

UNC Workgroup 0440 Minutes
Project Nexus – iGT Single Service Provision
Tuesday 17 September 2013
at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Adam Pearce*	(AP)	ES Pipelines
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrea Bruce*	(AB)	ScottishPower
Andy Miller	(AM)	Xoserve
Angela Love*	(AB)	ScottishPower
Anne Jackson	(AJ)	SSE
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Gethyn Howard	(GH)	Inexus
Jonathan Kiddle*	(JK)	E.ON UK
Kristian Pilling	(KP)	SSE
Lorna Lewin	(LL)	DONG Energy
Martin Connor*	(MC)	National Grid NTS
Paul Orsler	(PO)	Xoserve
Robert Cameron-Higgs	(RCH)	first utility
Stephanie Shepherd	(SS)	RWE npower
Steve Ladle	(SL)	Gemserv
Tabish Khan	(TK)	British Gas
Trevor Peacock*	(TP)	Fulcrum

* *via teleconference*

A copy of all presentation materials can be found at: www.gasgovernance.co.uk/0440/170913

1. Introduction

TD welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

0440 06/02: National Grid Distribution (CW) to provide a copy of the CSEP NExA Annex A to Gemserv (SL) for him to distribute to the iGT UNC parties for their views and eventual sign off of the changes undertaken to the document.

Update: SL confirmed that he had received a copy of the CSEP NExA Annex A and forwarded it to the iGTs for comments. CW advised that a UNC modification may be required to close off any outstanding items, and confirmed that governance of changes to Annex A reside under the UNC. **Closed**

0440 07/03: National Grid Distribution (CW) to provide copies of the latest IGTAD and UNC Section documents including a table of contents for the (various) legal text documents.

Update: CW suggested that, whilst work on the various legal text documents is close to completion, the action should remain open. **Carried Forward**

0440 08/01: National Grid Distribution (CW) to provide a 0440 progress update to the 19 September Governance Workgroup meeting to highlighting the concerns raised around the governance and panel voting aspects.

Update: CW advised that he would be providing an update on the governance and panel voting issues at Thursday's Governance Workgroup meeting. **Carried Forward**

0440 08/02: Joint Office (BF) to add a new agenda item covering Modification 0440 governance concerns and thereafter write to the industry to invite participation in future 0440 Workgroup meeting(s).

Update: Completed. **Closed**

2. Discussion

2.1 Governance considerations

CW explained that following the various governance related discussions at previous meetings a set of business rules and associated legal text had been developed. It is proposed that the iGTs will become party to the UNC and CSEP NExAs will be replaced by the IGTAD.

A lengthy debate took place around the future role of the iGTs on the Panel, especially what voting rights they should have going forward – currently the iGT Panel member is a non voting position.

Concerns were voiced around how the Panel voting could cease to be balanced between Shippers and Transporters when the iGT representative becomes a voting member. AL emphasised that Scottish power remain concerned about the current 5:5 (Shipper/Transporter) voting model, let alone having a change that introduces imbalance that potentially leads to situations where votes could be effectively blocked (either directly or by the iGT abstaining rather than voting on a key issue). CW suggested this is more of a perceived than real risk as he did not believe that iGTs would naturally side with the DNs on voting matters.

It was suggested that the iGT voting rights (and indeed those of other parties could be limited depending upon which sections of the UNC are being impacted by a particular modification (similar in concept to the SPAA model). Some saw this as a heavy weight and potentially unmanageable approach. One alternative put forward would be for one of the larger Transporters to give up their current seat on the Panel, which was discounted by CW as being an unreasonable approach. Another solution proposed by MC was to have 1x new iGT seat + 2x new Shipper seats + 1x Ofgem approved Independent seat – this did not meet with the support of others.

It was agreed that a simpler solution whereby an additional Shipper seat is added alongside the new iGT seat may be a more pragmatic approach. When asked, the majority of Shipper and Transporter representatives present at the meeting supported (or were willing to live with) this option, although ARS felt unable to add his support to this proposal as he believes that this would remove the present balance on the Panel.

AL suggested, given the disagreements and potential for a more fundamental review, divorcing the governance elements from Modification 0440. CW argued that this could jeopardise delivery of Project Nexus, especially because Ofgem may be unable to sign off 0440 until any new governance modification was complete. It was argued that should the proposal to carve out the governance elements from 0440 come to fruition, the whole of the iGT/GT regulatory relationship would also need to be revisited which, again, would undermine delivery of Project Nexus.

CW agreed to discuss with other Transporters adopting a 6th Shipper seat alongside the new iGT seat (both voting positions) on the Panel and provide a definitive view at the next meeting.

Action 09/01: Following discussion with Transporters, National Grid Distribution (CW) to confirm the proposed governance approach that will be included with Modification 0440.

2.2 Legal text review

CW outlined of progress to date on the development of legal text and explained that only a few issues remain unresolved at this time.

IGTAD Section B – iGT Systems – Connection and Operational Arrangements document review

CW explained that this new iteration of the document contains minor changes in response to points raised in previous Workgroup discussions. Furthermore, he has asked the lawyers to provide a table that identifies any outstanding legal text issues that currently prevents them from completing the legal text – a copy of which is expected to be available for the 02 October meeting. CW requested that parties review the document and provide feedback on 02 October.

In considering paragraph 1.1.3(c) and the use of the term Gas Year in relation to the AQ Calculation table, SL enquired whether this relates to the new build table (CSEP load & max AQ concerns). CW suggested that in essence it is referring to the table that is used to set up the iGT/GT relationship for new CSEP connections (max AQ based). However, it is recognised that the table is predominately a domestic property table. He noted that any non-domestic properties would be treated on a more individual basis. CW agreed to check how reductions in AQs over time is expected to work.

In considering how AQs would be managed in the new iGT/GT world, AM advised that Xoserve anticipates three forms of AQ being used –the 1st to size pipelines, the 2nd to reflect the current AQ held for the year and a 3rd for the rolling AQ value.

CW advised that a legal text review meeting, similar to the legal text meeting for modifications 0432, 0434 and 0453, is scheduled to take place at the Energy Networks Association on 10 October 2013.

CW was concerned about the extremely tight timescales associated with completion of the 0440 Workgroup Report in time for presentation to the November Panel– he requested that the Joint Office prepare a draft WGR for discussion at the 02 October meeting. AM confirmed that cost and benefit information for the modification is nearing completion and would be available for consideration on 02 October.

When asked, if a copy of the complete set of legal text could be provided as early as possible so that Shippers could engage with their lawyers, CW agreed to provide it to the Joint Office for publication.

Following a brief discussion on when a copy of the CSEP NExA table may be made available, it was noted that there remain issues with back tracking to identify which table applied at what point in time.

Action 09/02: National Grid Distribution (CW) to confirm how AQ reductions over time will be reflected in the IGTAD.

Action 09/03: National Grid Distribution (CW) to provide a full set of legal text documentation to the Joint Office for publication.

3. Any Other Business

Xoserve iGT Agency Services Migration Database

AM outlined a draft modification explaining that the intention would be to get this approved by January 2014, ahead of 0440 sign off. CW indicated that National Grid Distribution expected to be the proposer. TD indicated the case for urgency would need to be included in the modification since the required timetable will not be achieved under the standard process. Keen to avoid having to raise the modification

as urgent, CW enquired as to what would be an appropriate timeline. TD suggested that the Code Administration Code of Practice suggests 6 months should be allowed, such that an implementation date of April 2014 would be more realistic. AM agreed to rework the Project Nexus plans to reflect this timeline.

Regarding the draft modification, it was confirmed that the only way in which to amend CSEP NExA Annex A is via a UNC modification. Some parties felt that a self-governance status for the modification could be hard to justify whilst others voiced their concerns that it might be seen as an indirect route to getting Shippers to pay for cleansing iGT/GT data. AM agreed to look at the wording with this in mind.

Looking at the £400k to £900k implementation cost, some concerns were voiced about the scale of the difference between the low and high value. AM explained that this reflects the information Xoserve have at this time. However, he is confident that the range would reduce once the developers have had more time to assess the system design requirements. A request was placed for more clarity around the costing aspects of the modification especially as it is proposed that Shippers would be picking up 100% of the costs. However, it was also pointed out that even if there was a perfect 'match' between the iGT and GT data, this exercise (and its associated costs) would still be needed in order to complete the data migration.

When asked, those Shippers present who ship to the smaller end of the market indicated that they were reasonably happy with the basic outline of the draft modification. AM anticipates that Xoserve would be able to provide an assessment of individual Shipper costs based on their respective market shares (as a proportion of the iGT market) should they be asked to do so.

CW advised that he would seek to engage the lawyers in order to speed up development of the associated legal text and would provide assistance in developing the modification. AM indicated that he would amend the draft modification with a view to it being raised for the October Panel meeting.

Modification 0440 Project Nexus iGT Single Service Provision presentation

AM provided a brief overview of this amended presentation that has been updated to reflect recent legal text developments.

During a brief discussion attention was drawn to the proposed naming conventions whilst also confirming that it is proposed that 'nested' CSEPs would be managed in the same way as these proposals.

4. Diary Planning

The following meetings are scheduled to take place:

Title	Date	Location
Workgroup 0440	02/10/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.
Legal Text Review Meeting	10/10/2013	Energy Networks Association, 6th Floor Dean Bradley House, 52 Horseferry Road, London. SW1P 2AF

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0440 06/02	10/06/13	3.	To provide a copy of the CSEP NExA Annex A to Gemserv (SL) for him to distribute to the iGT UNC parties for their views and eventual sign off of the changes undertaken to the document.	National Grid Distribution (CW)	Update provided. Closed
0440 07/03	16/07/13	2.	To provide copies of the latest IGTAD and UNC Section documents including a table of contents for the (various) legal text documents.	National Grid Distribution (CW)	Update to be provided in due course. Carried Forward
0440 08/01	23/08/13	2.	To provide a 0440 progress update to the 19 September Governance Workgroup meeting to highlighting the concerns raised around the governance and panel voting aspects.	National Grid Distribution (CW)	Update to be provided in due course. Carried Forward
0440 08/02	23/08/13	2.	To add a new agenda item covering Modification 0440 governance concerns and thereafter write to the industry to invite participation in future 0440 Workgroup meeting(s).	Joint Office (BF)	Completed. Closed
0440 09/01	17/09/13	2.1	Following discussion with Transporters, confirm the proposed governance approach that will be included with Modification 0440	National Grid Distribution (CW)	Update to be provided in due course.
0440 09/02	17/09/13	2.2	Confirm how AQ reductions over time will be reflected in the IGTAD.	National Grid Distribution (CW)	Update to be provided in due course.
0440 09/03	17/09/13	2.2	Provide a full set of legal text documentation to the Joint Office for publication	National Grid Distribution (CW)	Update to be provided in due course.