

Project Nexus
AMR 9 and 10 Workgroup Minutes
Tuesday 17 August 2010
Energy Networks Association, Dean Bradley House,
52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
David Harries	(DH)	Total Gas & Power
Fiona Cottam	(FC)	xoserve
Gareth Evans	(GE)	Waters Wye (for Gazprom)
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Lisa Harris	(LH)	Shell
Martin Brandt	(MB)	SSE
Michael Payley	(MP)	xoserve
Michele Downes	(MD)	xoserve
Peter Thompson	(PT)	Customer Representative
Richard Street	(RS)	Corona Energy
Rosie McGlynn	(RM)	British Gas
Sean McGoldrick	(SM)	National Grid NTS
Shirley Wheeler	(SW)	xoserve
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy

1. Review of Minutes & Actions

TD welcomed all to the meeting.

1.1 Review of Minutes

It was noted that both Stefan Leedham and Steve Nunnington had also been present at the previous meeting.

MD requested that the following amendment be made to Page 3, paragraph 5:

“The meeting then revisited the DME as-is process flow. LH questioned ~~whether it was correct that~~ why there was no validation of reads carried out by the Shipper, and MD confirmed this was based on xoserve’s existing processes only. ~~—and no change to this was proposed.”~~

The minutes of the previous meeting were then approved.

1.2 Review of Actions

Action AMR0015: All to consider whether there should be a requirement for xoserve to validate information requests and reject any for which the Market Sector Flag is D.

Update: Covered under the review of the draft SPA Business Rules.

Closed

Action AMR0016: Transporters to obtain a legal view on the acceptability of warrants in the absence of validation checks.

Update: Covered under the review of the draft SPA Business Rules.

Closed

Action AMR0017: xoserve to bring a record of all identified issues to future meetings.

Update: A presentation was provided by FC.

Closed

2. Scope & Deliverables

2.1 Further Consideration of Meter Reading Arrangements

SW stressed that xoserve was keen to obtain a consensus view as to whether MSF validation was to be included or excluded.

MD then ran through the revised SPA Enquiry Business Rules, pointing out and explaining the amendments that had been made following the previous meeting.

Page 7 – A debate developed in respect of control of customer data. PT remarked that the process seems to leave the customer at the end of instead of at the beginning of the process. GE explained that the customer is not the UNC party and hence the proposal envisaged Shippers acting on behalf of the customer. PT questioned why the service was required rather than the customer providing their own data to whom they chose. RS believed smaller businesses would not have the necessary information readily to hand, and the proposed service sought to level the playing field where customers agreed the information could be sought, removing any undue advantage to the incumbent Shipper. GE added that an incumbent Shipper could be tardy with providing information that competitors might be expected to use, and the service provided an additional route.

PT felt that the customer should have responsibility for its own information and control over to what use it could be put. BD supported this, and was concerned that Shippers could use the data to 'cherry pick'. BD thought it was a very reasonable position that customers should want to be in control of their own data. RS countered that customers he had spoken to were looking for a simple approach, and were happy to give permission to a Supplier to obtain data in order to provide an accurate quote.

TD confirmed that at the recent meeting of the Gas Customer Forum (GCF) there was a general mistrust of this process, and customers had indicated that they felt they were being exposed to 'fishing expeditions'. There was no confidence that the process was actually in their interests and not just those of the Shipper. PT had therefore been asked to raise customers' concerns - customers remain to be convinced the proposal would be to their advantage.

PT expanded that customers were concerned that any data would be used to build up a Supplier's database over a period of time and this would then be used for purposes other than that of providing the initial quote. RS suggested applying an expiry/disposal of data date once a quote had been given. BD pointed out that the customer needed to be in control of and be able to exercise choice over the elements of the data upon which it would seek a quote. RS pointed out that having to make assumptions about profiles means that the cost is greater to the customer. BD pointed out that Suppliers might use this opportunity to offload 'unwanted' customers. GE

observed that the incumbent Shipper would have the suggested database anyway, and questioned if there was a wider concern centred on how consumer data is controlled/handled by the industry. PT commented that customers do not always believe that Suppliers are doing things in the customers' interests, and potentially perceive this data provision proposal as something to be done 'behind closed doors'; they believe they should retain responsibility for their own data and feel that a customer benefit needs to be more clearly demonstrated if the service is to be pursued.

RS said that it seemed that the principle of trusting that a Shipper had the written permission of the customer and was not retaining data to use for other purposes was not yet agreed. An additional safeguard might be to provide that information could be retained for no longer than 30 days.

Page 10 – TD asked if there was a consensus on whether or not there should be any validation by xoserve. SL wanted to see validation on the MSF, with any requests for D (domestic) flags being rejected. GE disagreed and explained that some mixed sites would be supplied – i.e. public houses which include separate domestic accommodation could be part of a single contract.

TD concluded that no agreement had been reached on this point. SW confirmed that the requirement would therefore go forward with no validation by xoserve, which was the preference of those proposing the service. It was recognised that introducing the proposed service would require a Modification Proposal to be raised, and the arguments both for and against its introduction would be captured as part of the modification process. Alternative Modifications could also be put forward as part of that process should any party wish to do so.

TD asked if the Transporters were happy that Shippers warranting that customers have given permission for data to be released gives all the cover required, notably in terms of the Data Protection Act. The Transporters confirmed that they were satisfied that the warrant approach was acceptable.

PT suggested that RS and GE be invited to attend the next Gas Customer Forum meeting on 25 October 2010 in order to explain the advantages they foresaw from the service.

Action AMR018: Joint Office to invite RS and GE to attend the next Gas Customer Forum meeting and present on the AMR Supply Point Enquiry service.

There were no further comments on all other amendments pointed out by MD, and SW proposed bringing a final draft to the next meeting for review and approval.

2.2 Treatment of Daily Read Sites (ICoSS Presentation)

GE gave a presentation, which he described as being a distillation of opinions put forward by ICoSS members, in respect of demand for Daily Read information, differing customer requirements, perceived implications for Nexus, a comparison (in table format) of current (DME/DM) and future (DR) regimes, and briefly touched on the key issues. He pointed out that 'Daily Read' means many different things, and this should be borne in mind.

There was a brief discussion on the frequency of the submission of reads and when closeout/settlement might be expected. Consideration was

given to varying periods, arbitrary days/dates, and a monthly or rolling process.

MD asked if an estimate would be made every day and reconciliation take place once daily reads had been received. RS believed that some parties may wish to continue to operate as under the current process, whereas others may want to provide data before closeout so any reconciliation would be on an exceptions basis; energy closeout would be the same as now.

FC commented that at previous meetings the preferred option was that everyone sent in all reads every day. RS thought that timing and energy balancing had not been discussed and this was trying to piece it all together. GE noted that in AMR there was an issue regarding battery lifespan; sending in reads every day could substantially reduce battery lifespan and it may be difficult to justify associated extra service costs/visits if, instead, daily reads could effectively be submitted in batches on a weekly or monthly schedule.

GE asked for views on the necessity of resynch notifications. AR believed it was necessary in order to know how much had been consumed on any given day. RS asked if it was worthwhile to capture the reasons for resynchs – this could be of analytical value in illustrating variance in reliability of different makes of equipment. TD questioned if the Transporters should hold this information – they were not obviously the ones to make use of it. BD commented that it would be better to keep it all in one place.

Action AMR019: Shippers to provide a view on which party should be tasked with collecting/holding data relating to reasons for resynchs.

The discussion then moved on to check readings and meter inspections, and the group was asked to consider what might be required from a settlement standpoint, and what information the Transporters would be expected to hold. Was there a minimum time that a meter could be left as 'uninspected' or between inspections? It was suggested that reliance could be placed on the current Must Read process, while removing annual check reads. SL felt this would require further consideration.

2.3 Record of Identified Issues (Action AMR017)

FC commented that no further issues had been identified following GE's presentation (see 2.2 above). FC then gave a presentation in response to Action AMR017, listing the issues identified, indicating whether they were in or out of scope, and offering an appropriate approach to develop business remedies to address and rectify those issues that remained in scope.

Looking at the proposed approach, MB referred to the discussions taking place at the UK Link Committee relating to DME, and reported that what was going on was not favoured by all parties as a long term solution, and that the progress/outcome of that particular debate may need to be monitored. FC responded that DME was just a starting point to establish the detailed requirements and will not determine any solution. The aim was to remedy the issues identified, rather than devising new solutions from a blank piece of paper, and to produce Business Rules and process maps which are fit for purpose.

Process flow diagrams were then displayed to demonstrate potential options relating to DME Change of Supplier, DME Change of Supplier Transfer Reads, and DME Reads. Areas that Xoserve believed required

further consideration were noted on the diagrams and a number of questions were posed for the group to give more thought to.

DME Change of Supplier Transfer Reads

FC commented there were issues regarding the process for getting reads in on D; this was currently under discussion at the UK Link Committee, as reported by MB earlier. FC then described some potential options for consideration. MB observed that complications arose when changing status. FC responded that AMR sites would not be switching, and NDM would not exist in the future; this was building a standard product. MB suggested that the Change of Supplier process needed closer examination to be mindful of the effects/actions in relation to different scenarios.

DME Reads

The timings and responsibilities relating to the box 'Send DME Reads' were questioned. FC responded that the diagram was an attempt to reflect the suggestions made by Gazprom at the previous meeting, but this may need further exploration.

xoserve's Initial Questions - Reads

The group considered the questions raised.

RM asked if there would be published validation reads. FC said that about 3% of all transactions fail validation and referred back to SL's previous observations about the potential for Shippers to become more lax in their approach to this problem. FC thought that it might be agreed what the validation and estimation rules were to obviate xoserve having to adopt a policing role.

GE suggested that a party should be able to replace reads as appropriate. FC asked should there be any standards as to how long a site could run on estimates, etc? Was a safety net required? GE would like an estimation process to exist as a last resort but with costs targeted at the parties responsible for any problems. It was suggested that a User Pays service could be instigated to target costs at parties failing the process.

FC referred back to the diagrams and explained that the footnotes were suggestions to be thought about. Something akin to a filter failure process might need to be devised.

In response to a question from GE referring to meters which go 'Round the Clock' (RTC), FC replied that Shippers will still have the present zeroes issues and have to validate these.

TD asked the group what should be the deadline for the receipt of daily reads. ST put forward D+5, and FC added that a very well argued business case would have to be constructed to change this. SM pointed out that there would be a larger volume of reads with a consequentially longer processing time, and this would need to be addressed as appropriate.

TD then asked who calculates a read when one is not received – should it be xoserve? FC suggested that perhaps a standardised formula could be used to establish estimates. GE would expect a common set of rules to work to; Shippers have to provide estimates to customers anyway and so could carry out this function. SM questioned what happens if the amount of gas used and allocated did not add up. LH suggested looking at both options, and GE agreed. LH questioned what happened when a new site was taken over and there was no history. She also questioned what should be done if the meter is faulty – did this need looking at more closely? FC

responded that when estimation was considered in more detail, the reasons for generating an estimate would need to be covered.

FC suggested that the group might think about the proposals and see if anything has been missed, and she will work towards capturing the principles and any further details

2.4 Ratchets & Reconciliation

Deferred.

2.5 Alignment of IRR Requirements

Deferred.

2.6 Transitional Arrangements

Deferred.

3. Workgroup Report

3.1 Preparation of the Monthly/Final Report

It was agreed that a verbal report would be provided at the next meeting.

4. Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting.

It was agreed that the next meeting would continue discussion of the issues raised and consider the changes needed. Business Rules would be reviewed and approved as appropriate.

5. Diary Planning

The next meeting date (07 September 2010) was discussed, and as a number of parties were unable to attend due to other commitments it was agreed to change the date of the meeting. The meeting was therefore rescheduled to Friday 03 September 2010 (at 31 Homer Road, Solihull) and will follow the Project Nexus Workstream.

Title	Date	Location
Project Nexus Workstream followed by AMR 11 (Market Differentiation)	03/09/2010	Conference Room 5, 31 Homer Road, Solihull B91 3LT
AMR 12 (Conclusions, draft Modification Proposals)	29/09/2010	ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

6. Any Other Business

None raised.

Appendix 1

Action Table – 17 August 2010

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
AMR015	20.07.10	2.1	Consider whether there should be a requirement for xoserve to validate information requests and reject any for which the Market Sector Flag is D.	All	Closed
AMR016	20.07.10	2.1	Obtain a legal view on the acceptability of warrants in the absence of validation checks.	Transporters (All)	Closed
AMR017	20.07.10	2.1	Bring a record of all identified issues to future meetings	xoserve (SW)	Closed
AMR018	19.08.10	2.1	Invite RS and GE to attend the next Gas Customer Forum meeting and present the AMR Supply Point Enquiry service.	Joint Office (MB)	Pending
AMR019	19.08.10	2.2	Shippers to provide a view on which party should be tasked with collecting/holding data relating to reasons for resynchs.	All Shippers	Pending