

Project Nexus Workstream Minutes

Wednesday 19 May 2010

at the Renewal Conference Centre, Lode Lane, 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
Brian Durber	(BD)	E.ON UK
Chris Warner	(CW)	National Grid Distribution
Elaine Carr	(EC)	ScottishPower
Fiona Cottam	(FC)	xoserve
Hazel Ward	(HW)	RWE npower
Jemma Woolston	(JW)	Shell Gas Direct
Joanna Ferguson	(JF)	Northern Gas Networks
Martin Brandt	(MB)	Scottish & Southern Energy
Michele Downes	(MD)	xoserve
Pete Talbot	(PT)	xoserve
Peter Thompson	(PTO)	Customer Representative
Richard Street	(RS)	Corona Energy
Sean McGoldrick	(SMc)	National Grid NTS
Shirley Wheeler	(SW)	xoserve
Stefan Leedham	(SL)	EDF Energy
Steve Mulliganie	(SMu)	Gazprom
Steve Nunnington	(SN)	xoserve

Apologies

Graham Wood	British Gas
Joel Martin	Scotia Gas Networks
Simon Trivella	Wales & West Utilities

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the 13 April 2010 meeting were accepted.

1.2 Review of actions

Action NEX0027: xoserve (SW) to ensure that following the production of the Post Central Communications Provider prospectus, issues identified for consideration under the SPA heading (customer access to data, meter read submission time, Supplier access to behavioral information) are included in the SPA ToR.

Update: SW explained it would not be possible to complete this action until the Central Communications Provider (CCP) prospectus is known and the next update will be provided at the August 2010 meeting.

Pending.

Action NEX0031: Joint Office to add an agenda item for consolidation of the high-level principles during the May meeting.

Update: BF advised members that this action had been completed.

Closed.

Action NEX0032: Joint Office to add Retrospective Updates to the June Workstream agenda.

Update: BF advised members that this action will be completed in due course.

Pending.

Action NEX0033: Joint Office to add a new standing agenda item for consideration of Global Transitional Issues & Overlaps.

Update: BF advised members that this action had been completed.

Closed.

2. Update on the Revised Workgroup Approach and Plan

Members agreed to undertake the following items out of sequence.

2.1 Topic Workgroup Timeline Tracking Plan (as at 11/05/2010)

In opening, SW reminded members that following their approval of the Annual Quantity and Reconciliation final workgroup reports, these areas may require revisiting sometime in the future. She went on to inform those present that discussions on retrospective updates will be undertaken at the next workstream meeting scheduled for 11/06/10. When asked, parties agreed to retain the rescheduled Project Nexus Workstream meeting on 11/06/10 (as discussed at the 12/05/10 AMR meeting).

In considering where best to continue discussions around DM Unbundling, it was suggested that the Distribution Workstream could undertake considerations before reporting back to this workstream on its findings. The Joint Office agreed to undertake an action to write out to all smaller (DM) Suppliers to advise them of this fact.

BF asked, and members approved the plan as presented.

Action NEX0034: Joint Office (BF) to write out to all smaller (DM) Suppliers advising them that DM Unbundling will be considered within the UNC Distribution Workstream.

3. Consolidation of High-Level Principles

3.1 Project Nexus UNC Workstream Consolidation of High-Level Principles presentation

xoserve (FC) provided a brief overview of the presentation, the main points of interest being captured as follows:

Slide 2 – Objectives

At this stage, these are really aspirations, minus any cost/benefit analysis and more detailed consideration may, or may not, highlight issues in due course.

Slide 4 – Allocation Preferred

In considering balancing correction factors and their impact upon her nomination and forecasting procedures, JW wondered if these would need to be changed to accommodate this option. In response, FC indicated that there has been debate on this matter, which concluded that in future shippers would/could be required to provide a view (estimate) of their sites' nomination (allocation) requirements. The balancing correction would then be added on top. RS suggested that it maybe preferable to consider unallocated energy separately to clearly identify what is left.

Whilst there is currently no intention to adopt scaling up on a site-by-site basis, it should be noted that the actual nominations process has not been defined in detail at this stage. SW added that no specific workshop had been

planned and this would need to be considered once there is clarity on DCC rules. AR pointed out that whilst this could be considered as a notional DMC approach it will require shippers to take responsibility for their nominations in future.

FC went on to point out that under this option, reconciliation has no interaction with the preferred option and only 'kicks in' when fallback is invoked.

Slide 5 – Transition to Future Options

In discussing where the 'tipping point' for the transition from dumb to smart meters may actually fall, SW suggested that a business case maybe required to analyse and identify the complexity/costs/timescales/scale of operations involved. FC noted that the 'tipping point(s)' maybe the same, or different for each of the process discussed so far. RS felt that the matter also raises issues in what type of evidence the Authority would require with which to make an informed decision on the matter.

There was some support for allocation of an action on the Authority to indicate what, when and how much information they would require from the project team before being in a position to make an informed decision on setting the most appropriate 'tipping point'.

Slide 6 – Allocation Preferred Option - Transition

In examining the smart fallback position, SM believes that as we approach the 'tipping point', smart meter information may begin to support the remaining dumb meters anyway, although FC highlighted that this slide referred to what we would do once the tipping point is reached.

In considering the 'Pre-Smart (dumb meters) estimated consumptions during transition, FC pointed out that the current estimation process will not support this.

Slide 7 – Allocation Alternative Option

FC advised that this option is on the back burner just in case the DECC solution prevents adoption of the preferred option. Looking at the apportionment methodology for daily energy in the secondary option route, it was noted that unallocated energy would be reviewed at a portfolio level.

MB pointed out that the 'Reconcile each day to actuals' and 'Adjust balancing correction for all sites' leg is similar in concept to the electricity side.

Slide 8 – Allocation Alternative Option - Transition

FC pointed out that this refers to the point at which we will tip over from dumb to smart metering.

Slide 9 – Alignment of Allocation/Reconciliation to AQ

CW pointed out that the ongoing planning requirement for AQ for the Transporters is currently a UNC, rather than Transporter requirement.

In closing, when asked parties indicated that the presentation had met their expectations and agreed that outputs from the three High-Level Principles Topics were in alignment with each other.

4. Topic Workgroup(s) Terms of Reference

BF informed members that there were no items to consider.

5. Workgroup Reporting

5.1 Final Workgroup Reports

AQ Principles

xoserve (SN) provided a brief overview of the report advising that the workgroup aspiration was to move to a No AQ regime, although it was acknowledged that the Transporters may require AQ in future. Fallback and transition would be handled by a Rolling AQ regime similar to that proposed by Mod 209. Should either the 'No AQ' or 'Rolling AQ' options not prove to be viable then an enhancement of the current annual AQ review would be utilised.

Discussions centred on concerns surrounding future SOQ calculations under a proposed No AQ regime and the potential impact upon DN funding as it is an essential component for DN Charging. In response, AR on behalf of Transporters, indicated he believes that the current DM/NDM models could possibly work within the proposed regime, but the matter would need further consideration as they (the Transporters) have various impacts/challenges to consider.

When asked to clarify, parties agreed that the proposal is not suggesting that SOQ parameters will disappear altogether, rather they maybe derived differently with the end results (figures) applying to a 'stable' time period (i.e. 12 months). RS suggested that it is the consideration of the impact of stable v's unstable SOQs that is important and believes that discussions on this matter would be better served under the Distribution Charging Methodology Forum (DCMF) banner. It was agreed that commitment to a solution would be difficult until detailed analysis and identification of costs and benefits had been undertaken.

The Transporters agreed to a new action to undertake consideration of the SOQ parameters under a No AQ regime at the next DCMF meeting.

When asked, parties approved the report.

Supply Point Reconciliation Principles

xoserve (FC) provided a brief overview along similar lines to the previous report stating that it is building upon the AQ workgroup findings. Furthermore, it has been acknowledged that there will always be an element of reconciliation required regardless of which future solution is adopted. Once again, the findings of the workgroup are aspirational at this stage and no costing analysis has taken place at this point.

When asked, parties approved the report.

Action NEX0035: Transporters (AR) to undertake consideration of the SOQ parameters under a No AQ regime at the next DCMF meeting.

5.2 Start/End Date Progress Tracking

Please refer to item 2, above.

5.3 Consider Topic Monthly Workgroup Reports

5.3.1 AMR Workgroup

BF provided a verbal overview of the report informing members that the workgroup had undertaken three meetings to date with a further meeting being cancelled.

Discussions are still focusing on DM Unbundling (inc. mandatory site requirements), DME issues and Change of Supplier principles.

An end date of August 2010 is still anticipated.

6. Next Steps: diary/planning

The following meetings are scheduled to take place during May/June 2010:

Title	Date	Location
AMR 4 Workgroup	26/05/2010	CANCELLED
AMR 4&5	09/06/2010	ENA, 52 Horseferry Road, London.
Workstream	11/06/2010	Renewal Conference Centre, Solihull.
AMR 6	22/06/2010	ENA, 52 Horseferry Road, London.

7. AOB

7.1 Workgroup Transitional Arrangements Concerns

Members felt that this had been sufficiently discussed under item 3.1 above.

7.2 Information Flow to the SMIP

xoserve (SW) enquired if, now that members appreciate how the three workgroups 'gel' together, whether or not we should consider passing the information developed onto the SMIP. In response, members indicated that this would be acceptable as long as it carries a health warning (caveat) and is not presented as a completed item of work, as no cost benefit analysis has taken place at this time.

Appendix 1

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX 0027	18.01.10	4.1	Ensure that following the production of the Post Central Communications Provider prospectus, issues identified for consideration under the SPA heading (customer access to data, meter read submission time, Supplier access to behavioral information) are included in the SPA ToR.	xoserve (SW)	Update due at the August meeting.
NEX 0031	13.04.10	1.1	Add an agenda item for consolidation of the high-level principles during the May meeting.	Joint Office (MiB)	Update provided. Closed
NEX 0032	13.04.10	5.	Add Retrospective Updates to the June Workstream agenda.	Joint Office (MiB)	Update due at the June meeting.
NEX 0033	13.04.10	6.1	Add a new standing agenda item for consideration of Global Transitional Issues & Overlaps.	Joint Office (MiB)	Completed. Closed
NEX 0034	19.05.10	2.1	Write out to all smaller (DM) Suppliers advising them that DM Unbundling will be considered within the UNC Distribution Workstream.	Joint Office (BF)	Update due at the June meeting.
NEX 0035	19.05.10	5.1	Undertake consideration of the SOQ parameters under a No AQ regime at the next DCMF meeting.	Transporters	Update due at the August meeting.