

**DEMAND SIDE WORKING GROUP MEETING
MEETING NOTES**

**Venue: Ofgem, 9 Millbank, London
Date: 9 April 2008**

Attendees

Chair: Andrew Wallace (AW)

Ofgem

1. James Crump (JC)	Ofgem
2. Elio Zammuto (EZ)	Ofgem
3. Carlos Martinez (CM)	Ofgem
4. Paul Auckland (PA)	National Grid
5. Chris Logue (CL)	National Grid
6. Claire Temperley (CT)	Gas Forum
7. Bob Spears (BS)	Utility Consumers Consortium
8. John Lucas (JL)	ELEXON
9. Ed Reed (ER)	Cornwall Energy
10. Chris Webb (CW)	BOC
11. Eddie Proffitt (EP)	MEUC
12. Alan Eastwood (AE)	CIA

NB: all presentations from the DSWG can be located on the Ofgem website:

<http://www.ofgem.gov.uk/MARKETS/WHLMKTS/CUSTANDINDUSTRY/DEMSIDEWG/Pages/DemSideWG.aspx>

1. Introduction

AW opened by welcoming attendees to the meeting.

2. Review of minutes and actions:

a) meeting notes from last meeting 12/02/08

No comments were received. The minutes of the meeting were therefore agreed for publication on the Ofgem website.

b) actions from DSWG meeting 12/02/08

CL noted that physical flows at $d+1$ will be included within the scope of the next releases of MIPI, due for rollout next year. CL also stated that BBL and IUK flows will be separated on the Interconnector graph on the website in the next few weeks.

AE asked if negative interconnector flows would be made available on the system. CL replied that physical flows would be shown, and that entry and exit flows would be published separately. AE enquired about the possibility of recording all flows in one place, to which CL replied that the graph would show all flows into the UK.

**3. Performance of the Information Exchange – Website performance –
Information Incentives update – Chris Logue, NGG**

CL noted that NGG had been working hard to improve the provision of information and as a result of their efforts believe it is now easier to access data. To provide NGG with an opportunity to understand the views and further requirements of website users, NGG was conducting a web based survey on the service. A link was available on the NGG website.

EP noted that most of his customers access NGG's website via the Prevailing View page and would therefore risk missing the survey. CL responded that a note would be placed across top of the screen to ensure maximum exposure.

AW inquired if NGG had contacted the Gas Operational Forum to publicise the survey. CL noted that there was no closing date for the survey as yet, and that it will run for at least 3 weeks. CL agreed to bring back the results of the survey to the next DSWG meeting.

CL noted that most weekly data was now on the MIPI system. Any monthly data currently on the older IE3 system will be migrated to MIPI Phase 2. NGG has not completed the final design and build phase for Phase 2, and this will be explored in a couple of months. The format for the provision of new data on the MIPI system will now be accessed.

AW asked if people were now using new web pages to access data. CL noted that the hit rate on the old system had fallen off almost completely.

EP noted that he had received complaints about the new system from customers. CL noted that the new system had experienced some performance issues but that he was not aware of any correspondence. EP said that communication of performance problems seemed to be poor. JC noted that information on performance issues was provided on the News page on NGG's website.

CL observed that there had been significant issues throughout March with the MIPI and real-time flow data. On March 28, the two systems were separated, solving the problem with the real-time flow data. On April 3, corrective measures were processed within the MIPI system. There have been no issues regarding availability since this change was implemented. A further problem had been reported with feedback forms being sent but not received. NGG had not been able to replicate the problem but a change had been introduced to provide read receipts and reference numbers so that the forms could be traced.

CL informed the Group that if Modification Proposal UNC203 on LDZ shrinkage is implemented, changes will be required to the published shrinkage data. After UNC203, shrinkage factors will no longer exist and annual shrinkage will be published instead of daily shrinkage.

JC noted that NGG's old IE3 systems, earmarked for closure at the end of March, were still running as a contingency measure, and asked when switched these systems would be switched off. CL agreed to provide information to the group on when the IE3 systems will be switched off.

Action – NGG

EP observed that the process for providing updates to seasonal data on NGG's website meant that winter data was no longer available after that winter, and that reverting to a rolling system would be useful. AW inquired if there were any advantages to maintaining a seasonal approach. CL agreed to investigate the feasibility of publishing rolling data.

Action – NGG

4. Review of DSWG Terms of Reference & Way Forward – All

AW opened the discussion by considering the existing scope and objectives of the DSWG as set out in the terms of reference. He noted that the initial scope limited the group's discussion to the demand side and that there was a specific intention to renew the scope and objectives every 3 months.

AE observed that the DSWG might attract a greater attendance if its scope was broadened slightly. At the moment, he felt that the group focuses too narrowly on technical issues, and that it would be worth looking at issues like infrastructure in a broader context. AE also noted that some industrial customers felt that they had to meet the costs if an industry problem occurs.

AW asked if these issues would be covered by the Large Users' Group (LUG). EP noted that the LUG would be unlikely to go into that level of detail or spend as long on each topic. He argued that the role of LUG is largely to provide an opportunity to engage with the Chief Executive of Ofgem. AW observed that the LUG appeared to be the forum for discussion on market fundamentals. EP observed that LUG was not detail focussed and that minutes are not circulated.

EP noted that a list of previous agenda items (circulated at the meeting) was very interesting, and highlighted two successes of the DSWG, those of getting NG involved in providing updates and boosting interest in winter outlook meetings. EP observed that declining attendance at DSWG perhaps reflected a perception that these issues have become less important over recent winters.

PA expressed concern about duplicating debates that were already taking place elsewhere and stressing a need for improved communication between fora. AE considered that the DSWG was the forum where issues were first sighted. He noted that the DSWG was a working level meeting and that unresolved issues arising from this should be moved to higher level. CW outlined his understanding that whilst LUG met on a quarterly basis in the past, it now meets on 6-monthly basis. This meant that DSWG was better equipped to first identify issues.

EP noted that the group had to decide what the future role of DSWG should be. DSWG provides a forum to talk about issues such as information provision and balancing services, and NG has become much more responsive to customer feedback as a result of DSWG. EP asked if the direct link to NG meant that a DSWG was required every few months.

AW noted that future DSWG meetings should be agenda driven, and that meetings would require real agenda items to drive discussion and attendance. AE noted that logistically it would help if it was on same day as other meetings, such as LUG. PA noted that the Electricity Operations forum was a less specific discussion, aimed at all sections of the market.

AW noted the agreement of the group that future DSWG would aim to be held on a quarterly basis, with provision in the agenda to plan future frequency of meetings and that they should be agenda driven. In the event of unforeseen events, an extraordinary meeting could be held.

5. Summer Outlook – James Crump, Ofgem

JC informed the group that NG's Summer Outlook paper will be published in the week commencing 14th April. The paper will be published on Ofgem's website.

6. AOB

P219/P220

AW recorded the thanks of the DSWG to NGG and Elexon for their work in developing these modifications. Phase 1 of the new electricity data summary page has been launched on the BMRS, with Phase 2 due to be delivered on November 6 2008.

PA noted that it is important to hit the deadlines for a November release, and if these are missed release will be delayed until June next year. PA also noted that NGET would appreciate feedback on NGET's execution of these modification proposals.

EP noted that, as part of the modification discussions, customers found it difficult to quantify likely benefits as this was not a process that they were familiar with. He further noted that a great deal of effort was required to present a convincing case to the BSC Panel. AW noted that the Panel took a practical, pragmatic approach, reflecting concern within the Modification Group about the difficulties in measuring of costs and benefits.

Ofgem to send a link to the page to invite feedback to NGET.

Action - Ofgem

European Transparency – Carlos Martinez, Ofgem

CM provided information on the Third Package relating to transparency, and noted that the Gas Transparency Regional Incentive, together with congestion management, are the main priorities. The first 'wins' on the programme will be published by the end of April.

CM noted that BBL had recently subscribed to the regional initiative, which meant that all gas transmission operators were in support.

CL noted that there are currently gaps in the literature that is published relating to gas networks within European regions. NGG are considering raising a new Modification relating to the publication of information at entry points.

EP noted that a report on first deliverables was due to be achieved by end of April, and asked if this would deliver something tangible. CM noted that whilst some new information on interconnector points has now been published, there is still some cause to be pessimistic.

EP asked what the role of the Agency (i.e. the Europe-wide regulator) was likely to be. CM noted that there was nothing from the discussions Ofgem could share at the moment, and that high level discussions were proceeding. CL noted that since the 3rd Package initial proposals has been published, over one thousand proposed amendments had been tabled, and it was natural that there should be some caution when discussing what would be in the final document.

BS asked if there had been any progress towards the introduction of unbundling. CM noted that the recent announcement by e.on had created a positive view towards unbundling in parts of Europe. BS replied that despite this, it may be hard to encourage other companies to adopt a similarly positive stance.

SO Incentives

AW noted that the deadline for the SO Incentives consultation was imminent. He summarised the recommendations for the SO incentive scheme as retaining (reduced) incentive payments. NGG would be able to earn an upside of £100k but they would also have a £100k downside (this last part being new in principle). Further, to encourage investment, NGG are able to earn a 6% return on new initiatives where these have been approved by the Authority.

Gas operating margins

CL informed the group that NGG are currently running a consultation on gas operating margins. CL noted that there was potential for the DSWG to have a role in the consultation and that members would be welcome at a meeting on April 17. The consultation will run until early May.

NGG agreed to report the results of the consultation at the next DSWG.

ACTION – NGG

Ofgem to email the group with details of the consultation.

ACTION - Ofgem

DN Interruptions

EP notified the Group that interruption rights will be up for auction next month, and expressed a concern that provision of these rights for emergencies was being ignored. CL noted that this might have an impact on the safety case if there was a lower volume of interruptible gas during stage 1. It was agreed that this should be covered as an agenda item for next meeting and that a representative of a Distribution Network would also be invited to attend the next meeting.

ACTION – Ofgem

7. Date of next meeting

The next meeting of the DSWG will take place on **Wednesday 16th July** at **2pm** at Ofgem's Millbank offices.