserve have given sufficient complexity / costing analysis as part of the presentation although if the Workgroup are discounting Option 3, this needs to be clarified before the ROM is requested.

Costs and timescales will need to be included in the Workgroup Report.

When asked, GE advised that in his view, the solution is finalised and he is not expecting any further change.

Legal text will be requested at next panel meeting.

6.0 Any Other Business

None raised.

7.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30, Thursday 25 July 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Consideration of Business Rules • Review of Impacts and Costs • Consideration of Wider Industry Impacts • Consideration of draft Legal Text

Action Table (as at 27 June 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	22/05/19	3.0	Cadent (NP) to provide information on how the current process works in relation to miscellaneous	Cadent (NP)	Carried

			pass through of charges, including SOLR. To include how DNOs would take into consideration under/over recovery from the SoLR charge and confirm there is no impact on DNOs overall allowed revenue or any other issues from the proposal.		Forward
0502	22/05/19	3.0	Total Gas & Power Ltd (AG)/Waters Wye Associates (GE) to clarify Business Rules 7-9 where appropriate and to clarify a) what is for information within the Business Rules/examples and b) to clarify the SOLR charges process to reflect discussions at the meeting and consider providing a new worked example split by DNOs.	Total Gas & Power Ltd (AG)/Waters Wye Associates (GE)	Carried Forward