
UNC Workgroup 0473 Minutes
Project Nexus – Allocation of Unidentified Gas
Monday 12 May 2014
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Andy Miller	(AM)	Xoserve
Ben Trasler	(BT)	Opus
Brendan Cooper*	(BC)	GDF Suez
Chris Faulds	(CF)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Fiona Cottam	(FC)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Graham Wood	(GW)	British Gas
Huw Comerford	(HC)	utilita
James Hanks*	(JH)	EDF Energy
James Hardy*	(JHa)	Wingas
James Hill	(JHi)	EDF Energy
James Rigby	(JR)	RWE npower
Jeremy Guard	(JG)	first utility
Jon Dixon*	(JD)	Ofgem
Karen Kennedy	(KK)	RWE npower
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Mike Bagnall	(MB)	British Gas
Robert Cameron-Higgs*	(RCH)	Observer
Steve Mullinganie*	(SM)	Gazprom
Sandra Simpson	(SS)	Xoserve
Sue Cropper	(SC)	British Gas

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0473/120514>

The Workgroup Report is due to the Panel on 19 June 2014

1. Review of Minutes and Actions

1.1. Review of Minutes

The minutes of the previous meeting were accepted.

1.2. Review of Actions

0473 04/02: Waters Wye Associates (GE) to consider the potential transitional arrangements requirements and provide a view at the next meeting.

Update: Those present agreed that the action had now been completed. **Closed**

0473 04/03: Waters Wye Associates (GE) to further amend the Guidelines document to reflect discussions including rewording paragraphs 4.1.5, 4.1.6 and 6.3 (adding a timeline to provide additional clarity and to also include a 'for the avoidance of doubt' statement within 6.3).

Update: A 'marked up' version 5.1 had been published prior to the meeting. **Closed**

0473 04/04: All parties to review the Guidelines document (v4.0 dated 19 March 2014) and provide feedback to GE asap.

Update: GE confirmed that he had received no responses and therefore it was agreed by those present that the action had now been completed. **Closed**

0473 04/05: Xoserve (FC/MD) to consider whether or not having more than 2 bands is feasible and whether it is economically viable to look to change to more bands in future and identify any potential material impacts (i.e. knock on effects on data held and utilised elsewhere in the system) of such a move.

Update: Please refer to items 2 and 3 below. **Closed**

2. Review of AUGE Guidelines

GE provided an overview of the latest round of changes undertaken on the document and pointed out that for the most part the terms 'process' and 'Guidelines' and been replaced with 'Framework'.

During a brief discussion attention focused on the new section 9 – Transition Provisions and GE reminded everyone that the AUG table would be changing in accordance with the discussions undertaken in item 3 below.

When asked whether or not a new AUGE would have access to the previous AUGE's (DNV GL formally GL Noble Denton) information, AM advised that the work to date undertaken by DNV GL was under the auspices of UNC Modification 0229 'Mechanism for correct apportionment of unidentified gas', the methodology for which, is transferrable between AUGE's. However, he reminded those present that Modification 0473 is proposing adoption of a new methodology.

FC once again reminded everyone that Xoserve can not reveal any specific AUGE contractual details, although she can advise that the data utilised by the AUGE originates from the Sites & Meters database, which is of course, industry owned information.

3. Discussion

UNC Modification 0473 transition & timelines presentation

GE provided a brief overview of the presentation during which an extensive debate centred on the merits of the modification and whether or not the recently raised alternative modification from British Gas provides for a more suitable solution – it should be noted that opinions remained polarised even after the detailed discussion.

The main focus of the discussions centred on the proposed values presented within the 'Interim Values Table' especially those for Classes 1 & 2 (zero share) and whether or not the data could be described as a 'faithful' representation of the (current) AUGE methodology. As far as the Class 2 value of zero was concerned some worries were voiced around the potential for current NDM Class 4 sites to migrate to this class in order to reduce their potential risk exposure(s). Additional concerns relating to the potential impacts of the direct / indirect measured (unallocated gas) split were raised with GE confirming that any indirect unallocated gas should be allocated on the basis of throughput. As far as total

volumes of gas and how the proposed factors reflect this, GE suggested that these types of concern would be best addressed when parties submit their respective consultation responses. SM also suggested that discussing such minutiae at this meeting adds little value, to which some parties disagreed believing that it forms part of any meaningful debate.

In looking to support his proposals whilst also seeking to resolve some of the concerns voiced around the impacts associated with weighted factors and throughputs, along with the sharing of unallocated gas across the classes, GE provided a quick flip chart diagram to explain his rationale, as follows:

Day 1 market share and UG share

Class	Weighting factor	Throughput	Weighted Throughput	Share of UG
1	0	100	0	0
2	0.5	100	50	5
3	1.0	100	100	10
4	1.5	100	150	15
Total	-	400	300	30

Day 100

Class	Weighting factor	Throughput	Weighted Throughput	Share of UG
1	0	100	0	0
2	0.5	100	50	5.17
3	1.0	120	120	12.41
4	1.5	80	120	12.41
Total	-	400	290	29.9

In accepting that Class 1 is DM and cannot be anything else, SM indicated that he is not adverse to the suggestion of splitting Class 2 into further sub set ranges. MD suggested that perhaps one option would be to look at breaking the Classes down by EUC bands (with the exception of Class 1 which has 1 applicable EUC band). MB wondered whether undertaking such a split fundamentally changes the causes lying behind unallocated gas, although this did not appear to be a universally supported view. GE indicated that he would consider 'tweaking' the table and associated values subject to a few caveats (i.e. recognition that it is a short lived interim solution only and the anticipated Class 2 migration may not be as big as some parties predict).

GE suggested that should UNC Modification 0491 'Change implementation date of Project Nexus to 1st April 2016', be approved by the Authority in due course¹, then it is likely that transition values would not be required.

Action 0473 05/01: Waters Wye Associates (GE) to look to amend the interim values in the proposed AUG Table (based on EUC banding breakdown) and provide (by close of play on Friday 16 May at the latest) in sufficient time for consideration prior to the 04 June meeting.

Action 0473 05/02: Ref action 0473 05/01 - All parties to provide their views on the amended interim values in the proposed AUG Table (including views on the EUC banding splits) by close of play on Friday 23 May at the latest, for consideration at the 04 June meeting.

4. Any Other Business

Legal Text Production Progress Update

¹ UNC Modification 0491 is currently with Ofgem awaiting an impending decision.

When asked, CW advised that J Ferguson from Northern Gas Networks is the leading contact for the production of the legal text for the modification. BF also advised that the April Panel formally requested provision of legal text which gives NGN 15 business days in which to produce it which is around 13 May 2014.

5. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The following meetings are scheduled to take place during 2014:

Time/Date	Venue	Workgroup Programme
10:30 Wednesday 04 June	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Sign off legal text and complete Workgroup Report

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 04/02	02/04/14	2.	To consider the potential transitional arrangements requirements and provide a view at the next meeting.	Waters Wye Associates (GE)	Update provided. Closed
0473 04/03	15/04/14	2.	To further amend the Guidelines document to reflect discussions including rewording paragraphs 4.1.5, 4.1.6 and 6.3 (adding a timeline to provide additional clarity and to also include a 'for the avoidance of doubt' statement within 6.3).	Waters Wye Associates (GE)	Update provided. Closed
0473 04/04	15/04/14	2.	To review the Guidelines document (v4.0 dated 19 March 2014) and provide feedback to GE asap.	All	Update provided. Closed
0473 04/05	15/04/14	3.	To consider whether or not having more than 2 bands is feasible and whether it is economically viable to look to change to more bands in future and identify any potential material impacts (i.e. knock on effects on data held and utilised elsewhere in the system) of such a move.	Xoserve (FC/MD)	Update provided. Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 05/01	12/05/14	3.	To look to amend the interim values in the proposed AUG Table (based on EUC banding breakdown) and provide (by close of play on Friday 16 May at the latest) in sufficient time for consideration prior to the 04 June meeting.	Waters Wye Associates (GE)	Update to be provided.
0473 05/02	12/05/14	3.	<i>Ref action 0473 05/01</i> - All parties to provide their views on the amended interim values in the proposed AUG Table (including views on the EUC banding splits) by close of play on Friday 23 May at the latest, for consideration at the 04 June meeting.	All	Update to be provided.