

Project Nexus
SET 2 Workgroup Minutes
Wednesday 02 March 2011

at the National Grid Office, 31 Homer Road, Solihull

Attendees

Mike Berrisford (Chair)	(MiB)	Joint Office of Gas Transporters
Helen Cuin (Secretary)	(HC)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Chris Warner	(CW)	National Grid Distribution
Fiona Cottam	(FC)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	Scottish Power
Kevin Woollard*	(KW)	British Gas
Leyton Jones	(LJ)	Ovo Energy
Lisa Harris	(LH)	Shell
Lorna Lewin	(LL)	Shell
Mark Jones	(MJ)	SSE
Michael Payley	(MP)	Xoserve
Michele Downes	(MD)	Xoserve
Sallyann Blackett	(SB)	E.ON UK Ltd
Sean McGoldrick	(SMc)	National Grid NTS
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Steve Nunnington	(SN)	Xoserve
Zoe Murphy	(ZM)	RWE npower

* via a teleconference link

1. Introduction

MiB welcomed all to the meeting.

1.1. Review of minutes from previous meeting

The minutes of the previous meeting were approved.

1.2. Review of actions

Action SET001: Shippers and GTs to clarify their respective positions regarding provision of either energy (consumption) or read related information.

Update: GE provided an update from ICoSS members that a read related process would be preferred.

Closed

Action SET002: Shippers to confirm their views on the four proposed process options and the possible move to a (mandatory) daily read regime.

Update: Please refer to item 2.1 below.

Closed

Action SET003: Xoserve (SN) and Joint Office (BF) to engage with some of the smaller Shippers/Suppliers and encourage their participation in this workgroup.

Update: Both Xoserve and the Joint Office confirmed this action had been completed.

Closed

2. Scope and Deliverables

Copies of the various presentation materials are available to view &/or download from the Joint Office of Gas Transporters web site at: <http://www.gasgovernance.co.uk/nexus/020311>.

2.1. Further Consideration of Settlement Requirements

FC provided a presentation recapping on where the process has got to including the development of requirements, potential issues, risks, current and alternative approaches, the role of the AUGÉ under UNC0229, and questions for discussion.

ST believed there was a potential issue for the principles to be out of kilter between domestic meter reads and the I&C requirements for settlement on daily reads and that this may create complications for the industry. He suggested that there needs to be consideration and the justification for market differentiation. FC explained that currently there are four different processes for the I&C market, she anticipated that there would be single mandated solution which works for all small supply points rather than optional services. FC challenged if the industry needed a variation of services.

JW was concerned about agreeing principles without being mindful of the issues, i.e. Phase 4 DCC and AMR.

SL asked about the need for a data aggregator. SB believed customers would expect all meter reads to be collected and used, for reflection in bills. SL believed that it would be commercial decision by suppliers to collect and use all meter reads. He also highlighted that there is a risk for Shippers that there will be a gap between allocated energy and collected meter reads, he explained that these need to be matched up to keep costs down.

JW believed that the principle aim for 2020 needs to be considered. ST challenged what the difference would be for 2020 and 2014. He wanted to understand the anticipated changes that were believed to be required for a 2014 settlement regime and a 2020 DCC (Daily allocation – data collection). ST believed that the principles would not differ during the transition period. GE believed there would be an assumption that there would be a change in the market. ST preferred to have a principle from 2014 until change is required, rather than having a principle for 2014 and another for 2020. KK asked if the designed regime could accommodate a ramping up for smart metering, working towards one principle. FC highlighted the need to make use of smart meters but not disadvantage sites without a smart meter.

GE asked if a site has a smart meter or AMR do they have to adhere to a principle or would there be a choice. ST believed it would want to be a supplier choice.

FC asked if the DCC would be a data collector and data aggregator. JW envisaged the DCC staying a thin model taking on more responsibility. SB believed the regime considerations shouldn't be shadowed by possible system constraints.

ST believed Shippers need to assess the risk and gaps between Allocation and settlement using AQ and to bridge the gap possibly without daily readings and settlement regimes.

SB pointed out the daily gas price creates a gap and creates a risk for Shippers due to the gap between allocation and settlement. She explained

that shippers take the hit of fluctuations in gas prices and would want to reduce the gap of actual costs and charges. ST challenged what customers actually want, he believed customers want accurate bills that reflect consumption. It was suggested that customers would not want to be bogged down understanding daily gas prices and how it may affect their bill and it was challenged that a domestic customer would not actively change habits on a day-by-day dependant on wholesale gas prices.

FC highlighted the need to consider the risks and benefits.

GE questioned if the Smart Meter Read considerations were overlapping the AMR discussions. FC explained that Xoserve are not trying to change the AMR requirements, they want to encourage a review and challenge of where there is a mismatch between principles and practicality. It was recognised that AMR may have one set of solutions different to smart meters. GE suggested that AMR is looked at to get a common solution and adjust, he suggested merging the two groups together. It was confirmed that consideration would be given as to whether to merge AMR workgroup and the Smart Meter considerations at the next Nexus Workgroup meeting.

SL asked about the Transitional delivery from Nexus to smart. SN/FC explained Nexus would be phased and that the first phase would be a transitional world with both dumb and Smart meters. SL believed smart meters would be ramping up during the introduction of Nexus. KW believed that over 200,000 dual fuel smart meters have already been installed. There was a general desire to replace RbD with smart meters being installed during transition, SL suggested that this might want to be considered within Nexus to aid introduction.

FC highlighted that Xoserve want to be in a position in understanding what it is they should be trying to design i.e. an ultimate 2010 principle or a 2014 principle. ST suggested the market might want to consider market differentiation as not to treat a power station the same as a domestic customer. GE challenged why the industry would want to treat customers differently if they have smart meters.

FC referred to the High Level Allocation Principles Preferred Options including Transitions which had previously been considered. She explained estimated reads for non-smart meters would need to be improved so as not to disadvantage them against smart meters, she suggested better weather correction and better profiles for the type of customers may be required.

FC believed that building business rules for 2020 would not be beneficial at this point i.e. Approach 4, Daily Balancing based on reads. She believed it would be better to decide which service wants to be supplied and focus on Project Nexus Phase 1 and 2 and when the services for the domestic market are required. JW suggested Approach 2, Smarter Allocation plus monthly meter point reconciliation and Approach 3, Allocation plus periodic daily meter point reconciliation should be developed. However, SL believed Approach 2 could be rolled out initially with the ability to build for Approach 3 and 4, he was mindful of spending money on system developments that may not be utilised.

SL expressed an interest in a scalable and adaptable option with the possibility of a bolt on to achieve the ultimate solution of Daily balancing based on reads. Some debate occurred on that some Shippers may want Approach 2 and others may prefer Approach 3. It was unclear if Approach 3 would be used at this stage, it was recognised that Approach 2 could be used now. If Approach 3 was developed and not used SL challenged who would pay for its development. FC had an aspiration not to have a filter

failure process and that a much smarter check should be possible on reads earlier in the process.

It was acknowledged that a daily smear for unidentified gas would be required under each Approach.

It was agreed that Approach 2 was a good transition. It was determined that detailed business rules would need to be developed. GE asked if it was possible to obtain a ROM for the Approaches. It was recognised that Approach 3 was an adaptation of Approach 2. SMC questioned if both options could be developed.

It was agreed that Approach 4 would remain the long-term aspiration for a fully Smart (or nearly fully-Smart) world, possibly where the DCC has a thick role, including data collection and/or data aggregation.

FC aspired to have a set of business rules for further development at future meetings with a view to assessing costs once the rules have been formulated to a point where a ROM would be possible.

New Action SET004: Xoserve to start the development of the business rules for Approach 2 and 3.

It was questioned if operational requirements and the settlement regime would be within scope. Estimation Algorithms were also considered. FC believed that the framework needs to be considered along with other factors, it was not anticipated the defined details would be required for algorithms, as this would come under the auspices of DESC. Gas Nominations before the day would also have to be considered.

2.2. Review of the As-Is Process Models

MP provided a presentation on the current process maps to provide an opportunity to see how the end-to-end process currently works. It was anticipated that these would be amended and signed off.

New Action SET005: Xoserve to amend the process maps in line with discussions

2.3. Alignment of IRR requirements

MD provided the consultation responses for the Initial Requirement Register (IRR). No further items were raised. FC confirmed that Xoserve needs to demonstrate that these have been dealt with and are either no longer relevant or built into an actual requirement.

2.4. Transitional Arrangements

Item deferred until the business rules are drafted.

3. Workgroup Report

3.1. Preparation of Monthly/Final Report

Item deferred.

4. Diary Planning

Details of planned meetings are available from the events diary on the Joint Office web site: <http://www.gasgovernance.co.uk/Diary>. Unless otherwise stated, all meetings are due to be held at 31 Homer Road, Solihull.

The following meetings are scheduled to take place during March and April:

Title	Date	Location
Workgroup, AMR19 & Mod 0357	14/03/2011	31 Homer Road, Solihull.

SET3 & Mod 0359	23/03/2011	31 Homer Road, Solihull.
AMR20	05/04/2011	ENA, 52 Horseferry Road, London.
Workgroup & SET4	19/04/2011	31 Homer Road, Solihull.

5. Any Other Business

None.

Appendix 1

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SET001	09.02.11	2.0	Clarify their respective positions regarding provision of either energy (consumption) or read related information.	Shippers & GTs	Update provided. Closed
SET002	09.02.11	2.0	Confirm their views on the four proposed process options and the possible move to a (mandatory) daily read regime.	Shippers	Update provided. Closed
SET003	09.02.11	2.0	Engage with some of the smaller Shippers/Suppliers and encourage their participation in this workgroup.	Xoserve (SN) & Joint Office (BF)	Update provided. Closed
SET004	02.03.11	2.1	Xoserve to start the development of the business rules for Approach 2 and 3.	Xoserve (FC)	Update due at next meeting.
SET005	02.03.11	2.2	Xoserve to amend the process maps in line with discussions	Xoserve (MP)	Update due at next meeting.