

Invoicing Mechanism Principle Topic Workgroup

Terms of Reference

1. Purpose

Following agreement at the Project Nexus Uniform Network Code (PNUNC) Workstream, a number of Principle Topic Workgroups were established to review the high-level industry principles, considering the comments raised as part of xoserve's Project Nexus Consultation. These discussions focused around confirmation of the high level business rules (i.e. the what and not the how or who), only for those processes that are unlikely to be affected by the development of the anticipated Smart Metering Programme. Although these principles were finalised in June 2010, the PNUNC Workstream on 3rd September 2010 agreed to look at the feasibility of establishing high-level principles for the mechanics of gas transportation invoicing.

Each Principle Workgroup meeting will be organised and conducted in a manner consistent with the existing UNC governance process, seeking to engage industry participants and progress these principle areas to a conclusion. The Invoicing Principle Workgroups will focus on what the industry will do rather than who will carry out the specific tasks. That will ensure that the results can be used by any party irrespective of industry design. The Invoicing Principles workgroup will report to the Project Nexus Workstream. The timetable for the workgroup has yet to be determined.

It is not envisaged that the Invoicing Principle Workgroup investigates the process in detail; however the output should provide clear direction and definition of the business rules, which in turn can be taken forward to support the AMR Requirements phase and the Smart Metering Workgroup.

2. Invoicing Principle Workgroup

A number of comments were raised by industry participants in response to the Project Nexus consultations, a summary of those topics which are relevant for this principle workgroup is provided in the table below:

Initial Requirements Register Reference	Requirement
8.1	Fewer adhoc/offline invoices and invoice items.
8.2	Introduce an invoice pre-validation process.
8.3	Flexibility to invoice suppliers across a range of portfolios.
8.6	Improved User Pays and Ad Hoc invoice backing data.

8.9	Greater level of granularity in the supporting data for invoices.
8.10	Internet access to the supporting data behind any of the transportation invoices.

The following additional requirements have also been proposed for discussion in this principle workgroup.

Raised by	Requirement
Corona	Visibility of Shipper indebtedness across all large Transporters in a single view.

For completeness, those comments raised which are not relevant for this principle workgroup are summarised in the following table, these will be picked up by future Workgroups:

Initial Requirements Register Reference	Requirement
8.4	Pricing module.
8.5	Visibility of site consumption.
8.7	The cessation of transportation capacity costs aligned with actual meter removal dates.
8.8	Improved filter failures system.
10.3	A review of incentives or liabilities for industry parties in relation to each of the topic areas.

The workgroup is therefore expected to consider all the comments raised, to the extent that they have an impact on high-level business rules, as well as considering the existing arrangements, any alternatives proposed to date and any options developed within the workgroup.

3. Scope and Deliverables

3.1 The Group is asked to:

- a) Reach a consensus on the future high level business rules for the invoicing mechanism
- b) Clarify any interaction or impact with any live Modification / Review Proposals and any other Project Nexus Principle or Topic Workgroup

- c) Identify and analyse any issues which impact the efficient and effective operation of the existing arrangements
- d) Consider any contractual changes where appropriate
- e) Record issues which might usefully be taken forward under this Workgroup or any other governance process
- f) Identify and monitor risks
- g) Consider transitional arrangements

3.2 Topic Workgroup Deliverables:

- a) Progress reports for the PNUNC Workstream (a spokesperson from the Workgroup to attend PNUNC, helping to ensure continuity and to identify any impacts with other Workgroups);
- b) High level business rules for the mechanism of invoice issue
- c) A final report containing the recommendations of the Workgroup for presentation to the PNUNC Workstream

3.2 Areas In Scope

- Includes all Supply Points
- Transportation invoices
- User Pays invoices
- Level of detail contained in the invoice supporting documentation
- Mechanism for the issue & delivery of invoices
- Audit trails for invoice delivery
- Security
- Credit – visibility of Shipper indebtedness across all large Transporters in a single view

3.3 Areas Out of Scope

- Date of issue of transportation invoices
- Credit terms
- Energy Balancing and other Gemini invoices
- Energy Balancing credit arrangements
- Incentives & Liabilities
- Financial Adjustment principles
- Invoice content
- Charge types

4. Limits

The Workgroup will consider all appropriate governance arrangements including:

- The Uniform Network Code
- Licences (Gas Transporter, Shipper and Supplier)
- UNC Ancillary documents or agreements
- UKLink Manual/Committee

5. Composition

Each workgroup meeting will be chaired and facilitated by the Joint Office (JO). The chair will be responsible for ensuring all of the UNC governance procedures are adhered to.

The following have been nominated as members of the Workgroup, with others able to attend meetings subject to prior agreement of the chair, consistent with the Chairman's Guidelines.

Name	Organisation
	Joint Office
	Joint Office
	xoserve
	xoserve

A Principle Topic Workgroup meeting will be quorate provided that there are at least six attendees, two of which are GTs.

6. Roles and Responsibilities

The following table outlines the roles and responsibilities for all the members of the Workgroup.

Organisation	Responsibilities
Joint Office	<ul style="list-style-type: none"> • Chair and facilitate Workgroup Meeting, in accordance with the Chairman's Guidelines • Produce minutes • Coordinate group update
xoserve	<ul style="list-style-type: none"> • Provide analysis of initial consultation requirements for discussion in the workgroup if necessary • Provide information to Workgroup on any development from dependent Workgroups • Provide expertise in design analysis and as-is process knowledge • Support workgroup discussions on possible principle

	<p>options</p> <ul style="list-style-type: none"> • Prepare supporting information and carry out analysis, where necessary, to aid discussions • Prepare draft high level business rules for approval within the workgroup • Manage overall workgroup timetable, in conjunction with other Principle Topic Workgroups and the Joint Office.
Users	<ul style="list-style-type: none"> • Provide knowledgeable resources to support workgroup
Gas Transporters	<ul style="list-style-type: none"> • Provide empowered decision makers • Maintain commitment throughout workgroup timetable

7. Information Sources

- Uniform Network Code
- Licences (Gas Transporter, Shipper and Supplier)
- Gas Act
- Utilities Act
- UK Link Manual
- Industry legislation, as required
- SMIP Prospectus

8. Timetable

It has been agreed that the Invoicing Principle Workgroup will take place over the required number of meetings to achieve the deliverables specified under section 3.2., however, the actual number of meetings and its associated timetable have yet to be determined.

The meetings will cover the following areas:-

- As-is (Current Principles)
- Initial Presentation and early discussions on all options, including consultation responses
- Agree detail on any further analysis, if necessary
- Analysis and discussions on options, as appropriate
- Consider whether any potential alternatives have yet to be considered
- Review in progress modifications and impacts on principles
- Consider preferred Principles
- Document and agree preferred Principles
- Review high level business rules to support

- Initial preparation of Workgroup Report
- Discuss final report drafting
- Approve final report
- IRR tracked to indicate which entries have not been progressed and why, and to document any additional topics.