

**UNC Workgroup 0432 Minutes
Project Nexus – gas settlement reform**

Wednesday 10 April 2013

Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	(LD)	Joint Office of Gas Transporters
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andy Miller	(AM)	Xoserve
Anne Jackson	(AJa)	SSE
Charles Wood	(CW)	DentonWildeSapte
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Dave Corby	(DC)	National Grid NTS
Ed Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Smith	(EM)	Xoserve
Grace Rothery	(GR)	Gazprom
Huw Comerford	(HC)	utilita
Jon Dixon	(JD)	Ofgem
Julie Varney	(JV)	National Grid NTS
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Steve Mulinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas
Tracy Lake	(TL)	National Grid Distribution

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

Action 0432 03/01: All to consider the proposals outlined within the Waters Wye Associates 'Impact of UNC Modification 0432 (Project Nexus) on GB gas market' with a view to providing feedback at the next meeting.

Update: Deferred to allow submission of comments to GE. JV asked if comments made at the previous meeting would require reiteration. BF suggested emailing to GE to make certain any such views would be captured. **Carried Forward**

2. Legal Text Review – UNC TPD Sections A, C, E, F, G and M

Following an introduction by CW, CWO commenced the review and explanation of the core drafting comprising UNC TPD Sections A, C, E, F, G and M. It was confirmed that consequential changes to non-core drafting would be covered at a later date. CWO added that although the drafting might be considered to be around 95% complete, this was still a 'work in progress' and other changes might be required.

The review was then carried out referring to the 'clean' copies of the texts provided. Not all changes were reviewed and discussed in each Section. Comments and suggestions were noted, and questions were responded to as each Section was reviewed. CWO intended to remove all instances of square brackets.

UNC TPD Section G – Supply Points

Paragraph 1.5 - No changes were expected to be made to equipment and Transporters' responsibilities.

Paragraph 1.11 was reviewed, and reference was then made back to *paragraph 1.6*. CW drew CWO's attention to some current 'Live' modifications that may affect the drafting; modification of the UNC was continuing, ie 'business as usual' so account may need to be taken in parallel.

Paragraph 1.6.7 - It was queried that in the BRD there is a limit on the number of reads that can be submitted. CWO will check the details to ascertain the position.

Paragraph 1.6.7(b) - It was queried if the references to 9 months and 36 months still worked. SM believed that reference to 9 months was trying to avoid a summer skewed bias.

Paragraph 1.6.9(b) - CW reported that DESC will make a recommendation to the next meeting and a UNC modification will then be raised.

Paragraph 1.6.10 - It was questioned if Class 3 or 4 are treated differently; all the data was there but it might be used differently. MD explained that it was trying to keep it as simple as possible. Movement between Classes was discussed and the effect on AQ. SM believed that if data granularity was available it should be used. AM suggested that perhaps a closer look at how the reads work for Class 3 was required. It may be a complex thing to do, with no real benefit. SM would appreciate an explanation to make the position clear. CW will look at this and report back.

Asked about the choice of December, AM explained it was chosen to allow the Transporters sufficient time to develop their charges.

Annex G-1 – It was noted that a change to the item detail on line 2, Column A of the Table required amendment.

General comments

It was noted that the residual AQ correction process was still to be added in. MD confirmed this was in the BRD but had yet to be reflected in the legal text.

UNC TPD Section A – System Classification

Paragraphs 4.1.4 and 4.3 were reviewed.

UNC TPD Section M – Supply Point Metering

CWo explained that part of 'old' paragraph 2 had been moved to a new paragraph 3. The new paragraphs 5 and 6 were formerly paragraphs 3 and 4. The new paragraph 5 will contain all things common to all classes, and the new paragraph 6 deals with all things that affect Class 1.

In paragraphs 1.3 and 1.5 a separation of 'eligible' and 'valid' had been attempted, together with the streamlining of many definitions. CWo referred to the introduction of the term 'Offtake Reconciliation' in TPD E, explaining that this had had to be clarified in TPD M where this was given rise.

Paragraph 1.9 – An attempt to clarify consumption, and how check reads are treated.

Paragraph 5 – This dealt with meter reading requirements and CWo briefly explained the changes made.

Paragraph 5.2 – This clarified 'validity' and an attempt had been made to simplify and rationalise requirements. CWo observed that the BRD contained a lot of detail that would be better placed within the UNC Validation Rules.

Paragraph 5.3.4 – SM questioned the wording 'may provide', believing the intent would be better served as 'must' or 'shall', rather than 'may'.

Paragraph 5.4 – This was looking to bring together in one place the rules for estimated reads.

Paragraph 5.4.1(b) – JV questioned why 'average' appeared in square brackets. CWo explained that this remained under consideration while clarity was being sought on what was meant by 'average'.

Paragraphs 5.6 – 5.10 – These addressed cyclic readings. MD indicated that some requirements might have changed in relation to paragraph 5.6.1(b); CWo will make any appropriate amendments.

Paragraph 5.7 – CW reiterated previous statements made concerning no liability (removal of DMW charge) and checked that all present were comfortable with the position. AM confirmed that the DME regime and as a Class had disappeared. He will send an explanation to TL to retain for historical reference, in case current decisions need to be understood at a later date.

Paragraph 5.8.1(a) – Batch behaviour was briefly discussed. TK commented that if it added complexity to system build he would be happy to go to 1 month. It was agreed to leave any decision for the time being until the design is clearer.

Paragraph 5.8.4 – TK said that '90%' gave cause for concern, and explained why. It is a figure that may fall foul of the Performance Assurance Framework. SM said that if it turns out not to be acceptable it will get looked at. AM confirmed that Xoserve would not fill the gaps of missing reads and that a party's daily reconciliation may be impacted for that period. CWo observed that the drafting might require further consideration to add clarity here.

Paragraph 5.9.2 – MD indicated this might need adjusting (she has sent the requirements to the lawyers).

Paragraph 5.9.13 – Attention was drawn to the definitions, and CWo commented that in most places where used they are fairly obvious. Reference was then made to paragraph 5.8.6 as an example where more complexity has been added to assist.

Paragraphs 5.10 and 5.11 remained essentially unchanged. MD believed clarity on the liability for Class 1 and 2 was required; was Class 1 an obligation on the Transporter? CW confirmed that Class 1 was Transporter liability and Class 2 was User liability – paragraph 5.11.3 clarifies.

Paragraph 6.6 – Looking at including Class 2 Supply Meters as well. CW referred to Daily Read Error and to the potential opportunity for challenges to reads. AM believed a Transporter would make the only challenge; how this might be treated was briefly discussed. AM explained how the process worked and the ‘safety net’ of validations. MD believed it would not be a problem. CW decided to ignore inclusion for Class 2.

UNC TPD Section C – Nominations

This was introducing the unidentified gas allocation (or reallocation) to the Shipper.

Paragraphs 1.5.1 and 2.5.3 were reviewed.

UNC TPD Section E – Daily Quantities, Imbalances and Reconciliation

Paragraph 1.1.6 - Defines ‘User LDZ Unidentified Gas’.

Paragraph 1.3.1(a) - Defines new term ‘Offtake Reconciliation’, and paragraph 1.3.1(a)(ii) makes it clear that a party can have one reconciliation after another one.

CWo explained that TPD M was previously only drafted around Meter Points, with no reference to CSEPs, and this is trying to be addressed, eg at paragraph 1.3.1(a)(ii). IN TPD E it was attempting to sweep up the anomalies, eg in 1.3.1(c)(iv).

Paragraph 1.3.5 – Introduces the term ‘Unidentified Gas Reconciliation’. JV suggested the addition of the acronym ‘UGR’ would be helpful. CWo will add this.

Paragraph 6.2 – The current code does not recognise the concept of a UDQO being adjusted, but this is now being recognised as possible. CWo explained how the calculations would work. Paragraph 1.1.8 defines ‘Prevailing Reconciled UDQO’.

Paragraph 7 – Although this is doing something different to RbD use of many of the words and definitions has been able to be made.

Paragraph 7.1.2(d) - ‘User LDZ Quantity’ is the basis for allocation – using up to date reconciliation quantities.

Paragraph 7.1.3(a) - Defines ‘User UGR Quantity’ (UUGRO).

CWo commented that this section is very like RbD in structure. TK observed that everything in principle seems fine; he will try out the calculations for himself. MD added that Xoserve had tried this internally to make sure it all worked. SM asked MD to consider presenting her worked examples to the Workgroup.

Paragraph 7.4 – A significantly abbreviated version of the old rule.

UNC TPD Section F – System Clearing, Balancing Charges and Neutrality

Paragraph 5.2 – Clearing charge is clarified.

Paragraph 6 – Reconciliation Neutrality is no longer needed and has therefore been deleted.

Legal Drafting - Table of Explanation

CW explained that an explanatory Table was in process of compilation to assist parties in making sense of the changes made to the various sections of UNC. It would identify the UNC Sections that had been subject to change, provide cross reference to the BRDs, and provide some commentary/explanation to support the change.

A draft document was displayed for illustration purposes, and the format and contents briefly described. At first sight it would appear that it would prove to be a useful aid to understanding. CW indicated that it might be in a ready state to provide for publication in advance of the next meeting.

3. Discussion – Next Steps

It was confirmed that the drafting of the legal text remained ‘a work in progress’, CWO believing it to be 95% complete; not much further change was envisaged. CW suggested that all parties review the texts provided and submit any ‘challenges’ to CW or to the Joint Office for consideration prior to the next meeting (07 May 2013). Comments should be received by 24 April 2013 at the latest.

CW intended to review the Modifications timeline.

BF confirmed that DESC’s report on the Allocation Algorithm (TPD H) was to be presented to Project Nexus Workgroup (meeting via teleconference on 23 April 2013) and following that consideration may need to be given as to how this will influence the BRDs. It will not delay CW’s creation of a modification and this would be likely to be submitted to the May UNC Modification Panel. Hopefully that would only need a very short development period and this will enable CWO to address and reflect any changes required to the legal text drafting.

Following a brief discussion it was agreed to meet on 07 May 2013 to carry out a final drafting review, with a further meeting on 20 May 2013 to consider the Workgroup Report (including the Cost Benefit Analysis). BF reminded that the Workgroup Report must be completed before 06 June 2013 in order to meet its submission date to the June UNC Modification Panel. As a contingency a further meeting could be planned for 05 June 2013 (Solihull).

CW added that he will be working closely with Ofgem’s lawyers and asked if there were any other requirements that needed to be taken account of parties should let him know as soon as possible.

TK complimented all on the work and progress made so far; other Shippers added their thanks.

4. Any Other Business

None.

5. Diary Planning

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup (including Workgroups 0432 and 0434 - Dedicated legal	07/05/2013	To be confirmed – Solihull or London

Project Nexus Workgroup (including Workgroups 0432 and 0434 - Dedicated legal text reviews)	07/05/2013	To be confirmed – Solihull or London
Project Nexus Workgroup (including Workgroups 0432 and 0434 – Review and completion of Workgroup Reports)	20/05/2013	Energy UK Office, Charles House, 5–11 Regent Street, London SW1Y 4LR
Project Nexus Workgroup (including Workgroups 0432)	05/06/2013	Consort House, 6 Homer Road, Solihull B91 3QQ

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0432 03/01	05/03/13	1.2	To consider the proposals outlined within the Waters Wye Associates 'Impact of UNC Modification 0432 (Project Nexus) on GB gas market' with a view to providing feedback at the next meeting.	All	Carried Forward