

UNC Project Nexus Workgroup Minutes

Friday 29 January 2016

31 Homer Road, Solihull B91 3LT

Attendees

Alex Ross-Shaw	(ARS)	Northern Gas Networks
Bob Fletcher (Chair)	(BF)	Joint Office
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Debbie Mulinganie*	(DM)	BP
Edd Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Gareth Evans	(GE)	Waters Wye
Jamie Simpson*	(JS)	RWE npower
Jon Dixon*	(JD)	Ofgem
Karen Visgarda (Secretary)	(KV)	Joint Office
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Mike Fensome	(MF)	RWE npower
Naomi Nathanael	(NN)	Plus Shipping Services
Rachel Duke	(RD)	EDF Energy
Richard Pomroy	(RP)	Wales & West Utilities
Sandra Simpson	(SS)	Xoserve
Steve Mulinganie*	(SM)	Gazprom
Sue Cropper	(SC)	British Gas

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/nexus/290116>

1. Introduction and Status Review

1.1. Introduction

2. BF explained that the meeting was specifically to discuss the options for Retrospective Adjustments for Assets & Supply Points (RAASP) now the system solution had been deferred, together with Actions 0101, 0102, and 0103 and that the previous minutes and other more general outstanding actions would be addressed in the following Nexus meeting on 09 February 2016.

2.1. Actions

0101: RAASP delivery deferral - Xoserve to provide clarification on what the impacts are to the current BRDs.

Update: MD confirmed she would provide the Transitional BRD update at the next meeting on 09 February 2016. **Carried forward.**

0102: RAASP delivery deferral - Workgroup to consider the potential costs impacts.

Update: Following lengthy and in-depth discussions regarding the cost implications, GE advised that he was going to consider raising a new modification in relation to costs incurred by Shippers to implement option 3 (see 3.0 below). It was then agreed this action could then be closed. **Closed.**

0103: RAASP delivery deferral - Xoserve to provide the methodologies used for volume assumptions.

Update: MD confirmed this data would be available for the next meeting on 09 February 2016, as the analysis was still being undertaken. **Carried Forward.**

0104: Meter Read Replacement (Requirement 55) - Xoserve to provide confirmation of what UNC 0432 legal text states and if a modification will be required to reinstate the ability to provide a replacement read on a different date.

Update: Deferred until 09 February 2016. **Carried Forward.**

3. **BRD Review for Retrospective Adjustments for Assets & Supply Points (Modifications 0434 and 0529)**

SS supplied the context for the RAASP, and explained the Project Nexus Steering Group (PNSG) had requested the Project Nexus Workgroup to propose an interim solution for RAASP; that didn't impact on the Core Nexus delivery and to investigate options to meet all the requirements. SS noted that the impacts on the material commercial aspect had not been confirmed from a Shipper perspective as she was not aware of the impacts of each of the proposed options on Shippers. SM asked if the process was to go back to the PNSG regarding recommendations, SS confirmed that any recommendations would be fed back to the PNSG and BF stated that a new modification was likely be raised in relation to the issues outstanding such as, deferring elements of Modification 0434.

SS explained that with all 3 options, as described in the presentation 'Deferral of RAASP' not one was the ultimate panacea and each one had its own issues with regards to costs, functionality, impacts on Xoserve and Shippers and the ability to cope with the volumes. She proposed that each option be discussed to gain a consensus of which would be the most appropriate to inform the development of a modification and which could be feedback to the PNSG.

The 3 Options were:-

Option 1. - Manual Update into SAP by Xoserver (Submission of Retro File)

Option 2. – Shipper Submits Retro Update File and Update Held until Functionality Implemented

Option 3. – Existing Asset Update and Consumption Adjustment Process

Option 1

MD overviewed the presentation and focused on the 3 options that were to be reviewed. MD talked through Option 1. Manual Update into SAP by Xoserve (Submission of Retro File). She explained how the manual process would work, which from a Shipper perspective, it would be invisible as they would be sending files as though a system solution was in place. SS pointed out with Option 1, the team would have to ensure the retrospective files were developed and then perform a complex manual workaround, via off line systems or database. SS also explained that Xoserve were not in a position to take any personnel off the Core delivery functions as this would put an unacceptable risk on delivery, therefore a new team would need to be recruited. SM said that Option 3 was also very complex from a Shipper perspective. RD was concerned that the RTO formats were not agreed and that this raised concerns, together with the workarounds proposed as being risky. SC proposed that the Option 3 process was already being undertaken presently, and SM stated that this process did not currently include SSP, which would potentially increase the volumes significantly.

Option 2

SS then talked through Option 2, and explained that Option 2 was not the best option as it proposed to store files until a system solution was in place to process them. GE then asked if Option 2, was really a viable option on its own and could it be deployed first and then followed with Option 1, once resources were available to put in place the process. He wanted to understand the rationale of why the Shippers could not send all the files to Xoserve who would

then process them at some point after 01 October 2016, when the system had been deployed. SS explained that this was a risky approach, as Xoserve did not know what the volume was likely to be. CB proposed that Option 2 would have an impact on the Read Performance and the AQ Calculations, which in turn would give a poor Customer experience, it may also impact the information provided as part of the Change of Supplier process. MD explained the advantage of Option 2 was that the Asset Data could be updated using the Core process. CB suggested that might not be the case, if there was a new supplier with a meter reading against a wrong asset.

Further discussion took place surrounding Option 2 and SM, GE and MF all asked what was the time duration was for Option 2, in relation to and how it would be managed. They were concerned that files would not be used to update systems which could create a significant backlog of work to be processed at some point. SC also suggested that the solution would impact on the Shippers as updates may be duplicated as there would be no visibility until the system solution was working and updates were made. SS said Option 2 was not really a viable option on its own with the reduced lead time and the lack of resources available and suggested the participants focused on the feasibility of Options 1 and 3.

Option 3

MD moved on to explain Option 3, 'Existing Asset Update and Consumption Adjustment Process'. SM asked what was the validation exercise and if the process was different from the present day. EL confirmed the process was the same as currently using Nexus validation rules. CB asked if this process would have an impact on the new meter reads and the consumption date. MD confirmed no it would not, as the validation would be done against the valid update Meter Reads and it would give the period of the consumption adjustment against the Asset Update Read. SM then asked from a cosmetic exchange update perspective, would it impact on the Rolling AQ with a negative impact. MD confirmed there would be no impact, as it would look to the correct Consumption Adjustment against valid reads. Both MD and EL agreed they would supply further information regarding the Consumption Adjustment process at the next meeting.

New Action 0106: Xoserve (MD & EL) to supply detailed information regarding the Consumption Adjustment process for the next Project Nexus Meeting on 09 February 2016.

A lengthy discussion then ensued surrounding the topic of the Consumption Adjustment and CB and SC both raised the point that the Consumption Adjustment was a financial adjustment, coupled with the fact the Consumption Adjustments were in the current specification. MD confirmed that these could be tested in any normal Consumption Adjustment environment and that Xoserve were investigating it from a manual perspective to put it into the SSP process. SS then explained that Xoserve may need to consider the volume and if capping needed to be applied and that had not yet been precisely agreed how this should be undertaken. SS said they were assessing the SSP volumes presently and could do that for LSP too, should there be a need to cap SSP's. GE then suggested that would be driven by the order of magnitude of the SSP's and the percentage of increase, as it was unlikely there would be a corresponding increase in LSP volumes, as it is an existing process. GE reiterated his point that there could be a large backlog in the processing time by Xoserve due to manual procedures and he wanted assurance that adequate resources would be available to process the files – this is why he wanted to understand if Option 2 followed by Option 1 was viable. SS said that Option 2 could be implemented initially followed by Option 1 after 01 October 2016. She reiterated that Xoserve were not in a position to take people off the Core Delivery functions so Option 1 delivery may be close to the date of system solution implementation and therefore the benefits would be low.

NN proposed that Xoserve must have a feel for the volume for SSP and LSP's from a Retrospective perspective as she was very concerned about the potential volumes that would go through this process. MD confirmed this information would be available for 09 February 2016. NN went on to say she disagreed with any cap on SSP's as the data was essential to support the change of supplier process. SS confirmed the cap would only be on the Consumption Adjustment. SM stated the proposal of a 'cap' had never been discussed before, and he wanted to point out the fact it was a failure of delivery and that Option 3 would cost the Shippers more money with no compensation. He also said the SSP solution had not been

explored previously – these were all risks against delivery and should be highlighted in the programme.

SS explained the issue was in relation to data, specifically regarding the SSP that was incorrect. GE proposed the same process was being undertaken for SSP scenarios currently and as such, no cap should be applied. A lengthy discussion ensued surrounding this process and again SS raised the point that there was a lack of volume data. NN suggested that there would subsequently be a huge drop of UPD's as from her perspective, this file was currently used for this process, and an increased amount of retrospective updates instead, SS said this information was useful in connection with the proposed volumes.

General discussion took place regarding the UPD process and the impact of not having retrospective functionality together with the Consumption Reads and Assets updates. RD said there were outstanding issues to be resolved in relation to the RTO file and these would need to be addressed, to give industry certainty on how the process would work should Option 1 be adopted. BF said that clearly Option 3 raised many concerns especially in relation to the cost implications to the Shippers and that assurance would be needed that the updates would be managed and addressed in an efficient and timely manner. The participants all agreed and said that a time-line for Option 3 was needed, with a confirmed solution for SSP in Option 3. EL confirmed she would supply more detail of this process for the SSP market at the next meeting to provide further clarification.

New Action 0107: Xoserve (EL) to supply more detail on the manual process for Option 3 for the SSP market.

General discussion took place concerning the SSP and LSP process and the need for some Governance structure surrounding this matter. CW stated that the LSP process was not in UNC as it was an operational process. Retrospective Reads were addressed by raising an adjustment, and there was not a contractual arrangement process. He explained that the SSP process would need to be done from scratch and would be similar to the LSP process.

Further discussion took place and SS said that Xoserve would continue with the existing process for LSP and that it would be developed to include an SSP process. GE said that there was still no guarantee for the process and the time duration after 01 October 2016, and that he needed more information on the data and the volumes, before he could confirm which option would be the most feasible. SS confirmed that limited data was available for Options 1 and 3 from the 01 October 2016 and that Xoserve did not want the Shippers to be building anything new over and above what was already in scope. BF advised it was very likely that a new modification in relation to this matter would be raised at the end of February.

SS explained with Option 3 all the Shippers would need to extend their manual process with recognition that there would be a systems change. SM wanted to know over what period of time the Shippers would have to run their manual systems for example 18 or 24 months, as change in the Winter period should be avoided. SS advised that RAASP was an unconstrained delivery, however, the planned end of the Market Trials would allow time to plan for RAASP, so 9 - 12 months to run with Option 3 was likely. CW asked if the RAASP would have a defined delivery date or would that be open ended. GE, SM and CB all said that an open ended end date would not be acceptable from a costing and other industry funding aspects, they wanted certainty as to how long they would need to run with Option 3.

MJ posed the question whether it mattered if Core Delivery was put back, he proposed that if Option 3 was run for a fixed period of time (say 12 months) and on that date Xoserve either implement the system solution or implement Option 1. SS said they could go with Option 3 and then deliver all the associated requirements through Option 1. BF stated that 'a line in the sand' would be needed from the time duration from Option 3 to Option 1. SM and GE agreed that a confirmed date would be needed, if it was 9-12 months after 'Go Live', so the Shippers had pre notice of how long they would be performing manual workarounds. GE also stated there was no mention of the costs that had and would be, incurred by the Shippers with regards to compensation. BF suggested that a new modification would have to be raised in relation to that topic. SC proposed that as there would only be a small number of supply points from 01 October 2016 due to the change in regime, she asked SS whether that gave sufficient time to measure the volumes. Then CB asked if the duration was longer than 12 months would this be a risk to RbD. GE also suggested that only a few thousand submissions could create a large

backlog with manual processes. EL explained she thought that was unlikely, as they would scale the team to suit submissions.

General discussion then ensued concerning the 'fors and againsts' between all the options and the general view was that the only viable option to meet the guidelines proposed by PNSG was Option 3, however, all participants were concerned that this choice placed an operational burden and additional costs on Shippers. MF said if Option 3 was the only option available then the exact functionality needed be made clear in the Retrospective Adjustments BRD. SM agreed with this comment and said it was crucial the BRD was updated in line with Option 3, as all the Shippers were building to the specifications as laid out in the BRD. He said the BRD's were the main reference points for Phase 1 and 2, and that Phase 2 would need to be amended accordingly, as the Modification itself was used as a Base Line document only. RD proposed using the Appendices of the BRD to add the updated solution and MD confirmed she would remove the Read Replacements and replace with the updated information. BF suggested changing the implementation date of Modification 0434, but to leave all the details 'as is', as the Modification triggers the contractual relationship. CW explained that the BRD would not be 'Codeified', as the Code Modification would say 'Read Retrospective Adjustment' on 01 October 2016 with the RAASP elements to be delivered at a later date, this would also apply for the Legal Text too. BF explained a Transitional Document would need to be produced and SC proposed this could be added to the BRD. CW said that an open ended date within the Modification 0434 would not be acceptable and that the Legal Text would need to be amended to reflect a new implementation date.

GE reiterated that there was still no mechanism for cost recovery for the Shippers and CW again stated that there was no mechanism in the UNC for cost recovery of this nature. RP also confirmed this point, as he felt it would set a dangerous precedence in terms of the legal interpretation of Code. GE said in that case he would be raising a new modification to address the area of cost recovery. CB said that the Shippers had made the changes requested at substantial costs, which were having to be passed on to the customers.

SM asked MD if she could produce a document which clearly detailed which sections of the BRD were affected for the next meeting. MD agreed.

New Action 0108: Xoserve (MD) to produce a document to clarify which parts of the BRD would be affected by the changes proposed by Option 3.

BF summarised that based on the guidelines set by the PNSG, the only viable option was Option 3 which carried various caveats for the system solution or Option 1 at a later date, as the other Options did not seem feasible when considering potential impacts on core Nexus delivery, following the discussions held by the participants. CW confirmed he would raise a new modification and said he would need confirmed dates from Xoserve for the implementation and the RAASP date.

New Action 0109: National Grid Distribution (CW) to raise a new modification in relation to the delayed delivery of RAASP elements for a specific period of time.

SS confirmed she would amend the 'Deferral of RAASP' presentation following the meeting discussions and would prepare an update for the Project Nexus Steering Group (PNSG).

4. Any Other Business

4.1. None

5. 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 09 February 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup including: Workgroup 0531

		Delivery of Modification 0434 Requirements and 0529 Meter Read Replacement (Requirement 55) Consumption Adjustments for Transfer Reads Requirements Log Review Draft New Modification Review of Process for Option 3.
10:30 Tuesday 08 March	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 12 April 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 10 May 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 14 June 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 12 July 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup

Action Table					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	12/01/15	2.0	RAASP delivery deferral - Xoserve to provide clarification on what the impacts are to the current BRDs.	Xoserve (MD)	Carried Forward
0102	12/01/15	2.0	RAASP delivery deferral - Workgroup to consider the potential costs impacts (any changes).	All	Closed
0103	12/01/15	2.0	RAASP delivery deferral - Xoserve to provide the methodologies used for volume assumptions	Xoserve (MD)	Carried Forward
0104	12/01/16	6.0	Meter Read Replacement (Requirement 55) - Xoserve to provide confirmation of what UNC 0432 legal text states and if a modification will be required to reinstate the ability to provide a replacement read on a different date	Xoserve (MD)	Carried Forward
0105	12/01/16	6.0	Consumption Adjustment for Transfer Reads – Xoserve to review process and provide a revised system design consideration	Xoserve (MD)	Carried Forward
0106	29/01/16	3.0	Xoserve (MD & EL) to supply detailed information regarding the Consumption Adjustment process for the next Project Nexus Meeting on 09 February 2016.	Xoserve (MD & EL)	Pending
0107	29/01/16	3.0	Xoserve (EL) to supply more detail on the manual process for Option 3 for the SSP market.	Xoserve (EL)	Pending
0108	29/01/16	3.0	Xoserve (MD) to produce a document to clarify which parts of the BRD would be affected by the changes proposed by Option 3.	Xoserve (MD)	Pending
0109	29/01/16	3.0	National Grid Distribution (CW) to raise a new modification in relation to the delayed delivery of RAASP elements for a specific period of time.	National Grid Distribution (CW)	Pending