

Project Nexus Workgroup Minutes
Tuesday 23 April 2013
via teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Dave Corby	(DC)	National Grid Distribution
Ed Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Fiona Cottam	(FC)	Xoserve
Julie Varney	(JV)	National Grid NTS
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Roy Malin	(RM)	National Grid Distribution
Steve Mulliganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas

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 NEX03/01: Xoserve (AM) to seek to refine the ‘Project Nexus transition, migration and cutover’ presentation for iGT Agency Services in-line with discussions (inc. a rough timeline indication that takes into consideration the potential early implementation of various Project Nexus functionality modules).

Update: MD advised that Xoserve anticipate providing an update at the next meeting.

Carried Forward

2. Issues and topics for discussion

2.1. DESC Recommendation

FC provided a brief overview of the DESC Report – ‘Project Nexus NDM Estimation Formula – DESC Recommendations’, dated 08 April 2013.

FC pointed out that no formal vote (or PNUNC) approval is required and that the recommendation (option E) provides for a ‘bottom up’ based solution going forward. It was noted that during DESC discussions some concerns were voiced around the potential seasonal weather impacts (i.e. the accuracy of summer predictions, which may require tweaking to ensure the solution gets us closer to matching actual consumptions). Furthermore, whilst the proposed solution does not invoke major

changes to current underlying processes and procedures, it does propose small tweaks to various parameters – i.e. DAFs etc.

As the DESC report proposes an October 2015 implementation, some parties wondered whether or not implementation of the associated UNC Modification¹ would / could be impacted by a delay in the implementation of Project Nexus. Responding, FC suggested that should the implementation of Project Nexus be delayed, this modification could also be delayed to 'match' Nexus delivery. However, FC pointed out that an October 2013 implementation date for the new modification would not be realistically achievable as at least a 12 month lead time is required.

In considering the potential impact upon unallocated gas provisions, FC advised that allocation is enshrined within the Project Nexus Settlement BRD and would seek to provide an 'on the day' view of unallocated gas. FC acknowledged that whilst not perfect, option E remains the best fit.

In closing, FC reminded parties that the assumption is that the role of the AUGER will fall away over time – as a result, the future issue becomes the management of short term cash flow movements.

2.2. Draft UNC Modification

CW provided a brief overview of the draft 'Project Nexus – Demand Estimation' modification.

CW explained that the modification is based heavily on the DESC Report as discussed under item 2.1 above whilst at the same time also being aligned to UNC Modification 0432 where possible. A key aspect of the modification is the provision of a Code (Guidelines) document that is expected to go 'hand-in-hand' with the modification.

The aim is to undertake a shortened consideration of the modification at a subsequent Project Nexus meeting (or meetings) to enable early engagement with the legal teams involved in development of the 0432 & 0434 with the aim being to align with the 0432 timescales where possible.

Whilst consideration of the Project Nexus costing and funding arrangements remains ongoing, the expectation is to raise this new modification later in the day.

3. Any Other Business

Issues Log Update

MD explained that in line with discussions at the previous Project Nexus meeting, she had now updated ID33 in the closed log.

Moving on to consider ID34 and whether or not to adopt the process whereby the SHQ would be increased to the same ratio of SOQ to SHQ prior to the ratchet, MD advised that the Transporters feel unable to support this proposed solution as they believe that as the SHQ is not a derived value, someone (Shippers) should be responsible for validating it, especially when taking into account the fact that Transporters do nothing with SHQs other than 'bounce' them back to Shippers for them to make any changes. Furthermore, they (the Transporters) believe that having the Shippers making the assessment (re-nomination) of the SHQs provides for a more accurate approach. Responding, SM voiced his concern around the hourly SOQ to SHQ relationship to daily consumptions and asked for more time to consider the matter since we are now

¹ Please note: National Grid Distribution anticipated raising a new (Demand Estimation) UNC Modification, based largely on the DESC Report – please refer to UNC Modification 0453 – Project Nexus – Demand Estimation raised on 23 April 2013.

proposing a different approach – the Workgroup agreed to leave the item as ‘Open’ on the Issues Log to enable further consideration in due course.

In closing, it was agreed to leave the corresponding BRD as-is.

Legal Text Provision Update

During a brief discussion, CW confirmed that the intention was to formally sign off the legal text (for 0432 & 0434) at the 07 May 2013 meeting and that any remaining issues should be resolved / removed in-line with the ongoing legal text development.

4. Workgroup Process

4.1. Agree actions to be completed ahead of the next meeting

No new actions were assigned.

5. Diary Planning

The following meetings are scheduled to take place during 2013:

Title	Date	Location
Project Nexus Workgroup (dedicated legal text meeting)	07/05/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	20/05/2013	Energy UK Office, Charles House, 5–11 Regent Street, London. SW1Y 4LR.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	05/06/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX03/01	05/03/13	5.	To seek to refine the ‘Project Nexus transition, migration and cutover’ presentation for iGT Agency Services in-line with discussions (inc. a rough timeline indication that takes into consideration the potential early implementation of various Project Nexus functionality modules).	Xoserve (AM)	Update to be provided in due course. Carried Forward