

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

**Wednesday 16 October 2013**

**at Consort House, 6 Homer Road, Solihull B91 3QQ**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrea Bruce*	(AB)	ScottishPower
Andy Miller	(AM)	Xoserve
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Dave Corby*	(DC)	National Grid NTS
Ed Hunter	(EH)	RWE npower
Emma Smith	(ES)	Xoserve
Huw Comerford	(HC)	Utilita
Jonathan Kiddle	(JK)	EDF Energy
Julie Varney	(JV)	National Grid Transmission
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Robert Cameron-Higgs*	(RCH)	first utility
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas

\* via teleconference

**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 09/01:** Ofgem (JD) to seek a view from the Ofgem Stakeholder Group on what they believe the impact the ongoing transitional work would potentially have on the provision of a meaningful modification timetable within the Workgroup Report (taking into account the Code of Practice requirements), and at the same time provide some guidance to CW on what might be expected within the legal text.

**Update:** CW advised that during a recent discussion with J Dixon, Ofgem on this action, Jon had indicated that there is no Ofgem Stakeholder Group. AM added that at the recent Xoserve Stakeholder meeting which was attended by iGTs, Ofgem and Shippers, parties had indicated that they were happy with the (transitional and more general timetable) date(s) included within the legal text. When asked whether or not Xoserve remains confident of hitting the proposed 01 October 2015 project delivery date, AM confirmed that this is the date that Xoserve had provided to the three prospective service providers, with the aim being that they deliver the system solution to that date. Therefore, excluding any other external industry impacts (EU developments, SMART rollout impacts and industry change programmes etc.),

Xoserve remain confident that they can deliver on time. JV requested that this is reflected within the Workgroup Report for visibility.

AR pointed out that the Project Transition Phase would actually define the 'go-live' date and suggested that as a consequence, the 01 October 2015 date could be viewed as an 'aspirational' date – it is simply a marker at this time. He also expects to review the system change landscape nearer to the time. All those present appeared supportive of the aim of hitting the 01 October 2015 delivery date. **Closed**

**Action 0432 09/02:** All parties to consider what WGR timeline information would be deemed suitable and how best to address this issue and provide their views at the next meeting.

**Update:** It was recognised that this matter had been partially discussed under action 09/01 above, and it was also felt that this action relates to the timeline for the preparation of the Workgroup Report, rather than the overall project timelines. **Closed**

**Action 0432 09/03:** National Grid Distribution (CW) to consider what Gemini change (ROM) costs may be required for inclusion within an amended modification.

**Update:** CW advised that having read the cost benefits and user pays aspects of the (draft) Workgroup Report published for today's meeting and subject to the final BRD approval (sign off) at the 22 October meeting, he would anticipate amending the modification as soon after that meeting as possible. **Carried Forward**

**Action 0432 09/04:** Joint Office (BF) to commence drafting the relevant objectives for discussion at the 16 October meeting.

**Update:** BF referred to the published (draft) Workgroup Report as evidence that this action had been completed. **Closed**

**Action 0432 09/05:** Xoserve (AM) to seek a view from Ofgem over the possible extension to the benefits (case) period beyond the current 5 years, to possibly 8 or 10 years.

**Update:** AM advised that he had discussed the matter with J Dixon, Ofgem who had confirmed that Ofgem perceive a 5 year benefits period as being both a reasonable and representative timescale in this instance. Furthermore, they (Ofgem) are of the view that changing from a 5 year window could / would be misconstrued in some quarters. Somewhat dismayed at the view, CB noted that for a previous electricity modification Ofgem had requested that a 20 years benefits prediction window be used. **Closed**

**Action 0432 09/06:** Gazprom (SM) to seek an Ofgem view on whether or not, the proposed Project Nexus simplistic approach (i.e. doing away with the AUGE role altogether) to the smearing of energy in the new world is appropriate.

**Update:** BF noted, that neither a Gazprom, or Ofgem representative were present at the meeting. During a brief discussion it was suggested that perhaps the Workgroup should simply conclude that the proposed (simplistic) approach is suitable, especially as this had been a fundamental assumption throughout the Project Nexus development. **Carried Forward**

## 2. Consider Relevant Objectives

### 2.1 Modification 0432 Project Nexus Gas Settlement Reform and Modification 0453 Project Nexus Demand Estimation Benefits Case Consultation Report consideration

During a brief review of the amendments undertaken to the document, and a discussion around the possible (benefits case) merits of merging UNC Modifications 0432 and 0453, CW and AR undertook a new action to consider combining the two

modifications into one amended 0432 modification, and thereafter formally withdrawing 0453.<sup>1</sup>

Following feedback provided by JV, AM agreed to amend the report to better reflect the (e.g. shipper take up etc.) views as expressed within National Grid Transmission's consultation response.

Concluding discussions, AM encouraged parties to provide any comments/feedback as soon as possible, especially any relating to the Performance Assurance Framework related amendment within paragraph 6.1.

**Action 0432 10/01: National Grid Distribution (CW/AR) to consider combining the two modifications (0432 and 0453) into one amended 0432 modification, and thereafter formally withdrawing 0453.**

## 2.2 Draft Workgroup Report (v0.4) Development

An onscreen review of the draft WGR (v0.4, dated 08 October 2013) was undertaken, with special attention being devoted to the relevant objectives and user pays sections.

When reviewing the user pays aspects, JV once again voiced National Grid Transmissions concerns around the funding arrangements for Gemini, as over time it has become apparent that there are some Gemini impacts associated with the delivery of Project Nexus<sup>2</sup> – views remained divided over whether or not Gemini costs have been included within the (RIIO) project allowance. A new action was placed against AR to liaise with Xoserve to investigate how the Transporters RIIO allowances were built up and to seek a view from Ofgem as to whether or not Gemini change costs were taken into account within the allowances.

JV also suggested that the cost benefit figures contained within the 'Benefits Case Consultation Report' need to be revisited as she believes that the costs were based on 2011 prices, whilst the Shipper benefits are assessed against 2013 prices – these need to be aligned in order to provide a more accurate comparison.

Whilst reviewing the 'Relevant Objectives' a new action was assigned to National Grid Transmission (JV) to investigate whether or not, there could be any potential system balancing related benefits, and if so, whether relevant objective a) would be impacted.

During consideration of the 'Implementation' requirements, and a brief discussion of possible implementation dates, a new action was placed against Xoserve (AM) and National Grid Distribution (CW) to examine the UNC Modification Rule requirements and thereafter provide a set of suitable implementation dates.

Concluding, a new action was placed against all parties, to review the updated (draft) Workgroup Report that would be published on the Joint Office web site immediately following the meeting and provide feedback at the 22 October meeting.

**Action 0432 10/02: National Grid Distribution (AR) to liaise with Xoserve to investigate how the Transporters RIIO allowances were built up and to seek a view from Ofgem as to whether or not Gemini change costs were taken into account within the allowances.**

**Action 0432 10/03: National Grid Transmission (JV) to investigate whether or not, there could be any potential system balancing related benefits, and if so, whether relevant objective a) would be impacted.**

<sup>1</sup> Please note: As proposer of the suite of Project Nexus modifications, National Grid Distribution (CW and AR) indicated later in the meeting that they would in fact amend UNC Modification 0432 to include the appropriate elements of 0453 with a view to subsequently withdrawing 0453 at a later date. Xoserve (AM) also indicated that he would also amend the benefits case report to reflect the combining (merging) of the two modifications concerned.

<sup>2</sup> Post meeting note: National Grid Transmission have subsequently provided a discussion document on their Gemini funding concerns for consideration at the 22 October 2013 meeting available at: [www.gasgovernance.co.uk/nexus/221013](http://www.gasgovernance.co.uk/nexus/221013)

**Action 0432 10/04: Xoserve (AM) and National Grid Distribution (CW) to examine the UNC Modification Rule requirements and thereafter provide a set of suitable implementation dates for utilisation within the amended 0432 Modification and Workgroup Report.**

**Action 0432 10/05: All parties to review the (draft) Workgroup Report, when published, and provide their feedback at the 22 October meeting.**

**3. Any Other Business**

Amended Modification 0432, BRD and Other Potential Industry Impact discussions

When asked, CW confirmed that the amended 0432 Modification would include identification of the potential invoicing change impacts along with amended BRD cross references, where appropriate. He asked those present to note that the amended modification may also need a further ‘tweak’ following discussion and hopefully sign off of the BRD’s at the next meeting on 22 October.

BF warned that care would be needed going forward to ensure that any (future) changes made to the BRD’s do not undermine the development of the current suite of ‘in-flight’ modifications. AM suggested that at some point the BRD’s would need to be frozen in time to ensure that the modifications are not delayed during their passage through the process. To this end, the Workgroup may need to consider development of some future ‘tweaking’ modifications that could also need to be supported by offline systems/solutions, to get us through the transition period.

It was also acknowledged that future legislative changes could also impact upon delivery of the project.

**4. Diary Planning**

The following meetings are scheduled to take place during 2013:

<b>Time / Date</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:30 Tuesday 22 October.	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	0432, 0434 & 0453 – <i>draft Workgroup Reports development meeting.</i>
10:30 Wednesday 30 October.	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	0432, 0434 & 0453 – <i>draft Workgroup Reports development meeting.</i>
10:30 Thursday 07 November	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	0432, 0434 & 0453 – <i>completion of Workgroup Reports meeting.</i>

---

**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0432 09/01	30/09/13	1.2	To seek a view from the Ofgem Stakeholder Group on what they believe the impact the ongoing transitional work would potentially have on the provision of a meaningful modification timetable within the Workgroup Report (taking into account the Code of Practise requirements), and at the same time provide some guidance to CW on what might be expected within the legal text.	Ofgem (JD)	Update provided. <b>Closed</b>
0432 09/02	30/09/13	1.2	To consider what WGR timeline information would be deemed suitable and how best to address this issue and provide their views at the next meeting.	All	Update provided. <b>Closed</b>
0432 09/03	30/09/13	2.	To consider what Gemini change (ROM) costs may be required for inclusion within an amended modification.	National Grid Distribution (CW)	Update to be provided. <b>Carried Forward</b>
0432 09/04	30/09/13	2.	To commence drafting the relevant objectives for discussion at the 16 October meeting.	Joint Office (BF)	Update provided. <b>Closed</b>
0432 09/05	30/09/13	2.	To seek a view from Ofgem over the possible extension to the benefits (case) period beyond the current 5 years, to possibly 8 or 10 years.	Xoserve (AM)	Update provided. <b>Closed</b>
0432 09/06	30/09/13	3.	To seek an Ofgem view on whether or not, the proposed Project Nexus simplistic approach (i.e. doing away with the AUGE role altogether) to the smearing of energy in the new world is appropriate.	Gazprom (SM)	Update to be provided. <b>Carried Forward</b>
0432 10/01	16/10/13	2.1	To consider combining the two modifications (0432 and 0453) into one amended 0432 modification, and thereafter	National Grid Distribution (CW/AR)	Update to be provided in due course.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			formally withdrawing 0453.		
0432 10/02	16/10/13	2.2	To liaise with Xoserve to investigate how the Transporters RIIO allowances were built up and to seek a view from Ofgem as to whether or not Gemini change costs were taken into account within the allowances.	National Grid Distribution (AR)	Update to be provided in due course.
0432 10/03	16/10/13	2.2	To investigate whether or not, there could be any potential system balancing related benefits, and if so, whether relevant objective a) would be impacted.	National Grid Transmission (JV)	Update to be provided in due course.
0432 10/04	16/10/13	2.2	To examine the UNC Modification Rule requirements and thereafter provide a set of suitable implementation dates for utilisation within the amended 0432 Modification and Workgroup Report.	Xoserve (AM) & National Grid Distribution (CW)	Update to be provided in due course.
0432 10/05	16/10/13	2.2	To review the (draft) Workgroup Report, when published, and provide their feedback at the 22 October meeting.	All	Update to be provided in due course.