

DN Sales Development & Implementation Steering Group Minutes

Meeting 28

30 November 2004, 10:00 am – 12:00 pm

Ofgem's office, 9 Millbank

Attendees

Sonia Brown	Ofgem (chair)	Sue Higgins	Transco
Jason Mann	Ofgem	Mike Young	BGT
Suzanne Turner	Ofgem	Martin Kinoulty	United Utilities
David Ashbourne	Ofgem	Alex Wiseman	United Utilities/CKI
Farook Khan	Ofgem	Tory Hunter	SSE
Hannah Cook	Ofgem	Nick Wye	Macquarie/WWA
Peter Bingham	Transco		

Sonia Brown explained that Ofgem's initial intention had been to run through the presentation regarding the Final IA, initially scheduled for DISG 27, but that in view of the reduced number of attendees, it may not be appropriate to do this. Attendees at the meeting agreed that it would not be necessary for Ofgem to run through its presentation regarding the Final IA. Sonia therefore suggested that the meeting should focus upon running through the presentation regarding the November licence document, answering any questions that DISG members may have in this regard and sketching out the plans with respect to the licence consultation going forward. It was agreed by DISG members that this would be appropriate.

1. Review of items from DISG 27 (23 November 2004)

a. Review of minutes

Peter Bingham clarified that on page 8 of the minutes, in relation to the interim arrangements, the two options that had been outlined by Russell Cooper had been swapped around. He explained that option 1 related to DNs paying for capacity whereas option 2 involved DNs booking capacity. Sonia asked whether Peter could provide some amendments in track changes in this regard and Peter responded that he would. Nick Wye also pointed out that the query that he had made (outlined in the final paragraph regarding interim arrangements) was incorrect as a result of the two options having been swapped around.

Action: Ofgem to revise this section of the minutes

b. Actions of previous meeting

- Ofgem to circulate Mike Ashworth's note on legal drafting. Sonia stated that this had been done and asked for confirmation that DISG members had received the email. Members confirmed that they had.
- Transco to provide clarification regarding the estimate of 50-70K in relation to the quality of supply survey. Peter Bingham confirmed that this estimate was in relation to the cost of completing a quality of supply survey for all of its four RDNs.

- Transco to update the licence drafting issues list by DISG 28. Sue Higgins set out that she had not updated the issues list as yet but that she would do this as a matter of priority.

Action: Transco's issues list to be updated and discussed at DISG 29.

- Transco to keep the road map under review. Sonia detailed that this would be an ongoing action.
- Ofgem to keep DISG informed of any conditions of consent (to be presented at DISG 30). Sonia clarified that Ofgem would be presenting this at DISG 30.
- Transco to present a paper regarding UNC NTS/DN operator arrangements to DISG 28. Sonia set out that Transco had not yet discussed this paper with Ofgem and that Ofgem would want to ensure that it was happy with the content before it was presented to DISG. As such, she set out that it would hopefully be presented to DISG 29.

Tory Hunter asked whether, in the course of keeping the road map updated, Transco would be required to include details of the actions that would need to be completed post hive-down. Peter Bingham responded that Ofgem and Transco had not yet had a meeting regarding this and that once such a meeting had been held these actions would be reflected on the plan. He set out that Transco would hope to incorporate these actions soon. Sonia emphasised that Ofgem would need to know very soon, what actions would be involved post hive-down in relation to the conditions of consent and that, as such, Ofgem would ensure that Transco attend this meeting, as a priority.

2. Update from Exit Reform Development Forum

Peter Bingham detailed that the last meeting of the forum, held on 25 November, had been well attended and interactive. He stated that members had expressed appreciation in relation to production of minutes and that these minutes were beginning to attribute comments to parties, in order to retain consistency with those produced at the UNC and DISG. He set out that at the forum, the members had discussed:

- an indicative view of the UNC NTS/DN operator arrangements;
- the timetable for implementation of the mature regime;
- a high level view of the interim arrangements (the detailed proposals will be discussed at the meeting on 8 December);
- cash flow in a mature regime; and
- detailed business rules for exit capacity.

He outlined that the level of understanding in relation to the proposed arrangements had increased and that, in this regard, concerns had been reduced due to the fact that as interested parties were able to see the entirety of the reforms that Transco was proposing to put in place. He highlighted that shippers and DNs remain keen to understand baseline levels, pricing methodologies and incentives and to establish the underlying principles for this. He set out that the forum considered that they were half way through the programme scheduled and that, as such, they were on track.

Peter detailed that the next meeting would be held on 1 December and that the focus would be on the flexibility product. He outlined that there was still a long way to go with respect to the groups understanding of this issue but that Transco were planning to use the meeting to address the remaining concerns of interested parties.

Nick Wye pointed out that the forum were actually only seeing one tenth of the picture and that it would be impossible for members to form an opinion in this regard until they were able to see numbers regarding pricing and incentives. He detailed that these opinions had been expressed by other interested parties at the forum and set out that if the forum did not make sufficient progress in the next 2 -3 weeks it may experience problems in developing the arrangements in time.

3. Section 23 and Section 8AA licence consultation

Suzanne Turner set out that the presentation would provide a high-level overview of the consultation document both with respect to the formal Section 23 notice and the informal Section 8AA consultation, which Ofgem was due to be formally consulting upon from 14 February.

Suzanne set out that the Section 23 formal consultation had proposed amendments regarding the separation of price control conditions between the NTS and DNs. She detailed that the relevant sections of the document were contained within Chapter 3 and Appendices 5 and 8. She outlined that although Appendix 5 may appear to be quite bulky this was because the changes had been incorporated in revision marking and that there were sections of the Appendix which had not been subject to any modifications at all and others that merely showed the strike through of entire sections. She highlighted that responses, in relation to the amendments proposed within the Section 23 notice, had been requested by 23 December.

Suzanne detailed that the November document had also examined issues regarding the Section 8AA consultation which would involve more substantive restructuring of the licence. She outlined that the relevant chapters of the document included:

- Chapter 4 – an overview of the key issues;
- Chapter 5 – an overview of the existing licence conditions and the amendments proposed following consultation; and
- Chapter 6 – an overview of the new licence conditions proposed.

She stated that the deadline for responses would be 7 January but that Ofgem would request responses from parties with invested interests earlier than this. Sonia clarified that the deadline for responses to the Section 8AA informal consultation would be on 23 December for NGT and potential buyers and on 7 January for all other interested parties. She set out that Ofgem had chosen to stagger the response deadline simply to allow it to manage its workload and that all of the responses would be considered equally.

Suzanne presented a slide which highlighted, in greater detail, which sections of the November document were associated with the Section 23 consultation and which parts related to the informal 8AA consultation.

Suzanne set out that, following the grant of five new additional GT licences to Transco, it had six identical GT licences, all with relevant price control provisions. She detailed that while some of the price control provisions in these licences apply to both the NTS and the DNs, others apply specifically to the NTS or the DNs. She explained that the aim of the Section 23 notice had been to split out the price controls into respective NTS and DN provisions in order to provide greater clarity regarding the provisions applicable to each entity.

Suzanne stated that a number of conditions would be affected by the proposals incorporated within the Section 23 notice and that these included:

- Special Condition 28A: Revenue restriction definitions;
- Special Condition 28B: Restriction of revenue;
- Special Condition 29: Allocation of revenues and costs;
- Special Condition 30: Supplementary provisions;
- Special Condition 33: Information to be provided to the Authority;
- Special Condition 34: Methodology for determining incremental entry capacity;
- Special Condition 35: NTS performance reporting;
- Special Condition 36: LDZ incentive scheme & performance reporting;
- Schedule A: NTS output measures for the price control

She detailed that the proposed amendments in relation to the Section 23 notice were appended, for each licensee, within Appendix 5.

In relation to Special Condition 28A, Suzanne set out that although there were a number of definitions within this condition applicable to both the NTS and DNs, some definitions were only applicable to the NTS while others were only applicable to DNs. She explained that Ofgem had therefore split this condition into two separate conditions with new titles to reflect the respective roles and with one applicable to the NTS and the other to the DNs. She detailed that while the common definitions would appear in both licences, the NTS and DN specific conditions would only appear within the respective licences. She also highlighted that two additional changes had been made and that, in this respect, references to LDZ had been changed to DN, as appropriate and similarly references to the licensee's Network Code had been amended to Transco plc's Network Code.

Suzanne outlined that Special Condition 28B is by far the biggest condition within Transco's licence. She set out that the changes proposed were intended to merely separate the existing revenue restrictions and clarified that Ofgem would not be reopening the price controls. She stated that the key principle would be to ensure that aspects of the price control appropriately relate to the NTS and DNs and highlighted that the conditions had been given slightly amended titles to reflect the roles of the NTS and DNs.

She explained that Special Condition 28B is made up of three parts:

- 1a – in relation to the NTS licence
- 1b – in relation to the DN licence; and
- 2 – for the most part, in relation to the NTS licence but has a small complicating factor regarding the statement of actual interruption in relation to the DNs.

She clarified that there were still a number of areas where issues would need to be resolved, including the issue of prescribed rates where amendments would need to be made to recognise the new structure in which the DNs would be in different entities. She also detailed that the TOKt formula which currently runs over a number of pages would be replaced with the equivalent value, for clarity and to reduce the number of pages associated with the condition. She clarified that the relevant number had only been inserted and that no other changes had been implemented in this regard.

Suzanne set out that, for clarity, the RDNs and IDNs had been given slightly different treatment. She explained that, in all cases, references to 'i' subscripts, which had been used to make cross references to specific DNs had been removed as, with respect to the

IDNs, each version of 28B would be self-standing and therefore the subscript would not be needed. In relation to the RDNs, Suzanne stated that part 1b of the licence had been repeated four times in order to achieve clarity and to emphasise the separation between the RDNs.

She also set out that, with respect to the DN price controls, a number of terms were aggregated across the DNs and, as such, were rebased to roll across from 1 April 2004. She explained that, to allow this, a number of formulas were removed from the price control and substituted with the appropriate value. Again, she emphasised that the relevant number had been inserted and that no other changes had been implemented in this regard.

Suzanne outlined that although part 2 of Special Condition 28B was an NTS related section of the condition, an exception to this was evident in relation to the DN exit capacity investment revenue incentive where payments are required in cases where entities experience more than 15 days of interruption. She set out that recently this scheme had become subject to a +/- £1m cap / collar across the DNs and the equivalent NTS incentive and, in this respect, that in 2003/4, the DNs represented circa 2% of total out-turn target which amounts to approximately +/- £20,000 i.e. £2,500 per DN. She highlighted that this scheme would not simple to split as:

- the DN incentive target was not split between DNs; and
- a joint cap / collar was in place across DNs and NTS.

She therefore stated that Ofgem's proposed treatment of this condition would be to delete DN related references from the NTS licence and retain the reporting obligations with respect to interruptions within DN licences. She set out that although this would leave each DN £2,500 worse off, given the sums involved, it was appropriate to do this.

Nick Wye asked whether the incentive that was being removed from the licence would be bolted into the new scheme that is developed with respect to incentives. Sonia responded that this would not be the case and that an entirely new incentive scheme would be developed regarding management of the networks and that the decision regarding the removal of this provision was an interim decision which would remain in place until the incentive scheme was implemented. She clarified that Ofgem intends to have the new incentive scheme in place prior to the potential transfer of any shares to potential buyers.

Alex Wiseman considered that the existing scheme sounded like it would be advantageous to NGT. Sonia responded that NGT would remain neutral in the interim period and that by the time that Transco were permitted to transfer any shares to potential buyers, the relevant new incentives should be in place. She explained that, in this regard, the licence amendments proposed were an interim fix until the incentives scheme were put in place. She also clarified that she was unsure as to whether this may have commercial implications for buyers but set out that this would not have any regulatory implications as during the period in which the incentive was removed the DNs would be retained within Transco.

In relation to Special Condition 29, Suzanne stated that the respective NTS and DN licence conditions had been given new titles to reflect the new roles that each entity would be required to undertake. She detailed that paragraphs 1, 3, 4, 5, 6 and 7 would remain constant but that amendments had been proposed in relation to paragraphs 2 and 8 to reflect the licence in which the condition would be contained (i.e. NTS or DN).

She outlined that Special Condition 30 would be treated in a similar way in that paragraphs 1, 3 and 5 would remain the same but paragraphs 2 and 4b would be amended to reflect the licence in which it was contained. She set out that cross references would also be amended accordingly.

Suzanne explained that Special Condition 33 contained the details of information to be provided to the Authority in relation to the price control conditions and that, in this respect, it included tables outlining the information that would need to be provided and at what points. She highlighted that, as such, the relevant tables had been deleted from the relevant licences.

Sonia emphasised that this was an important condition with respect to comparative regulation. In this respect she set out that required reporting for RDNs would be in relation to each of the networks and stated that while these RDNs remained within Transco this condition would be key. Alex Wiseman asked whether Ofgem would be changing the amount of information that it currently requests. Sonia responded that Ofgem simply wanted to ensure that it would be obtaining all of the relevant information required regarding each individual network. Sonia particularly welcomed other interested parties views on this condition.

Suzanne outlined that Special Conditions 34, 35 and 36 and Schedule A would all apply in their entirety to either the NTS of the DNs and that, as such she detailed that Special Condition 34, 35 and Schedule A were NTS-specific conditions and Special Condition 36 was a DN-specific condition.

Suzanne stated that the presentation had so far, provided an overview of the licence amendments proposed as part of the Section 23 consultation and asked whether any of the DISG members had any questions on the proposed modifications outlined.

Martin Kinoulty pointed out that Ofgem had issued a parallel consultation regarding a proposed modification to Transco's licence and asked whether this was something which would need to be considered. Sonia responded that the parallel proposed modification was looking at reporting provisions in relation to an income adjusting event and set out that DISG members may want to look at this for interest but that it would not be a time critical issue. She detailed that the consultations were being carried out in parallel for clarity and explained that if the Authority were to consent to the disposal of DN assets at its meeting on 20 January, the modification regarding reporting requirements would be directed first and the amendments included within the Section 23 notice would be directed afterwards.

Sonia highlighted again that Ofgem would request responses in relation to the Section 23 notice by 23 December. She pointed out that if the amendments included within the Section 23 notice were to be directed, Ofgem would require consent from Transco to do this. She set out that Ofgem were happy that the modifications within the notice would operate effectively in the interim period. She stated that although the deadline for responses was 23 December, Ofgem would appreciate any early responses and outlined that Suzanne Turner would be happy to answer any questions regarding the November consultation.

Suzanne explained that there were a number of key issues included within the November document in relation to the informal Section 8AA consultation and that these included:

- Structure of the licences – private CLM and the switch on/off condition;
- Governance arrangements – Network Code and the charging arrangements;
- System security – emergency service provision and the 1 in 20 obligation;
- Price controls – incentive regimes;
- Network service agreements (NSAs) – SOMSAs;
- Standards of performance – customer survey; and
- Business separation – addressing separation within Transco (between NTS and RDNs) and between any monopoly elements within the same group.

Sonia asked whether it would be helpful to go through the proposals during the meeting and the group agreed that it would.

In relation to the structure of the licences Sonia detailed that two shippers had raised concerns regarding the private CLM and the restructuring of the licence. She stated that in the document Ofgem had set out that it had considered all views expressed but that it remained of the opinion that the private CLM was consistent with Ofgem's primary objective to protect the interests of customers and with the principles of better regulation. She also highlighted that an issue had been raised regarding the voting thresholds that had been proposed in relation to the private CLM. She outlined that although Ofgem intended to pursue the proposals set out initially in the September document the DN sales team would welcome any further views regarding these proposals.

With respect to the governance arrangements Sonia explained that Ofgem had revised its proposals regarding a charge change in order to take into account the impact that option 2A would have on this obligation. She detailed that allowing the NTS and DNs to change their charges once a year would not be appropriate if it were to reflect the impact that option 2A would have and that, as such, the proposals were to allow two changes to charges a year on a reasonable endeavours basis. She considered that this proposal would be more manageable and stated that Ofgem would welcome views in this regard. She set out that provisions regarding the joint office would remain and that proposals were that it would be responsible for administering changes to charges and to the Network Code. She clarified that the role of the joint office would be to act as a consultation facilitation agent. Sonia outlined that, in relation to Amended Standard Condition 9, Ofgem's proposals regarding the SFCs and the UNC were consistent with those set out in the September document. She explained that a draft of the agency licence condition had also been developed which would create an obligation on the relevant transporters to establish an agency, for which the costs would need to be transparent and based upon a principle of activity based costing.

Jason Mann set out that there were a number of issues with respect to system security. He stated that these included:

- the emergency response service:
 - emergency response on DN boundaries – Jason set out that a team would be dispatched and would 'make safe' the premises, irrespective of the DN that the emergency was reported on, under the provisions of the DN safety case and that a licence amendment would not therefore be required;
 - emergency response services to the NTS – Jason stated that, currently, where an incident occurs on the NTS, this is dealt with by DN emergency teams. He explained that it would be uneconomic for the NTS to have teams ready in isolation from DN teams due to the wide

geographic area that such a service would need to cover and that, as such, DNs should be required to provide emergency services to the NTS. He detailed that Ofgem were proposing to place a licence condition upon the DNs to provide these services to the NTS.

Sonia clarified that there was an error within the document in this regard. Jason clarified that there was a disparity between the licence drafting and the commentary in the document. He explained that the licence had been changed to reflect the fact that DNs would receive the relevant revenue through the provisions of the price control and that the service would be priced in line with the revenues allowed through the price control while in the document it stated that the services would be provided at a reasonable rate. Sonia detailed that as these provisions were bundled within the price control, (which Ofgem does not intend to reopen as part of DN sales), in the intervening period until the next price control, DNs would be required to provide emergency services as requested.

Tory Hunter set out that this was back-to-front to the way in which she understood that the revenues would work. Sonia detailed that the revenues are presently all bundled together between the DNs and that the 'field force' is utilised for the first response service currently provided to the NTS. She explained that if the DNs were no longer required to provide an emergency service to the NTS, they would have a number of additional staff that would no longer be required. In this respect, she considered that DNs would not require additional revenue allowances in order to be able to provide emergency services to the NTS.

Alex Wiseman asked for clarification that all of these DN revenue streams are currently bundled together. Sonia confirmed that they were and stated that, following a potential sale, as the DNs begin to unbundle both Ofgem and the relevant parties would begin to get a better idea of the costs involved. Alex stated that it had not been clear, during the sales process, that DNs would be required to provide emergency services to the NTS. Sue Higgins clarified that incidents on the NTS were limited and that the most frequent number of incidents had been eight times in one year, all of which cost £15,000 to repair for the entire network.

Martin Kinoulty pointed out that the licence condition appeared to be an absolute obligation which DNs would not strictly get paid for and that they would receive the same amount of money whether or not they provided the service to the NTS. Sonia set out that these were not arrangements that Ofgem would potentially want to remain in place on an enduring basis but that it remained an issue as Ofgem would not be able to reopen the price controls. Alex Wiseman asked whether Ofgem had thought about allocating the responsibility for emergency services to the NTS. Jason pointed out that the NTS revenue streams did not have a field force and Sonia highlighted that the reporting requirements on the NTS were not as good as those on the DNs. Sonia suggested that this issue was one associated with Transco's internal management. She also stated that, at present, any concerns regarding the sales process should be addressed to Transco.

- emergency response services to IGTs – Jason detailed that, at present, IGTs receive many of their emergency services through the DNs and that, as such, IGTs had expressed a concern that the current contract should be formalised within the licence. He set out that Ofgem's view was that such an amendment should not be considered as part of the DN sales process particularly in view of the fact that Transco had committed

to extend its emergency services contract with the IGTs until March 2006. He explained that when this contract expires, Ofgem would review the arrangements for the provision of emergency services to IGTs.

Sonia clarified that if some aspects of the emergency service provision are monopoly services and that in the same way that DNs would be required to provide these services to the NTS, they may also be required to provide such services to IGTs but that this was not pertinent a DN sales issue.

Nick Wye set out that he had got the impression, from a previous DISG meeting that Neil Shaw had attended, that IGTs were asking for services in addition to those that Ofgem had proposed should be provided. Sonia responded that Ofgem had consulted on whether some aspects of the current contract with Transco were contestable and therefore whether there should not be a requirement on DNs to provide these services. She stated that IGTs considered that all services should be provided on a regulated basis. Nick Wye asked for clarification that IGTs were more concerned that the obligation should be in the licence as opposed to being required to enter into a contract for these services. Peter Bingham responded that IGTs had expressed a concern that when the contract with Transco expires in March 2006, the DNs may not be willing to enter in contract for these services again.

- 1 in 20 obligation:
 - Jason set out that Ofgem were recommending that this obligation should apply within the licences of the NTS as well as the DNs;
 - Jason detailed that the 1 in 20 obligation may need refinement in relation to the flexibility product as presently transporters are required to be able to meet the peak aggregate daily demand but that, with the unbundling of the flexibility product, it may be necessary for transporters to be required to be able to meet the peak hourly demand. Sonia clarified that this would be a minor change to the obligation and that Ofgem were keen that the amendment would not cause any inadvertent deterioration in relation to the meaning of the obligation. She stated that whatever the outcome with respect to flexibility it would be necessary for Ofgem to look into the 1 in 20 obligation.

With respect to the price controls Sonia explained that Ofgem had identified some areas in which the price controls were not as separate as they would need to be and that issues would need to be resolved in this regard, for example with respect to both prescribed rates and incentive schemes. She set out that Ofgem would be willing to have meetings regarding incentives with any of the interested parties that wished to discuss the associated issues.

In relation to NSAs Sonia detailed that a key question had been whether it would be necessary for SOMSAs to be regulated. She set out that this had not previously been Ofgem's intention and that, following consideration of the responses to the September document, Ofgem remained of the opinion that this would not be necessary. She highlighted that a different approach may be adopted if SOMSAs were to become an enduring part of the regime but that Ofgem would anticipate that this will not be the case.

Sonia explained that there were two key policy aspects in relation to standards of performance. In this regard she stated that two presentations had been given to DISG

members by Sean O'Hara and Richard Clay with respect to new licence conditions regarding overall standards of performance in connections and a standards of performance customer survey.

Sonia outlined that there were three main issues regarding business separation and that these included:

- separation of monopoly businesses – Sonia set out that this would be particularly relevant to SSE as it would own monopoly and competitive businesses. She detailed that Ofgem's conclusion was that the same licence conditions should be introduced as those in place within electricity and that these would include requirements such as information separation.
- competition issues – Sonia set that there was one instance in which a potential DN purchaser also owned an IGT company (SSE). She stated that Ofgem had reached the conclusion that there are already various requirements in place in this regard. In particular, she detailed that the provisions of ASC 4D, combined with the Competition Act powers that Ofgem has, would be sufficient to address concerns regarding discrimination.
- separation of Transco's NTS and RDN businesses – Sonia clarified that Ofgem had reached the decision that legal separation between these entities would not be required but that, instead, various licence conditions would be implemented to mimic the effects of legal separation. She detailed that Ofgem only had legal drafting for one condition so far but that once further drafting was complete it would be bought back to DISG. She explained that a lot of work was being undertaken with respect to the structural separation that would be required but that, as yet, there was no legal drafting and when this was ready it would be bought to DISG.

Sonia suggested that it may also be useful to provide a high level overview of the way in which the exemptions issue was progressing and stated that Rob Lally from the DTI would be giving a more detailed presentation of the DISG on this issue at DISG 29. She detailed that if the Secretary of State were to grant an exemption it would be necessary to go through the licences and ensure that the references to shippers were references to the correct entity. In particular she set out that it would need to be clear which term would be referring to shippers and which would be referring to DNs operating in a similar role to shippers following the grant of a potential DTI exemption. She outlined that Ofgem would bring any proposals in this regard to DISG.

Suzanne clarified that there was another heading within the November licence consultation regarding metering and LNG Storage. She stated that Ofgem had proposed that LNG Storage should be an NTS-only activity and that, as such, a new condition had been inserted within the licence which would amend and augment the existing conditions. She also explained that, with respect to metering, Ofgem had proposed that this obligation should be applicable to both the NTS and the DNs.

Sonia clarified again that responses to the November licence document in relation to the Section 8AA informal consultation were required, from potential buyers and NGT, by 23 December but that it would be more helpful to receive views sooner than this.

4. DISG 29

Sonia set out that Ofgem had been planning to take DISG members through all of the key issues, in relation to the November licence document, at the next DISG meeting but

that this would not seem to be necessary as an outline of the issues had already been provided. She suggested instead that it may be more helpful to carry out a page turn of the proposals at DISG 29 and walk through the drafting in Appendices 7A and 7B to provide interested parties with a greater insight into the proposals and gain their views in this regard. She detailed that Ofgem would be using the DISG meetings to identify any further issues or drafting concerns and to listen to any additional views raised. She stated that the relevant information would also be placed on the Ofgem web for interested parties to comment on.

She detailed that Helen Connelly (who is project manager on the licensing issues) was in the process of drawing up agendas for the DISG meetings and grouping together certain similar licence conditions to allow parties interested in certain licence conditions to attend specific meetings and opt out of the issues they were not involved in.

Sonia explained that Transco were due to present a security of supply report at DISG 28 but that this paper has not been finalised. She set out that Transco would hopefully be in a position to take the group through the relevant proposals at DISG 29. She emphasised that it would be important for the Authority to have this report in order to inform its decision regarding the disposal of DN assets to be taken on 20 January.

Martin Kinoulty asked whether Ofgem would have a feel for the likely length of DISG 29 given the amount of issues that would be discussed. Sonia responded that it would likely be an all-day meeting. She stated that Ofgem would circulate a structure for the agenda but that the meeting would likely be longer as it would involve a page turn.