

Project Nexus
High Level AQ 1 Workgroup Minutes
Tuesday 09 March 2010
National Grid Office, 31 Homer Road, Solihull

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Lorna Dupont	(LD)	Joint Office of Gas Transporters
Bill Goode*	(BG)	National Grid Operations
Chris Warner	(CW)	National Grid Distribution
Fiona Cottam	(FC)	xoserve
Gareth Evans	(GE)	Waters Wye Associates
George Glen	(GG)	ScottishPower
Graham Wood	(GW)	Centrica
Joe Costin	(JC)	Total Gas & Power
John Harris	(JH)	xoserve
Lisa Harris	(LH)	Shell Gas Direct
Mark Jones	(MJ)	Scottish & Southern Energy
Michele Downes	(MD)	xoserve
Peter Thompson	(PT)	Customer Representative
Russell Summerville*	(RS)	Northern Gas Networks
Sallyann Blackett	(SB)	E.ON UK
Sham Afonja	(SA)	RWE npower
Shirley Wheeler	(SW)	xoserve
Stefan Leedham	(SL)	EDF Energy
Steve Mullinganie	(SM)	Onshore Consulting

Apologies

Anna Taylor	Northern Gas Networks
Simon Trivella	Wales & West Utilities
Steve Nunnington	xoserve

* *via a teleconference link*

1. Introduction

BF welcomed everyone present to the first meeting of this workgroup.

Copies of all the presentation materials are available to view &/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/nexus/090310>.

2. Consider Terms of Reference

2.1 xoserve to explain scope and intended outcomes

PNUNC AQ Principles Workgroup – Workgroup Scope presentation

In reviewing the presentation FC advised members that the list represented a summary of the workgroup Terms of Reference, as previously approved by the Project Nexus Workstream.

Moving on, FC suggested that the first three bullet points are for consideration at this meeting, whilst the remaining ones will be considered over the course of time. In considering the role to be played by UNC Modification 0209 “Rolling AQ”, she reminded members that this

modification had previously been assigned to the Project Nexus Workstream.

When asked how the information from this (and other) workgroups would be passed on to the Smart Metering Group, SW indicated that presently the actual communication mechanisms are unclear and will remain so until the scope and role of the SMIP is better defined.

Chair (BF) pointed out that whilst currently three meetings are planned for the workgroup, more could be added if needed.

3. Scope & Deliverables

3.1 Consideration of As-Is Current Principles

PNUNC AQ Principles Workgroup presentation

In opening, FC advised members that the assumption is that the Annual Quantity (AQ) is based on seasonal normal demand conditions.

When asked why the AQ Threshold figure is given as 73,200kWh, FC advised that it actually reflects the historic Competition Market Rollout parameter of 2,500 therms.

In examining the 'Non-Daily Metered (NDM) AQ Calculation' slide, FC pointed out that post implementation (on a date yet to be determined) of UNC Modification 0268 "Change to the Provisions Determining the Earliest Reading Date Applicable within the AQ Review", the AQ Backstop date will change to read as October 2006.

In looking at the 'Daily Metered (DM) AQ Calculation' slide, members concluded that whilst this calculation includes the use of estimated readings, these are not utilised for the end reads.

Considering the 'Calculation Methodology – Important Points' slide, FC responded to a question on whether or not the winter consumption calculation relates primarily to Band 3's and upwards for load profile i.d.'s by advising that there is no system validation involved as it is a manual 'by exception only' process. CW informed members that he is anticipating raising a UNC modification, which may possibly remove the BSSOQ (Bottom Stop SOQ) in due course.

Looking at the 'AQ New Business Appeal (NBA)' slide, FC confirmed that there would be no SSP to SSP limitations.

In closing, BF advised members that he will publish the xoserve Timeline presentation which was supplied at short notice alongside these minutes on the Joint Office web site in due course.

Consultation Responses presentation

In opening, FC advised members that the responses (extracted from the IRR) were mainly from the consultation undertaken in May 2008 and therefore, may not fully reflect the new Smart Metering world.

In considering whether or not rolling AQ is fundamentally a 'transitional' requirement, members concluded that it could be seen as such along with a demand based solution.

In response to a question about calculating rolling AQ on a daily basis, SL suggested that this will be 'covered' under the E.ON and EDF Energy presentations in item 3.2 below.

FC informed members that xoserve are keen to 'tease out' any issues with the current AQ process. Members raised the following concerns:

- AQ is based on historic data, which does not reflect recent changes in consumption;
- inability to appeal SSP AQs. *CW pointed out that a UNC Review Group is already considering this matter;*
- labour intensity of the peak AQ amendment workload over the summer, and
- system issues surrounding large data flows between various parties.

In discussing the value of retaining AQs in any future solution, SB believed that retention would possibly assist management of usage changes in future. SM suggested that with the advent of improved granularity and introduction of data streams the need for AQs is reduced. CW suggested that AQs may need to be retained for the transitional period.

3.2 Consideration of Options

E.ON UK presentation

In opening, SB pointed out that UNC Modification 0209 could be seen as being a 'transitional facilitator'.

In considering utilisation of AQ estimation and the current issues surrounding profiling, she suggested that these would need to be resolved in any new solution.

EDF Energy presentation

In opening, SL pointed out that the underlying assumption is that going forward, parties will have access to historical AQ information (possibly via the CCP).

In considering the possible future arrangements that maybe required for dumb meters, members concluded that these should not include dumb meters which have read apparatus attached to them, as these fall under the banner of a smart meter. In responding to a question over which of the two proposed solutions advocated by the High Level Allocation workgroup would be EDF's preference, SL was not in a position to comment although he did admit to wishing to remove reliance on RbD in any future solution. SL went on to acknowledge that the Transporters may wish to retain the use of AQs in future.

In response to a question relating to system build, SW indicated that we will need to consider transitional and contingency requirements, especially processes required in the event of any CCP failure scenarios before getting down to the more detailed design requirements.

On behalf of Transporters, CW indicated that they (the Transporters) see the move into the smart metering world as being an ideal opportunity to consider moving towards a consumption based system, seeking to explore rationalisation and simplification of the data flows and their associated regime at the same time, as they can perceive efficiency benefits in undertaking such an action. He went on to suggest the crux of the matter rests with having confidence in the data provided to the Transporters, in whatever form, it takes (i.e. daily readings or consumption based). When challenged as to whether or not, the Transporters are suggesting that they would no longer require asset data in future, CW responded by stating that at this moment he is not in a position to confirm or deny this, as the Transporters have not undertaken any detailed analysis at this point. However, looking at the longer-term picture, he could envisage the asset data residing within the role of the asset manager as long as parties who

need access to it (directly or indirectly), have it. Furthermore, he believes that Transporters would be happy to utilise energy (volumetric) related data in future, especially if you consider that you could run a rolling AQ based consumption in the new world. Work being undertaken in consideration of UNC modification 0209 will impact on this area.

Members acknowledged that further consideration of both the governance and legal aspects, alongside data flow and CCP processes, will need to be undertaken. This approach did not meet with universal support and SL indicated that if this group wanted to discuss the matter in more detail, he (on behalf of EDF Energy) would not be happy to be part of any detailed discussion on a daily reads v's consumption based solution, as he believes that this workgroup's role is to look at high level principles. GE suggested, and members agreed, that this workgroup should focus on 'what' is done and not by 'whom' at this stage.

3.3 Risk Monitoring

BF asked, and members agreed that there were no risks to discuss at this point.

3.4 Transitional Arrangements

Members agreed to consider the transitional arrangements in time for the next meeting with a view to presenting their thoughts on AQ (especially rolling AQ) and its potential impact upon any transitional arrangements.

In discussing what had been agreed so far, members identified the following options:

1. a solution where no AQ (for smart metering going forward) is involved – caveat being that the Transporters will need to consider the impacts of this option;
2. a solution involving the utilisation of rolling AQ (for both dumb and smart meters) during the transitional period, and
3. carry over of the current AQ processes.

As a result of these discussions, four new actions were identified and assigned owners.

Action AQ001: Transporters (CW) to consider the implications involved in the possible partial or full removal of AQ for smart metering in any new world solution.

Action AQ002: All members to consider the impact of AQ on any future transitional arrangements requirements and provide feedback at the next meeting.

Action AQ003: xoserve (MD) to document all options discussed in the meeting in time for consideration at the next meeting.

Action AQ004: xoserve (SW) to examine the Initial Response Register to ensure that in light of the discussions so far, all responses have been considered.

4. Workgroup Report

4.1 Preparation of Monthly/Final Report

BF undertook an on-screen review of the monthly report in line with discussions. He went on to point out that following completion of the second meeting a 'short notice revision' could be presented to the next Project Nexus Workstream.

5. Workgroup Process

5.1 Agree actions to be completed ahead of the next meeting

Discussed, under item 3.4 above.

6. Diary Planning

BF informed members that the workgroup meeting scheduled to take place on 23/03/2010 would need to finish at 1:00pm to enable the UNC DWG0270 to undertake a meeting in the same room. Therefore, members agreed to a slightly earlier start time of 10:00am.

The following meetings are scheduled to take place during March 2010:

Title	Date	Location
H/L SSP Rec 1 Workgroup	17/03/2010	The Renewal Conference Centre, Lode Lane, Solihull.
H/L AQ 2 Workgroup	23/03/2010	NG Office. 31 Homer Road, Solihull.
H/L SSP Rec 2 Workgroup	29/03/2010	NG Office. 31 Homer Road, Solihull.
Workstream	30/03/2010	Teleconference.
H/L AMR 1 Workgroup	31/03/2010	ENA, 52 Horseferry Road, London.

7. AOB

None.

Appendix 1

Action Table - 09 March 2010

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
AQ001	09.03.10	3.4	Consider the implications involved in the possible partial or full removal of AQ for smart metering in any new world solution.	Transporters (CW)	Update due at 23/03/10 meeting.
AQ002	09.03.10	3.4	Consider the impact of AQ on any future transitional arrangements requirements and provide feedback at the next meeting.	All members	Update due at 23/03/10 meeting.
AQ003	09.03.10	3.4	Document all options discussed in the meeting in time for consideration at the next meeting.	xoserve (MD)	Update due at 23/03/10 meeting.
AQ004	09.03.10	3.4	Examine the Initial Response Register to ensure that in light of the discussions so far, all responses have been considered.	xoserve (SW)	Update due at 23/03/10 meeting.