

DN Sales SPA Workgroup Meeting 11

12 July 2004

Minutes

Attendees

Iain Osborne	Ofgem
Nigel Nash	Ofgem (Chair)
Roger Morgan	Ofgem
Lee Foster	NGT
Steve Ladle	Total Gas and Power
Martin Brandt	Scottish and Southern
Steve Briggs	Centrica
Tim Smith	SOHN Associates
Richard Street	Statoil
Francis Blackwell	npower

1. Apologies

Alex Travell Powergen

2. Minutes and actions from previous meeting.

Action Update

1 – NGT legal to respond to Ofgem legal about agency acts, omissions and defaults. NGT legal to respond to Ofgem legal. Action being pursued by Ofgem awaiting NGT response. Ofgem explained that it will update the group as soon as this action is concluded. **ACTION:OPEN**

2 – Ofgem to email NGT presentation on arrangements for managing loss of gas supply to AWG. Ofgem circulated NGT's paper to the workgroup. **ACTION:CLOSED**

3 – Ofgem amended SPAWG terms of reference and circulated to the workgroup. **ACTION:CLOSED**

4 – Ofgem discussed the status of short form network codes and UNC Governance. Ofgem explained that NGT is due to present papers on these arrangements for DSIG consideration. Ofgem agreed to circulate NGT's papers. **ACTION:CLOSED**

5 – Ofgem has received the xoserve service definitions and will circulate to the SPAWG. **ACTION:CLOSED**

6 – Ofgem amended the matrix and circulated it to SPAWG. **ACTION:CLOSED**

7 – Workgroup to consider governance of each service line (see minute item 7). **ACTION:CLOSED**

8 – Ofgem to circulate to SPAWG NGT paper and diagram setting out escalation routes. **ACTION:CLOSED** The group discussed NGT's papers and supported the proposed

approach. However, clarification was sought about the scope of the user group and how it would fit in with existing NGT workgroups. For example, would the group sit under the UK Link committee or become part of an existing workgroup? NGT agreed to provide further clarification in this respect in readiness for further discussion in SPAWG meeting 12. **(ACTION:NGT)**

3. Workgroup Terms of Reference

The revised terms of reference were accepted by SPAWG.

4. Transco's shipper/supplier matrix analysis

The group completed its analysis of the ungoverned matrix and commenced a line by line analysis of the governed services matrix. The group made the following assumptions: the governed services will form part of the UNC and will be referenced in the xoserve contract. Additionally, Ofgem asked the group to consider for each service line whether a correct definition of the service is represented and whether the governance of each service line is robust.

Some workgroup members expressed concerns about services that are appended or referenced in the code. In particular, the group discussed whether a service that is appended to the code is subject to shipper influence and change. NGT was asked to confirm whether shippers could amend appended documents. **(ACTION:NGT)**

The workgroup considered possible mitigations e.g – modifications to the UNC, alternative governance arrangements, xoserve contract definitions, ability to modify appended network code documents. Ofgem agreed to apply the rankings agreed by the group for each service line and recirculate the matrix and add an additional column setting out mitigation options for the workgroup to consider and submit to Ofgem to inform discussions in SPAWG meeting 12.**(ACTION:OFGEM and WORKGROUP)**

5. Metering Provider of Last Resort (MPOLR) – implications for SPA

Ofgem set out the metering provider of last resort issues and sought shipper/supplier views on the possible implications if NGT intends to sell its meter assets via the DN sales process. Ofgem explained that the main concern was to put in place arrangements that allowed all parties to shape a baseline that is suitable and agreeable to all concerned.

Ofgem set out some initial views and identified a number of options to minimise the impact of NGT selling its meter assets via the DN Sales process (some of these are set out below):

- put in place a licence condition to oblige IDNs to act in accordance with the RGMA baseline;
- in the event of novation oblige IDNs to comply with Rainbow (for a period of time).

Clarity was sought about what process an IDN would need to follow if it sought to dispose of metering assets. Ofgem set out its initial views and explained that it would

require regulatory consent. Ofgem agreed to take this point away and consider in more detail. **(ACTION:OFGEM)**

Some workgroup members set out other metering related concerns arising from DN sales which require further consideration. For example, arrangements for managing new connections and emergency meter replacements.

Ofgem concluded that it wasn't clear whether NGT would sell its metering assets via the DN sales process. However, it was important to ensure that DISG is made aware that this is fairly critical issue for shippers/suppliers and may create significant difficulties for supply competition if certain safeguards are not put in place. In the event that NGT decides to sell its metering assets Ofgem concluded that the Metering Contract Group (MCG) is probably the most suitable fora to discuss the arising contractual implications.

8. A.O.B

No issues were raised.

9. Dates of next meeting

26 July 04 at Ofgem's 9 Millbank Offices, London (10:00 am start).