

UNC Workgroup 0528 Minutes
Implementation of Supply Point Administration, gas allocation and
settlement arrangements (Project Nexus transitional modification)

Tuesday 03 March 2015

31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alison Neild	(AN)	Gazprom
Andy Kelly	(AK)	Scottish Power
Brendan Cooper*	(BC)	GDF suez
Carl Whitehouse*	(CWh)	First Utility
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Danielle Hall	(DH)	Plus Shipping
David Addison	(DA)	Xoserve
Edward Hunter	(EH)	npower
Emma Lyndon	(EL)	Xoserve
Emma Smith	(ES)	Xoserve
Huw Comerford	(HC)	Utilita
James Hill*	(JH)	EDF Energy
Jon Dixon*	(JD)	Ofgem
Leigh Chapman	(LC)	first:utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michelle Downes	(MD)	Xoserve
Mike Fensome	(MF)	RWE npower
Naomi Nathanael	(NN)	Plus Shipping
Steve Mulinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0528/030315>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2014.

1.0 Outline of Modification

CW introduced the modification and its aims. This related to the transitional arrangements for Supply Point classification, energy settlement, reconciliation and other provisions from current arrangements to those within Modification 0432 - Project Nexus: Gas Demand Estimation, Allocation, Settlement and Reconciliation reform.

CW highlighted that the Panel had determined this was not a self-governance modification, however he was happy to take views from the Workgroup if they believed it should be self-governance. SM believed that this modification could not be considered as self-governance as it would have a significant impact on the data used in systems for settlement between existing and new world systems.

CW explained that the modification's solution had the potential to be refined as necessary, there was no reference to the base-lined business rules but these would need to be incorporated.

CW believed that the Workgroup would need to consider the required frequency of meetings in addition to the normal Project Nexus work and the need to implement this modification in good time to meet the 01 October 2015 Nexus Implementation Date.

2.0 Initial Discussion

CW provided text commentary and explained the need to baseline the transition business rules. The Workgroup considered the suggested legal text and the legal text explanatory table provided along side the modification.

DA believed it would be reasonable to review the non-effective days for sections G and N. He explained that non-effective days would be needed prior to go live on 01 October 2015 and that the details needed to be worked through and the number of days needed to be justified. SM highlighted that it would be key for shippers to understand what the days are and if there would be less than the 6 predicted for iGT system changes. DA could not confirm the number of days at this time but it was hoped it would be less than 6 days.

CW explained that once the period of non-effective days has been identified the Legal Text could be provided. SM also highlighted that the Shippers would need a set of detailed business rules rather than the one-liners presented in the modification.

SM suggested it would be worthwhile Xoserve arranging a workshop to take Shippers through the process and to provide and share scenarios. CB believed this modification is much wider than simply the change of supply and Shippers need to understand what processes will be impacted. SM highlighted that Shippers will have started negotiations with customers for 01 October 2015 onwards and they need to understand the impacts on this process as soon as possible and whether this may impact their ability to manage contract changes.

SM enquired about possible legacy file flows. MD explained that due to the September billing period there would be a requirement to still accept some legacy files post go-live.

SC enquired about the impacts of sending a batch of meter reads and then issuing a batch of meter exchanges and how the timing could impact updates as processing information in the wrong order could invalidate meter reads that should be accepted. HC believed that the retrospective updates will only be processed once a week and expressed concern about the timing of information and the queuing up of meter reads and meter exchanges. Shippers expressed a preference to have a transitional workshop to highlight and consider all the system impacts. The Workgroup believed it would be appropriate to consider the requirement for a transition workshop in the general Nexus Workgroup meeting.

CW believed there was a general consensus that the industry should not be working forward with the current arrangements and it needed to contractually set aside the AUGE process. CW explained under Modification 0432 there would be no function for the AUGE and the industry needs to actively close out the AUGE statement process.

CW confirmed that National Grid Distribution have considered setting up a legal text walk through. Shippers welcomed the offer of a legal text walkthrough. CW agreed to liaise with Joint Office and Ofgem to organise a legal text walkthrough in London.

Action Nexus 0301: Xoserve to consider arranging a Project Nexus Transitional Workshop.

Action Nexus 0302: National Grid Distribution to facilitate a transitional modification legal text walkthrough in London.

CW highlighted the pre-nexus day and carry across rules for parties to consider within the text commentary. CW clarified the last pre-nexus gas flow day will be D-1. The

Workgroup wished to understand at what point the pre-nexus day gas flow is to be declared and whether the non-effective days could overlap the pre-nexus gas flow day. MD explained that the first gas flow day would be 01 October 2015, therefore the 30 September 2015 will be considered to be the pre-nexus day. It was clarified that Shippers will need to process gas nominations on D-1.

CB enquired how sites would be managed where meter readings bridge over the implementation date, under the current rules a site would be reconciled for reads provided in June and then October. It was clarified that reconciliation will go back to the previous read and for pre Nexus this will fall into RbD for SSP and for post Nexus a variance profile will be created for the energy back to the 01 October 2015. ES explained that everything would fall into RbD, the 3, 6 & 12-month pots. These will then roll month on month until there is a 12-month pot dating from November 2015 when it will fall away. Previous RbD will roll forward and then post October 2015 everything will fall into Unidentified Gas.

The Workgroup reviewed the lapsing of offers. It was explained that any unconfirmed offers would lapse on 01 October 2015. If offers provided before the 01 October are confirmed with a confirmation effective date on or after 01 October 2015 these will remain valid upon implementation. For any unconfirmed offers that have lapsed Shippers will need to process a request for a new offer in the new world.

SM noted that there would be two AQs, a Capacity AQ used to fixed Transportation Charges and what Shippers will pay capacity charges on and a Rolling AQ to the used for Commodity. It was questioned if a read pre-dated 01 October would be used for AQ calculation. It was clarified that Modification 0432 will only use validated reads for AQ calculation, therefore the first read after the go live will be used to calculate the AQ, but reads submitted prior to the go live under the old validation rules would not be used to calculate the AQ.

SM asked if there would be any system or commercial risks with Shippers potentially holding onto reads and submitting a "batch" of reads in October which might impact system performance. SM suggested it would make sense for Shippers not to submit reads after middle of September under the old regime. It was highlighted for large supply points there wouldn't be reconciliation. The Workgroup deliberated if reads would migrate in. Xoserve agreed to check the rules around the submission of the meter reads submitted in September.

The Workgroup considered the AQ Correction process and that the current BTU process. It was noted that the AQ Correction process is due to be discussed further on 10 March Nexus Workgroup Meeting.

Action 0528 0303: Xoserve to clarify the rules and the use of meter reads submitted in September i.e. clarify the rules around the AQ calculation and submission date, clarify if an AQ closing read provided pre-Nexus can be classed as an AQ closing read.

The Workgroup agreed that RbD Audits needs to be considered.

2.1. Initial Representations

None received.

2.2. Issues and Questions from Panel

None raised.

3.0 Next Steps

Further consideration of the Modification, Business Rules, Legal Text and development of Workgroup Report.

4.0 Any Other Business

None.

5.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Tuesday 10 March 2015	31 Homer Road, Solihull. B91 3LT.	Project Nexus Workgroup: Requirement 31 - Read Validation Requirement 38 - AQ Correction Consumption Adjustments BRDs
10:30 Wednesday 25 March 2015	31 Homer Road, Solihull. B91 3LT.	Workgroup 0528: <ul style="list-style-type: none"> • Consideration of Business Rules • Consideration of Legal Text • Development of Workgroup Report

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
Nexus/0301	03/03/15	2.0	Xoserve to consider arranging a Project Nexus Transitional Workshop.	Xoserve (MD/EL)	Transfer Project Nexus WG
Nexus/0302	03/03/15	2.0	National Grid Distribution to facilitate a transitional modification legal text walkthrough in London..	National Grid (CW)	Transfer Project Nexus WG
0528/0303	03/03/15	2.0	Xoserve to clarify the rules and the use of meter reads submitted in September i.e. clarify the rules around the AQ calculation and submission date, clarify if an AQ closing read provided pre-Nexus can be classed as an AQ closing read.	Xoserve (MD/ES)	Pending