

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

Tuesday 05 February 2013

at 31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alison Jennings	(AJe)	Xoserve
Alex Ross	(AR)	Northern Gas Networks
Andy Miller	(AM)	Xoserve
Anne Jackson*	(AJa)	SSE
Chris Warner	(CW)	National Grid Distribution
Dave Corby	(DC)	National Grid NTS
Elaine Carr*	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Huw Comerford	(HC)	utilita
Jon Dixon*	(JD)	Ofgem
Julie Varney	(JV)	National Grid NTS
Leanne Thomas	(LT)	RWE npower
Lorna Lewin	(LL)	Dong Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Peter Thompson	(PT)	Customer Representative
Steve Mullinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan*	(TK)	British Gas
Trevor Clark	(TC)	E.ON UK

* *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 12/01: Waters Wye Associates (GE) & Gazprom (SM) to ensure that ICoSS consider providing a view on utilising an aggregate market price, at their 13 December 2012 meeting and thereafter report back to the Project Nexus Workgroup at its next meeting.

Update: GE provided a comprehensive explanation around potentially utilising an aggregated market 'edging view' price (p/therm), focusing on how you could / would differentiate across market segments. To further illustrate his point, GE drew two diagrams ('Implications of reconciliation for a shipper' & 'Idealised view of gas prices') to support his narrative, copies of

which have been published post meeting, alongside the other materials on the Joint Office web site.

When asked, AM confirmed that the current average market reconciliation variance is around 4 to 4.5%.

Continuing, a brief discussion took place around aspects such as how market liquidity would impact on the possible scenarios, along with potential storage issues and short-term cash flow issues (lending money to the market). It was noted by those present, that the model as provided, is looking at the 'generic' market and that the real focus is about managing your risk around the three possible options along with your level of appetite to do so – various commercial sensitivities make it extremely difficult to drill down to a deeper level of information detail around the three options.

In closing, GE explained that he intends to provide a more detailed presentation (including highlighting any added value associated with the SSP/LSP aspects) in time for consideration at the 05 March 2013 meeting, subject to ongoing discussions with Ofgem on this matter.

Carried Forward

2. Discussion

Legal Text Provision update

CW advised that draft legal text for this modification would be provided in due course and that work is also about to commence on the preparation of legal text for UNC Modification 0434 'Project Nexus – Retrospective Adjustment'.

An update would be provided following the next meeting with Denton's legal team, which is scheduled to take place during w/c Monday 11 February 2013.

Cost / Benefit Information update

AM advised that Xoserve had now issued the cost and benefits information and that close out for responses is 15 February 2013. He requested that parties provide their information asap – should parties deem their information to be commercially sensitive (confidential) then please send it to Ofgem direct.

3. Any Other Business

None.

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:

Title	Date	Location
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	18/02/2013	Energy UK, Charles House, 5 – 11 Regent Street, London. SW1Y 4LR.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	05/03/2013	31 Homer Road, Solihull, West Midlands. B91 3LT.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	18/03/2013	31 Homer Road, Solihull, West Midlands. B91 3LT.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0432 12/01	08/01/13 (revised)	1.2	To develop three draft base case (market price) scenarios for consideration at the next meeting.	Gazprom (SM)	Update to be provided in due course. Carried Forward