

2nd Loss Factor Review Panel (LFRP) meeting

08 April 2009

The meeting opened at 09:00am

Members present:

Lindsay McLennan

Robin Pittwood

Andrew Smail

Ron Beatty

Also present:

Callum McLean

A quorum was established.

Previous meeting minutes

1. The previous meeting minutes were agreed to be an accurate record of that meeting.
2. Noted that the panel wishes to have two high-level case studies available to have a working example from which to get insight.

Action	Commission representative to continue discussions with distributors to
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points	engage in a case study with the LFRP
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3. The terms of reference (ToR) were discussed, and changes to the ToR agreed amongst the members. Noted that Ron Beatty will continue to be a resource available to the LFRP.

Action points	Commission representative to seek approval from Commission's General Manager for proposed changes to the ToR.
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4. Noted that the website link to the LFRP page was sent around to members.
5. Discussed the submission matrix that was distributed at the previous meeting. Participants' responses to consultation have been published and none requested their submission be kept confidential.

Discussion of the process for reviewing Guidelines

6. Suggested that the LFRP should in the first instance assess the Guidelines on a first principles basis.
7. Noted that one of the principles should be that both technical and non-technical losses have 'acceptable' levels in terms of complexity and time taken to calculate and investigate versus benefit gained.
8. Noted that the most value probably lies in identifying non-technical loss factors, within the cost-benefit per item 7 of these minutes.
9. Agreed that Guidelines should provide better guidance for handling of generation loss factors.

10. Suggested that Guidelines should provide better guidance for handling of large user loss factors.
11. Agreed that further discussion will be required around whether (and when) to take the viewpoint of 'marginal effect' or 'average effect' when determining loss factors. When determining loss factors for individual ICPs, should new connections be judged in light of their marginal effect on loss factors, or simply given the 'new average' after their marginal effect has been smeared across all users? Should generators be treated differently to consumers in this respect? Should large users be treated differently to other consumers?
12. Discussed that some of the options available to the LFRP at the information gathering stage are surveying distributors and conducting research (be it new research or more simply reviewing other research). Agreed that the LFRP would be particularly interested in engaging with distributors who consider themselves leaders in the field of losses.

Action points

Commission representative to locate results of interviews that were conducted with distributors some time ago (?) and, if appropriate, distribute amongst the LFRP.

13. Agreed that understanding how much variance there is in distributor practice would be of use.

Action points

Commission representative to develop a query from the Registry that would provide some data aggregated to the level of '# of ICPs per Loss Category Code per Network per Meter Category per Installation Type per NSP' that could then be analysed for summary. Statistics/tables of the static LFC tables should be made available to understand how distributors are using/changing the loss factors.

14. The Commission's UFE observations as presented at the Reconciliation Participants Forum were discussed amongst the LFRP. Suspected causes of high/low UFE were noted.

15. Concerns were raised about the use of nomenclature (loss factors versus loss ratios) and associated calculations. The calculations used in the consultation document and guidelines are believed to contain slight inaccuracies. The consultation document as displayed on the Commission website is believed to have sections out of order. The definition of 'losses' within Part A of the Rules was also challenged as misleading, as it reflects the 'marginal effect' viewpoint rather than the 'average' viewpoint which is surmised to be the intended definition.

Action points

Commission representative to review consultation document for ordering and correct if appropriate.

16. The LFRP had a brainstorming session that identified questions/issues, principles and objectives.

Action points

Chair to review brainstorming session and convert into a workplan for the LFRP.

General business

17. No items of general business were raised.

Next meeting

18. It was suggested that a Tue or Wed in 4-5 weeks time would be suitable.

Meeting closed

Meeting closed at 12:30pm