

**Project Nexus**  
**High Level Allocation 1 Workgroup Minutes**  
**Friday 15 January 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
Alan Raper	(AR)	National Grid Distribution
Christian Hill*	(CH)	RWE npower
Chris Warner	(CW)	National Grid Distribution
David Harries	(DH)	Total Gas and Power
David Watson	(DW)	British Gas
Fiona Cottam	(FC)	xoserve
George Glen	(GG)	Scottish Power
John McNamara*	(JM)	National Grid NTS
Lisa Harris*	(LH)	Shell Gas Direct
Peter Jones*	(JM)	National Grid NTS
Russell Somerville	(RS)	Northern Gas Networks
Sallyann Blackett	(SB)	E.ON UK
Sean McGoldrick	(SMG)	National Grid NTS
Shirley Wheeler	(SW)	xoserve
Stefan Leedham	(SL)	EDF Energy
Steve Mulliganie*	(SM)	Onshore Consulting
Steve Nunnington	(SN)	xoserve

**Apologies**

Peter Thompson	Customer Representative
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\* *via a teleconference link*

**1. Introduction**

BF welcomed all to the meeting.

**1.1 Review of Minutes**

None.

**1.2 Review of actions**

None.

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## 2. Consider Terms of Reference

*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/150110>*

### 2.1. Project Nexus High Level Principles – Allocation Topic (Scope and Intended Outcomes)

In opening, xoserve (FC) explained that there was no new material contained within the presentation, simply just a collation of information from a selection of previous Project Nexus presentations.

Whilst providing a brief overview FC advised members that it is not the responsibility of this workgroup to define Smart Metering details as the development of residual smart metering requirements will be 'covered' by CCP and the Smart Metering Programme in due course.

When documenting the 'As Is' principles various management tools may be utilised such as process flow mapping and/or diagrams. When considering the consultation responses, time taken to analyse the diverging/converging opinions will vary depending upon the size of the topic area under review.

FC pointed out that it maybe some time before any UNC modification is raised (draft or otherwise), as it is the role of this workgroup in the first instance, to consider the high level principles before moving on to the detailed aspects of their work.

In considering the issue of resource availability and how best to manage the capture and dissemination of information, the Project Nexus Workstream has requested that the consultation responses requirements register is utilised to assist identification of areas for consideration. It should be noted that the addition of any new topic areas will require workstream approval. Additionally, any Authority decision relating to any previous UNC modifications will also need to be considered.

In discussing consumption, FC pointed out that this relates to the generic submission of data (reads/volume/energy). The 'outline methodology' is based on the November 2009 interpretation. More detail will be forthcoming on the transitional arrangements later in the meeting.

### 2.2. Terms of Reference Review

Chair (BF) opened by explaining that it is envisaged that the various terms of reference would be generic across all the workgroups. The terms of reference were then amended on screen on the basis of the following discussions:

#### Section 2 – Allocation Principle Workgroup

Reference the list of consultation responses, members considered that items 10.11 and 10.12 are too detailed for consideration at this early stage in proceedings and will be discussed in due course at a lower level of detail.

#### Section 3.1 – The Group is asked to:

Any new items to be added to the list will require amendment of the terms of reference, which would subsequently need sanctioning by the Workstream.

### Section 5 – Composition

Members agreed that the workgroup composition should remain 'open' but acknowledged that maintaining continuity (either on an individual or company representative basis) is essential to the success of the workgroup. CW suggested that the output from the workgroup may incentivise membership in due course. The workgroup membership table was removed and the quoracy statement amended.

### Section 6 – Roles and Responsibilities

Chair (BF) pointed out that in-line with the proposed 'open' membership approach, any workgroup related email notifications will 'normally' be issued to the Joint Office Industry (UNC) listing.

xoserve (SN) informed members that it is their intention to provide a person or persons, who are able to update their (xoserve's) Requirements Management Tool at subsequent meetings.

*Post meeting note: a revised version (v0.5) of the terms of reference were presented for consideration at the Project Nexus Workstream on 18 January 2010.*

## **3. Scope and Deliverables**

*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/150110>*

### **3.1 Consideration of As-Is Current Principles (Project Nexus Principle Workshop – ALLOCATION presentation)**

xoserve (FC) provided a brief overview of the current Allocation Principles and pointed out that one key objective throughout the transitional stages, will be the equitable sharing out of energy between remotely and non-remotely read meters. She went on to add that when examining the NDM Apportionment Formula the following items need to be borne in mind:

- Weather correction factor (WCF) is driven off the total demand (i.e. amount of actual demand v's seasonal normal view);
- Scaling can be up or down to get back to 100%;
- Domestic supply points are in general more sensitive to weather differences (deviations) than industrials, and
- The formula relates to the apportionment of energy and requires the scaling factor to balance out correctly.

In considering the End User Categories, members discussed and acknowledged that multi meter supply points will also need to be considered, but reconciliation will NOT be covered by this workgroup.

In considering the potential variation in annual load profiles, members acknowledged that whilst hospitals are more sensitive to weather variation, manufacturing (processes) tend to be less so.

Considering slide 13 – xoserve System Context, SM enquired whether or not the indicated volume (in the form of ALPs & DAFs via MPRNs) entering

Gemini was an aggregate figure for the DNs (Distribution Networks)? SB replied by stating that this is an LDZ aggregate figure by shipper by exit zone (although only for larger sites). FC pointed out that the CV (calorific value) enters other systems operated by the Transporters before being passed around these systems.

Moving on to look at slides 14 & 15 – Consultation Responses, FC pointed out that there could well be additions to the list over the course of time (e.g. scale down demand estimation, weather correction factor changes and UNC interactions with DESC/EBCC etc.).

SL wondered what was the real scope of this workgroup, especially with regard to allocation – does it start at D -1 to D +5 for example. SB suggested that if you seek to change the allocation process you will also need to change the ‘day ahead’ process as well. Additionally, she pointed out that the DM v’s NDM allocations will also have an impact on processes, especially as DM allocation can affect the NDMs. This is compounded by how accurate your forecasts are in the first instance (ie. the difference between your D -1 forecast and your actual allocation). In response, SL suggested that we are therefore looking at the D -1 to D +7 processes and as a consequence, the demand estimation processes may sit somewhere else. FC pointed out that the demand models are indicating a different profile between Smart and Dumb meters. DW added that this is similar to the pre-payment meter consumer profile swing.

In closing, FC informed members that she would be more than happy to see integration of a proportion of new technology (Smart Meter) profiles with existing dumb (datarecorder) profiles with Demand Estimation to ensure that we accurately reflect the market make-up.

### **3.2 Nexus Requirements – E.ON UK Presentation**

In opening, SB pointed out that the presentation is looking at Nexus requirements in relation to the Allocation workgroup. During detailed discussions the following points were noted:

- Although not covered directly by this workgroup, reconciliation is a product of allocation determination
  - it relates to reconciliation of the meter point and not the supply point;
- Responsibility for elective DM sites moving away from aggregate nomination (NDM) by a Transporter to a Shipper is similar in concept to DME – just a different scope
  - It is only the treatment of reconciliation which is different, with respect to DM/NDM;
  - The issue with day ahead allocation is the respective roles & responsibilities;
  - Nomination accuracy is not sufficiently incentivised;
  - Principle proposes Shipper nominations by 2020, with the issue being how to transition between now and then;
  - At some point parties will need to consider Demand Estimation and Allocation as one;
- Smarter metering daily read benefits will not necessarily have a detrimental effect on older types of meter;
- New system should have flexibility designed in to it to cater for the introduction of new technology such as smart metering and the possible provision of more granular of operational related information;

- How best to deal equitably, over time, with a shrinking NDM pot
  - Identification of the true level of unallocated gas will only be possible once all 21 million meters are daily read;
  - Smearing element is on a best guess basis;
  - Whilst improving our understanding of what constitutes unallocated gas, improving/changing (inappropriate) behaviours is of paramount importance;

In summing up the main points of discussion, SM suggested, and members agreed that unallocated gas will need to be considered by this workgroup in the course of its deliberations.

Chair (BF) asked members to consider how the workgroup propose to move forward in light of their previous discussions to which SW suggested revisiting the consultation responses to ensure all points raised are considered. SL indicated that he believes that their (EDF Energy's) consultation response was reflective of a market position and knowledge at a given point in time, some 12 to 18 months ago, and markets conditions/circumstances have subsequently moved on since then. When asked, if he was happy that their response items had been sufficiently 'covered' by the workgroup discussions to date, SL indicated that he would like an opportunity to discuss the points raised with his colleagues before committing to a response. In light of this, SW suggested that the workgroup is not yet ready to approach the Nexus Workstream with a proposal that they (the workgroup) have established their high level principles.

When asked, FC agreed to take an action to contact response owners to seek their views before preparing a 'high level principles strawman' (inc. the impact of moving to a daily read regime). Furthermore, she agreed to take another action to provide some alternative scenarios for utilisation as comparators to the E.ON based proposals.

**Action ALLO001: xoserve (FC) to contact response owners to seek their views before preparing a 'high level principles strawman' (inc. the impact of moving to a daily read regime).**

**Action ALLO002: xoserve (FC) to provide some alternative scenarios for utilisation as comparators to the E.ON based proposals.**

#### 4. Workgroup Report

When asked, members agreed that the workgroup monthly report would be collated at the 29/01/10 Allocation 2 meeting.

#### 5. Workgroup Process

Members agreed that this item is 'on hold' at the moment.

#### 6. Diary Planning

The next three meetings of the Project Nexus High Level Allocation 2, 3 & 4 Workgroup are scheduled to commence at 10:30am on Friday 29 January, Monday 08 February and Wednesday 24 February 2010, all at the National Grid Office, 31 Homer Road, Solihull, West Midlands. B91 3LT.

The next two meetings of the Project Nexus Workstream are scheduled to commence at 10:30am on Monday 18 January and 16 February 2010 at the Energy Networks Association, 6th Floor Dean Bradley House, 52 Horseferry Road, London. SW1P 2AF. Please note: the February meeting is a teleconference only meeting.

## **7. AOB**

National Grid Distribution (AR) enquired if the overlap between the work of this group and UNC Development Work Group 0270 “Aggregated Monthly Reconciliation for Smart Meters” had been considered. In response, FC indicated that when asked about possible integrating 0270 into Project Nexus, the proposer declined the offer, indicating that they do not wish to wait for the Nexus delivery timescales. However, she had considered 0270 when preparing her earlier presentations, although she suspects that the 0270 Proposer may not fully understand the allocation aspects. SL also added that he believes that each are subtly different with 0270 work focusing more on reconciliation issues.

**Appendix 1****Action Table - 15 January 2010**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
ALLO 001	15.01.10	3.2	Contact response owners to seek their views before preparing a 'high level principles strawman' (inc. the impact of moving to a daily read regime).	xoserve (FC)	Update due at 29/01/10 meeting.
ALLO 002	15.01.10	3.2	Provide some alternative scenarios for utilisation as comparators to the E.ON based proposals.	xoserve (FC)	Update due at 29/01/10 meeting.