

IGT039 #18 Minutes

1) Introductions:

Colette Baldwin	(CB)	E.On
Elaine Carr*	(EC)	Scottish Power
Jon Dixon	(JD)	Ofgem
Gethyn Howard	(GH)	GTC
Cher Harris*	(CH)	SSEPL
James Hill	(JH)	EDF
Anne Jackson	(AJ)	SSE
Jonathan Kiddle	(JK)	EDF
Steve Ladle	(SL)	Gemserv/IGT UNC
Andy Miller	(AM)	Xoserve
Trevor Peacock	(TP)	Fulcrum Pipelines
Adam Pearce	(AP)	ES Pipelines
Kristian Pilling	(KP)	SSE
Kirandeep Samra	(KS)	NPower

Review of Actions

- 1) JD to undertake further analysis on SSP funding. – **carried over**

- 2) IGTs to investigate iASA dependencies. – **closed**
GH commented that a table had been prepared to discuss the contractual frameworks with Xoserve and that dependencies had been included in this table which would be discussed as a later agenda item.

- 3) All parties to consider proposed SSP contractual framework approaches (and any alternatives) and to feed views back to GH for collation. – **Closed**
GH commented that he had not received any comments on this action but the contractual framework approaches were to be discussed at the meeting.

- 4) IGTs to compile overview of areas to be covered under IGT UNC and UNC respectively. – **carried over**
GH explained that this was in progress and was aiming to complete this by the end of January. Parties believed that this was a large piece of work and that there may be benefit in circulating the work completed to date so parties can get an idea of what the output will look like. It was commented that it may be quicker for parties to take on individual parts of the Code and centrally feed back. GH agreed to circulate the work completed to date by 17.01.14.

Action - GH to circulate work completed to date on IGT UNC by 17.01.14.

- 5) All to feedback views to JD on licence drafting. – **Carried Over**

2) Review of ToR and Deliverables

The group reviewed the ToR and deliverables. An up to date version can be found in Appendix 1 to these minutes.

Areas that were highlighted for further work included:

- Metering
- Bulk confirmation process

It was also agreed that the 039 legal text would need to be produced and reviewed by the 039 development group prior to the submission of the work group report and modification.

SL queried what the impact will be of modifications raised and implemented between the final drafting of 039 and the go live in October 2015. It was suggested that a higher level “pointing to” approach may be required rather than a granular line by line approach or alternatively the UNC could be incorporated into the IGT UNC much like the short form codes currently do with the IGT UNC. SL commented that a high level approach could for example state “*CoS activities will be those set out in the UNC*” as this would avoid any complications referring to particular parts or paragraphs which could change. JD believed this was a sensible approach but Ofgem’s lawyers would need to check that this was allowable with regards to licence requirements around networks codes. It was agreed that this would be discussed in further detail once the preparation work had been completed for the legal drafting.

Action - JD to check with Ofgem lawyers if referring simply to UNC is appropriate.

Funding

JD explained that the AIGT had met with Ofgem to discuss SSP funding. At this meeting, the AIGT confirmed it was supportive of the revenue neutral approach on the basis that the IGT contribution would be between 10-20p per supply point per year as outlined in the preliminary analysis carried out to date. The AIGT were also supportive of the funding approach being set out in licence.

It was queried how the review of Xoserve’s funding, governance and ownership (“FGO”) arrangements would impact funding arrangements for 039. JD confirmed that the development group should continue with the “as is” industry arrangements and that a robust 039 solution could be incorporated into the FGO project output.

AJ asked that though the group had agreed to the funding principle, how would the costs recovery be implemented. JD confirmed this would be via the contractual framework with Xoserve.

GH asked the group if it was supportive of the “revenue neutral” approach being the preferred funding approach to take forwards and there were no objections .

3) Licence Drafting Update

JD confirmed that he had not received any comments from parties on the draft IGT licence condition. As part of the update on funding, JD commented that the AIGT had offered to provide an addition to the draft IGT licence condition regarding the funding mechanism and to provide this at the end of January.

Action – AIGT to provide funding licence drafting by end of January.

4) Contractual Framework Considerations

AM provided a summary of the 3 options including:

- Non Code User Pays
- IGT Code User Pays
- IGTs to Invoice Shippers

AM outlined the process on GDN networks for recovering Xoserve charges. This was based on a charging year running from April 1st to 31st March and at the beginning of each year the costs for Xoserve for the year ahead are estimated. These are subject to board approval and sent onto the Transporters which are then recovered under their revenue allowances at an MPRN level. The costs are then published in February of each year and added to the Agency Services Agreement.

It was queried how the approaches would work with IGT portfolios growing each year and how to ensure under or over recovery was avoided. AM commented that IGT growth would be factored into the Xoserve forecast in line with how this is treated for the GDNs. AM also commented that should there be an event which greatly impacted an IGT portfolio such as a merger, this would trigger a review of the cost spread recovery.

It was acknowledged that the contractual arrangements would be replaced with the FGO output at some point in the near future following the implementation of IGT039 and as such whichever solution is taken forwards, should be as simple as possible. It was also acknowledged that the current options would each require new contractual frameworks and would likely take 9-12 months to implement. It was commented that if the group could agree a way forwards (to be discussed in again at the meeting on February 14th), then depending on the preferred solution, work can commence immediately to implement the solution.

GH circulated a table of high level positives and negatives of each approach along with interdependencies for each approach. It was commented that the discussion had been useful in understanding the approaches in further detail and GH asked that parties provide further views to the table by 3rd February.

Action – GH to circulate electronic copy of table

All to add views on contractual framework considerations to table by 3rd February.

5) Matrix Update

GH commented that he had been unable to update the costing matrix for GTC but asked whether this would still be required now that the group were supportive of the “revenue neutral” approach for SSP funding. JD commented that the matrix would still be useful in terms of the activity grouping but at this stage there would not be much benefit in completing the matrix again, though the group noted that this could be done if required in the future. AP added that the matrix is currently not too

far from what would be the final figures so any future changes to the final values are likely to be minimal.

6) Next Steps and Work Plan Review

The group agreed that the next meeting would focus purely on the preparation work being carried out for the legal drafting exercise with the following meeting discussing the preferred contractual approach for Xoserve along with the

It was agreed that once the legal drafting commences, this will be circulated part by part to enable all parties to review in manageable parts whilst also allowing parties to commence their review at the earliest opportunity.

7) Future Meeting Dates

30th January 2014, 10:30-2, Ofgem

14th February 2014, 10am, Ofgem

3rd March 2014, 10-3, Ofgem

8) AOB

There was no any other business.

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- 4) All to feedback views to JD on licence drafting.
- 5) JD to check with Ofgem lawyers if referring simply to UNC is appropriate.
- 6) AIGT to provide funding licence drafting by end of January.
- 7) GH to circulate electronic copy of table.
- 8) All to add views on contractual framework considerations to table by 3rd February.