

Project Nexus Workgroup Minutes

Tuesday 07 August 2012

at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Andrew Wallace	(AW)	Ofgem
Anne Jackson	(AJ)	SSE
Andy Miller	(AM)	Xoserve
Brian Durber	(BD)	E.ON UK
Edward Hunter	(EH)	npower
Elaine Carr	(EC)	ScottishPower
Erika Melen	(EM)	Scotia Gas Networks
Joanna Ferguson*	(JF)	Northern Gas Networks
Katherine Porter	(KP)	EDF Energy
Lorna Lewin	(LL)	Dong Energy
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Paul Orsler	(PO)	Xoserve
Robert Cameron-Higgs*	(RcH)	Wales & West Utilities
Tabish Khan*	(TK)	British Gas

* via teleconference link

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 NEX04/02: National Grid Distribution (CW) to seek a legal view as to whether or not iGT (CSEP) Meter Points should be considered within implementation of a UNC modification.

Update: In the absence of a National Grid Distribution representative, the action was carried forward.

Carried Forward

Action NEX05/03: All parties to consider the issues around not getting a read on the transfer date (as currently proposed within the settlement BRD) and to provide their views at the next meeting.

Update: MD provided an overview of the 'Transfer Read Issue' presentation. During discussions, parties agreed that for instances where no read is submitted by GFD+5, when transferring to or from product 1 & 2, then an estimated read would be utilised.

In considering the Supply Point Transfers to and from table, parties acknowledged that for transfer to or from Product 1 and 2, the read window needs to be GFD+5 due mainly to energy balancing close-out requirements. Some concern was voiced around the issue of moving from a product with high granularity to a product with a lower level – in the end it was

acknowledged that without a viable alternative, the only realistic solution is to accept the reduced window periods.

It was agreed that the Settlement BRD should now be updated to reflect discussions.

Closed

Action NEX06/02: All parties to review the Reconciliation Issues presentation and provide their views on the most appropriate reconciliation scaling adjustment, market share and transition from RbD to meter point reconciliation approaches and finally the reconciliation invoice creation options.

Update: MD provided an overview of the 'Reconciliation Issues' presentation. During consideration of the scaling adjustment options summary it was noted that both the 'all reconciliation scaling adjustments fed into previous month' and 'mirror image of reconciliation period' were the least favoured options, leaving 'reconciliation scaling adjustment using market share over 12 or 24 months' as the preferred option due to the fact that it appears to offer stability as there is little evidence of significant movements between shippers.

However, in response to concerns voiced in some quarters relating to (smaller player's) potential market volatility issues (i.e. excluding the 'big 6'), MD agreed to prepare a presentation to show the effects of using the market share option on the smaller players.

Examining the 'Reconciliation Scaling Adjustment – Market Share' approach slide in more detail it was noted that at previous meetings the AQ option was the preferred choice, with both the 'Initial Throughput' and 'Latest Throughput' options being seen as being hard to validate.

When asked, MD confirmed that in a rolling AQ regime, it would be the latest AQ value that would be utilised.

Thereafter, it was agreed to defer further consideration until the September meeting.

Carried Forward

Action NEX07/01: Xoserve (AM) to notify the Shipper/Supplier community of the presence of the BRDs as a means of kick starting the industry cost / benefits thought processes.

Update: AM advised that whilst work is ongoing a letter to the Shipper/Supplier community had been prepared ready for issue pending provision of additional information in due course.

Carried Forward

Action NEX07/02: Xoserve (MD/MP) with regard to the Non-functional topic Issues presentation to provide a guidance document outlining the current governance and ownership provisions and to also provide a supporting questions matrix for the industry to consider alongside the presentation.

Update: MD advised that the 'PN UNC NFR Issues Update' presentation had been published prior to the meeting which satisfies the first part of the action with the questions matrix currently out for comments.

When discussing who should administer and maintain the data dictionary, MD suggested that this could be a Xoserve role, if that satisfied industry aspirations – this suggestion was met with a generally positive consensus.

MD then requested that consideration of the action be deferred until the September meeting.

Carried Forward

Action NEX07/03: All to undertake consideration of the Non-functional topic Issues in time for consideration at the August meeting.

Update: MD requested that consideration of the action be deferred until the September meeting.

Carried Forward

Action NEX07/04: Joint Office (BF) to include General Principles on the agenda to consider any/all responses received in line with Action NEX07/03.

Update: BF suggested that similar to NEX07/03 above, consideration of the action be deferred until the September meeting.

Carried Forward

At the end of the outstanding actions review, a brief discussion took place relating to the recent 'Open letter to Gas Distribution Networks on Project Nexus gas settlement reforms', issued on 31 July 2012 and addressed to the Gas Distribution Networks.

AW explained that this had been published last week alongside the Smarter Market Strategy. In essence, the letter expressed Ofgem's recognition of the good work undertaken by the Project Nexus Workgroup to date, but also set out their (Ofgem's) concern around the project timeline and delivery aspects – Ofgem are seeking to encourage industry participation and resource allocation to ensure that the 2015 delivery target is met.

Ofgem remain keen to receive the (Nexus related) Final Modification Report(s) in sufficient time for them to make an informed decision, especially if any alternate proposals are put forward. To this end, Ofgem would like to see a robust Project Nexus Plan being made available as soon as practicably possible, although it is acknowledged that further work on such a plan is needed and that it might require updating from time to time

When asked about the progress being made by the Project Nexus sub-group (currently comprising Ofgem, Transporter, Xoserve, Shipper / Supplier representatives and the Joint Office) that are looking into the potential cost and benefits aspects, AW indicated that it is expected that the sub-group would produce a 'strawman' which the Project Nexus Workgroup would then be asked to consider and respond to.

In closing, BF informed those present that the next sub-group meeting would be undertaken on a more formal basis (i.e. an agenda and open invite) and as a consequence would be open to all parties to attend. Please refer to item 5 below for further details on the meeting.

2. Issues and topics for discussion

2.1 High Level Workgroup Issues

2.1.1 iGT Agent Services

Project Nexus Document Review Form review

MD provided a brief review of the comments received from interested/impacted parties with regard to the iGT Agency Service BRD (v0.4).

During detailed discussions, MD captured the views of those present with regard to comparing the various BRD assumptions against the

comments received to date with a view to amending the BRD inline with agreed changes. Of the 23 comments reviewed, two (numbers 18 & 19) require additional consideration by Xoserve, whilst it was recognised that 6 (numbers 8, 13, 14, 20, 21 & 22) would possibly benefit from further consideration at a forthcoming Xoserve / Transporter / iGT meeting.

In closing, MD suggested that subject to resolution of a few outstanding MPRN related iGT clarification points, the BRD was ready to be baselined – a view agreed by all present.

2.1.2 Executive Summary of Business Requirements (v0.6) update

MD quickly explained that the latest published version had been updated to reflect changes agreed at PN UNC to the various BRD's, to ensure views are accurately reflected and represented. This document will continue to be amended to reflect the updates agreed at PN UNC.

2.1.3 Indicative Project Plan

BF explained that a copy of the 'Project Nexus Next Steps Timeline' plan had been published under the materials for the 13 June 2012 meeting.

2.2 Transitional Arrangements

No new items or issues to consider.

2.3 New Issues

2.3.1 Retrospective Updates

Retrospective Update Issues presentation

MD provided a brief overview of the presentation.

In considering the 'Previous Shipper Charges' slide, MD advised that as far as updates to data carried out by the current shipper during a previous shipper's ownership period is concerned, she had sought the views of both the best practises and legal personnel before going on to ask those present whether or not they felt that this facility was still required – consensus was that it is.

Looking at the two options for updating asset data it was confirmed after a brief discussion around whether or not the current shipper would/could be expected to have access to historical supplier information it was suggested that as we currently undertake consumption (energy) adjustments to resolve issues of this nature, a caveat should be added to the BRD identifying that the legacy shipper could make adjustments through this mechanism. Thereafter, it was agreed that we should only allow updates to the current asset.

Moving on, questions were asked over the true value of retaining a facility to retrospectively treat a new DM site (product 2) as an NDM site where the MPRN has not been set up as a DM in the first instance. Accepting that it may be required for energy balancing purposes, it was agreed that in reality this is superfluous to requirements.

3. Workgroup Approach and Plan

Topic Workgroup Timeline Tracking

MD advised that there had been no significant changes to the document since the last meeting and suggested that as all the BRD's are now effectively baselined, we can cease using the document.

Project Nexus Workplan

MD provided a quick summary explaining that there had been no significant changes to the document since the last meeting and again this document had now fulfilled its role.

Project Nexus Workgroup Outstanding Areas Log

Consideration deferred until the next meeting.

4. Any Other Business

None.

5. Workgroup Process

5.1 Agree actions to be completed ahead of the next meeting

No new specific actions were assigned.

6. Diary Planning

BF explained that following the initial scoping meeting of the Project Nexus sub-group looking into producing a cost v's benefit 'strawman', future meetings of this sub-group would be conducted on a more formal basis and therefore open to all parties to attend. The next meeting of the sub-group is scheduled to commence at midday on Friday 17 August 2012 at the ENA, London.

It was then agreed that the next Project Nexus Workgroup meeting scheduled for 04 September 2012 should be a face-to-face meeting supported by teleconference facilities for anyone wishing to partake of them.

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Sub-Group	17/08/2012	ENA, 6th Floor Dean Bradley House, 52 Horseferry Road, London. SW1P 2AF.
Project Nexus Workgroup	04/09/2012	National Grid, 31 Homer Road, Solihull, West Midlands. B91 3LT.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX04/02	03/04/12	4.2.4	To seek a legal view as to whether or not iGT (CSEP) Meter Points should be considered within implementation of a UNC modification.	National Grid Distribution (CW)	Update to be provided in due course. Carried Forward
NEX05/03	15/05/12	4.	To consider the issues around not getting a read on the transfer date (as currently proposed within the settlement BRD) and to provide their views at the next meeting.	All	Update provided. Closed
NEX06/02	13/06/12	2.4	To review the Reconciliation Issues presentation and provide their views on the most appropriate reconciliation scaling adjustment, market share and transition from RbD to meter point reconciliation approaches and finally the reconciliation invoice creation options.	All	Update to be provided at September PN UNC. Carried Forward
NEX07/01	03/07/12	2.2	To notify the Shipper/Supplier community of the presence of the BRDs as a means of kick starting the industry cost / benefits thought processes.	Xoserve (AM)	Update to be provided in due course. Carried Forward
NEX07/02	03/07/12	2.4	With regard to the Non-functional topic Issues presentation to provide a guidance document outlining the current governance and ownership provisions and to also provide a supporting questions matrix for the industry to consider alongside the presentation.	Xoserve (MD/MP)	Update to be provided at September PN UNC. Carried Forward
NEX07/03	03/07/12	2.4	To undertake consideration of the Non-functional topic Issues in time for consideration at the August meeting.	All	Update to be provided at September PN UNC. Carried

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
					Forward
NEX07/04	03/07/12	2.4	To include General Principles on the agenda to consider any/all responses received in line with Action NEX07/03.	Joint Office (BF)	Update to be provided in due course. Carried Forward