

Project Nexus Steering Group Minutes
Monday 13 July 2015
via teleconference

Attendees

Alex Travell	(AT)	E.ON
Andy Sinclair	(AS)	PwC
Angelita Bradney	(AB)	Ofgem
Chris Warner	(CW)	National Grid Distribution
Gareth Evans	(GE)	Waters Wye Associates
James Beverley	(JB)	Baringa
Jeremy Adams-Strump	(JAS)	Ofgem
Jeremy Guard	(JG)	First Utility
Jon Dixon	(JD)	Ofgem
Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Mike Harding	(MH)	Brookfield Utilities
Sandra Simpson	(SS)	Xoserve
Sean McGoldrick	(SM)	National Grid NTS
Stuart Cook	(SC)	PwC

Copies of papers are available at: <http://www.gasgovernance.co.uk/NexusSG/130715>

Key Messages from this meeting:

Market Trials Approach		
<p>The SG approved the Delivery Plan to develop the MT approach</p>	<ul style="list-style-type: none"> • Reconstituted MT Working Group (MTWG) to develop the approach - up to two members from each constituency can be nominated. • Some concerns from large Shippers/Suppliers about a constituency nomination, majority decision taken. • First MTWG meeting w/c 20 July; nominations to Andy Sinclair this week. • See Delivery Plan: http://www.gasgovernance.co.uk/NexusSG/130715 	<p>INFORMATION AND ACTION</p>
Draft UNC Modification to Defer the Implementation Date		
<p>The SG agreed that the content of the UNC Modification reflected</p>	<ul style="list-style-type: none"> • Modification will define implementation on 01 October 2016 and clarify the circumstances in which this might be further amended. • Transitional Text will be included to define key stages; Solution Readiness, L2, L3 and L4 MT, with linkage to the industry MT Plan. 	<p>INFORMATION</p>

<p>SG discussions</p>	<ul style="list-style-type: none"> • Other impacted modifications will be identified. • <i>Process:</i> modification will be raised this week and requested for Urgent procedures – likely to be 5 days of consultation w/c 20 July, Panel recommendation [30] July and Ofgem decision by [06] August (subject to confirmation). 	
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1.0 Introduction

LJ welcomed all to the meeting and reminded that ‘Chatham House Rules’ were to apply to general discussion.

1.1 Note of Alternates

None.

1.2 Review of Minutes (01 July 2015)

The minutes of the previous meeting were approved.

2.0 Implementation Plan

2.1. Market Trials (MT) planning update

SS presented a high level plan, confirming that the scope had been discussed with PwC and the Market Trials team to ensure appropriate coverage and no gaps. Attention was drawn to key points; as agreed L2 and L3/4 had been split out to concentrate on L2 first, but this may also involve some parallel work. The approach has been updated following previous feedback and recommendations from PwC. The L2 Market Trials approach will go through an internal review first.

It was intended to re-establish the Market Trials Working Group (MTWG) and reconvene weekly progress calls linked to the MTWG meetings. Daily calls might also be instigated if necessary, to discuss emerging issues/problems should any arise. It was anticipated there would be a face-to-face ‘walkthrough’ for Test Managers in September. (Test Managers were deemed to be those persons who were overseeing MTs in each organisation.)

The composition of the MTWG was discussed. AS indicated that a small group, i.e. comprising one or two representatives from each Shipper constituency, was needed to focus on the approach and commit to progress; this would be backed by a weekly call to a wider audience. Concerns were expressed that none of the larger Shippers/Suppliers would support this and preferred to be represented individually. It was countered that this would not be a workable proposition, as large Shippers/Suppliers would then dominate the group. Views relating to what might be a workable size and appropriate representation were discussed, and what topics might be covered at these meetings. SS referred to and briefly outlined the L2 enhancements (which would be broadly similar for L3/4 also), indicating that these were examples of the subjects likely to be discussed. The approach would be agnostic to the potentially differing technical solutions in use by individual organisations. SS confirmed it was expected that iGTs would be represented, and that PwC would co-ordinate and Chair the MTWG. AS affirmed that PwC would make sure that any questions asked would be addressed, and that the group operates successfully.

LJ then summarised that, while the view expressed by large Shippers was duly noted by the PNSG it was a minority view, and the consensus of the PNSG was that a constituency approach would work for MTWG; this was agreed as the way forward.

Returning focus to the MT high level plan, LJ suggested overlaying the additional governance steps, i.e. showing where the PNSG interactions will be. SS indicated it would be detailed in the approach when this was finalised and will be added to the industry wide plan/milestones.

SS confirmed that the weekly calls would commence following the convening of the MTWG and the MTWG representatives will need to facilitate discussions within their constituencies/groups. The weekly progress calls will have a structured agenda and SS encouraged all parties to participate. As it is anticipated that the first MTWG meeting will be convened in the next week, nominations (maximum of two representatives per constituency) should be sent to PwC (AS) by the end of this week.

Action 0708: *Market Trials Working Group (MTWG) - Nominations (maximum of two representatives per constituency) to be sent to PwC (AS) by 17 July 2015.*

2.2 Views on approach to proposed UNC Modification

A draft modification proposal had been circulated in advance of the meeting. Confirming that this had been developed in discussion with Ofgem (JD and AB), CW outlined the key points and drew attention to the aggressive timetable that the urgent modification would be expected to follow. It was anticipated that it would be presented at the July UNC Modification Panel. LJ reminded that Ofgem should provide a formal email confirming urgent status/procedures.

CW explained the modification in greater detail, and the Solution was discussed. It was questioned whether the current wording detracted from the key message of the confirmed implementation date change and conferred an element of uncertainty again with the prospect of an opportunity for Ofgem's intervention. CW explained it had been worded in this way to try to avoid the need for raising a further modification should future developments warrant a further delay to implementation. It was concurred that a fair point had been raised, and it was suggested that the process to be followed in any such eventuality should be clarified. Were there any circumstances that would impel Ofgem to make a further change to the date without consulting industry? JD observed that if a point was reached where the 'go/no go' criteria were not met, a reassessment would be made; Ofgem would look to act on an evidence based assessment and not make a subjective decision. A process to be followed may need to be mapped out for clarity, but a long-drawn-out consultation was not envisaged.

It was pointed out that there was an existing modification process under UNC, and it may be better to use that rather than construct another process to adjust the date again. Different scenarios were considered which might necessitate the invocation of a separate process to address a date change, the most likely being the possibility of a circumstance that arose literally within a matter of days just prior to the implementation date.

It was suggested that CW either add a cogent explanation of the reason for including the current wording, or else remove the reference to the Authority's ability to determine.

Moving on to consider the inclusion of the milestones regarding the pre-implementation phases, CW explained this had been discussed and agreed with the legal team and Ofgem to include these in the Transition Document.

It was questioned if these were enforceable. Concerns were expressed they may be perceived as obligations, and thus require enforcement. CW responded they had been included for visibility and the avoidance of doubt for UNC parties regarding the position; it was not about enforcing, but about clarity and promoting expectations on parties to work to these dates. It was then questioned what would happen if parties were not ready for these dates. Rather than have the dates hard coded, SS suggested it might be an option to refer to the approved industry plan to provide clarity - the milestones will be in one place and thus avoid the risk of having potential misalignments. LJ observed that the

purpose of the text was to encourage parties to take part and that this suggestion was good, although noting that the plan was PNSG approved and did not have any formal standing; references to specific dates might have to be removed. JD indicated he would be happy with this approach providing it was clear which plan was being referred to; dates could be left in but caveated subject to change as per the plan. It was suggested a further modification proposal might be required to mandate certain criteria and this was briefly considered; AB expressed a preference for one modification rather than two.

The selection of the milestone dates - why they are what they are- was questioned. JD observed it is an urgent modification predicated on the new date and it needs to be clear how parties are expected to be ready for entry into the trials. It was anticipated that the iGT UNC would require a similar modification.

It was questioned whether the first milestone was needed. AS stated that it was preferable to avoid the manual generation of files for Market Trials (should be system generated not mocked up) and to avoid significant numbers of parties not being ready at that point. AB commented that parties need to acknowledge the plan and be doing their best to meet the required dates. It was suggested that CW include an explanation of how the gateway/entry milestone will be monitored by the PAM on behalf of Ofgem and how/what would be reported to the PNSG.

LJ summarised that there had been a variety of views expressed regarding the inclusion of milestones, and that the 'Solution readiness' milestone needed to be linked to the start of Market Trials, such that manual generation of files was avoided. SS explained what was included in L2 - just file structure and whether developed in the right way - the rest of the solution was to be tested in L3. CW will look at redefining the solution readiness requirements for each level. It was noted that there was not sufficient clarity to include solution readiness for Retrospective Adjustments in the plan yet. System generated files (not manual/mocked up) should be an entry criterion.

CW will consider what revisions need to be made to the modification taking into account the points raised in discussion.

GE raised concerns regarding potential impacts to Modification 0428, and explained his perception of the implications, pointing out that consideration also needed to be given to the commercial value to parties. CW was considering the implications across a number of modifications related to Project Nexus and would assess the various impacts.

3.0 Steering Group Reporting Pack Strawman

Referring to the example provided, AS gave an overview of the proposed format and content and this was reviewed by the PNSG.

GE referred to the period between L2 and L3 testing and asked if L3 could be brought forward before the stated date. LJ suggested views on this were best sought at the MTWG when it convened.

The PNSG approved the draft reporting pack, recognising that it would evolve and develop over time and use. AS will therefore present a formal reporting pack at the next meeting in the format and content agreed.

4.0 Review of Steering Group's Terms of Reference (ToR)

LJ advised that no comments had been received to date.

Referring to the role of PwC (Deliverables: PA/M), a member then queried if it should also include Xoserve among its deliverables. SC agreed to review and provide appropriate wording for approval at the next meeting.

Action 0709: *PNSG Terms of Reference* - SC to review section 'Deliverables: PA/M' and provide appropriate revisions for approval at the next meeting.

5.0 Outstanding Actions

The outstanding actions were reviewed.

0701: Add checkpoints for RAASP and US to the 1-page plan.

Update: This had been addressed in the pack provided by PwC (pages 4 and 5). AS drew attention to the included milestones; RAASP milestones were signified as 'TBC' as these were indicative until further clarity was achieved as the plan progresses; some may be brought forward. SS added that the criteria for each of the milestones needs to be fleshed out and will involve a decision process. It was suggested that any concerns should be sent to AS before the next meeting. **Closed**

0702: PwC to prepare a straw-man reporting pack for consideration at the next meeting.

Update: Provided, reviewed and approved (see 3.0, above). **Closed**

0703: PwC with Xoserve and partners to establish a detailed plan for Market Trials.

Update: See 2.1, above. **Closed**

0704: PwC to start on impact assessments (including potential mitigation) for decoupling (from Core) RAASP and US, should this later be required.

Update: AS affirmed that work was progressing and that an update will be given at the meeting on 03 August 2015. **Carried forward**

0705: PwC, Xoserve and partners to co-ordinate in conducting a desktop risk assessment checkpoint of the high level requirements in the Business Requirements Documents for RAASP and US.

Update: AS drew attention to page 6 of the report, which reflected progress made to date. As noted at the previous meeting, SAP mobilisation cannot be organised very quickly. JB indicated he would provide an update regarding RAASP in respect of levels of confidence and the plan checkpoints at the meeting on 03 August 2015. **Carried forward**

0706: Ofgem and National Grid Distribution to consider the form of a code modification for further discussion at the next meeting.

Update: Draft presented, reviewed and discussed; see 2.2, above. **Closed**

0707: Project Nexus Steering Group Terms of Reference to be reviewed (scope of work, interactions between Baringa and PwC, etc) by all. Comments to the Joint Office ahead of the next meeting.

Update: See 4.0, above. **Closed**

6.0 Next Agenda and Diary Planning

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

Change of Meeting Date

Noting that key members of the group would be unable to participate in the interim teleconference meeting planned for Monday 17 August 2015, it was agreed to reschedule the teleconference to Tuesday 18 August 2015. Members were also asked to note that the teleconference participation access code for this meeting would differ from the usual one, as there will be another Joint Office teleconference meeting running in parallel on that date.

LJ reminded members that teleconference details are published on each meeting's agenda.

It is assumed that all members will attend unless the Chair is notified otherwise and any meeting papers for publication should be provided to the Joint Office as soon as possible and in advance of each meeting.

Unless otherwise notified, Project Nexus Steering Group meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
13:00 - 15:00, Monday 03 August 2015	At Ofgem, 9 Millbank, London SWIP 3GE. Approximate start time no earlier than 13:00 (following Change Overview Board meeting)	<ul style="list-style-type: none"> • <i>Impact assessments (including potential mitigation) for decoupling from RAASP and US from Core delivery - update (Action 0704)</i> • <i>RAASP and US BRDs - desktop risk assessment checkpoint - update (Action 0705)</i> • <i>Review/approval of PNSG ToR (Action 0709)</i> • <i>Reporting pack</i> • <i>Market Trials Group update</i> • <i>Governance Structure for Nexus meetings</i> • <i>New PNSG meeting schedule</i>
10:00 - 12:00, Tuesday 18 August 2015	Teleconference - 0207 950 1251, access code 84534777	<i>To be confirmed</i>
10:00 - 13:00, Tuesday 01 September 2015	Ofgem, 9 Millbank, London SWIP 3GE	<i>To be confirmed</i>
10:00 - 12:00, Monday 14 September 2015	Teleconference	<i>To be confirmed</i>

Action Table (13 July 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0701	01/07/15	2.2	Add checkpoints for RAASP and US to the 1-page plan.	PwC (AS)	Closed
0702	01/07/15	2.2	PwC to prepare a straw-man reporting pack for consideration at the next meeting.	PwC (AS)	Closed
0703	01/07/15	3.0	PwC with Xoserve and partners to establish a detailed plan for Market Trials.	PwC (AS) and Xoserve (SS)	Closed
0704	01/07/15	3.0	PwC to start on impact assessments (including potential mitigation) for decoupling (from Core) RAASP and US, should this later be required.	PwC (AS)	<i>Update due 03 August meeting</i> Carried forward
0705	01/07/15	3.0	PwC, Xoserve and partners to co-ordinate in conducting a desktop risk assessment checkpoint of the high level requirements in the Business Requirements Documents for RAASP and US.	PwC (AS) and Xoserve (SS)	<i>Update due 03 August meeting</i> Carried forward
0706	01/07/15	3.0	Ofgem and National Grid Distribution to consider the form of a code modification for further discussion at the next meeting.	Ofgem (JD) and National Grid Distribution (CW)	Closed
0707	01/07/15	6.2	Project Nexus Steering Group Terms of Reference to be reviewed (scope of work, interactions between Baringa and PwC, etc) by all. Comments to the Joint Office ahead of the next meeting.	ALL Parties	Closed
0708	13/07/15	2.1	<i>Market Trials Working Group (MTWG) - Nominations (maximum of two representatives per constituency) to be sent to PwC (AS) by 17 July 2015.</i>	PNSG Members	<i>To be sent to PwC by 17 July 2015.</i> Pending

Action Table (13 July 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0709	13/07/15	4.0	<i>PNSG Terms of Reference</i> - SC to review section 'Deliverables: PA/M' and provide appropriate revisions for approval at the next meeting.	PwC (SC)	Pending