

**UNC Workgroup 0432 Minutes
Project Nexus – gas settlement reform**

Tuesday 07 May 2013

at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Andy Miller	(AM)	Xoserve
Chris Hill	(CH)	Cornwall Energy
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Dave Corby	(DC)	National Grid Distribution
Ed Hunter	(EH)	RWE npower
Elaine Carr*	(EC)	ScottishPower
Erika Melen	(EM)	Scotia Gas Networks
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Steve Mullinganie*	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

Action 0432 03/01: All to consider the proposals outlined within the Waters Wye Associates 'Impact of UNC Modification 0432 (Project Nexus) on GB gas market' with a view to providing feedback at the next meeting.

Update: In the absence of GE it was suggested that whilst responses may have been provided, no new update was available at this time.

Carried Forward

2. Review Legal Text Update

CW advised that work on the legal text was nearing completion with a 'final' version expected for consideration at the 20 May 2013 meeting. Should any parties have any comments, please contact Chris directly.

3. Draft Workgroup Report Review

The Workgroup undertook a brief online review of the draft Workgroup Report (v0.2) with BF amending the document in accordance with points / comments highlighted during the discussion.

Attention was first focused on the Relevant Objectives section with it being noted that National Grid NTS had previously that there were benefits for objectives a), b) and c). However, DC had confirmed they were content that the modification only furthers objective d).

When asked, those present agreed that it would be beneficial to append the Xoserve benefits case consultation report' to the 0432 Workgroup Report.

Parties briefly discussed the relationship between this modification and modification 0428 0428A - Single Meter Supply Points for which a Workgroup Report is being submitted to the May UNC Modification Panel for consideration. It was noted that currently the legal text for 0432 makes reference to aggregated sites, whereas the associated BRD(s) do not – an issue that would need addressing in due course. It was suggested that there are options available for how the industry manages various Meter Reading issues and that they need to be mindful of the timelines associated with Modifications 0428/0428A, 0432 and 0434.

It was suggested that should the Modification 0428/0428A outcome (decision) be something other than that first anticipated, it may be necessary to revisit the 0432 legal text, including possible amendment of the modification in due course – it was suggested that a 'minded to' view from the Authority, sooner rather than later, would prove beneficial.

It was agreed that a small extension to the Workgroup Reporting date would be helpful in allowing more time to address the legal text v's BRD alignment issues, potentially amend the modification and thereafter complete the Workgroup Report – a 'target' date of the August Panel was put forward, including realignment of the Modification 0434 reporting date at the same time.

Discussions then briefly focussed on issues surrounding potential product (Class) take-up indications with one suggestion being to seek a more up to date view from industry players, especially bearing in mind that everything is 'driven' from this information. It was noted however, that subsequent business decisions do pose a potential risk – it boils down to the old issues surrounding commercial strategic confidentialities etc. One suggestion put forward was to follow the example of the earlier DCC exercise and seek to obtain volume take-up indications on a year-by-year basis. It was noted that the expectation is that most movement would be from Class 4 in to 3 over the course of time. Following a discussion around Project Nexus system sizing requirements AM agreed that in principle the system should be built on the assumption that all domestic supply points would be in Class 3 (inc. any SMART roll-out developments). However, he asked for this to be clearly written and explained within the Workgroup Report – a point supported by those present.

When asked about the life expectancy of the Project Nexus system solution, AM advised that the limiting factors are not just related to system storage aspects, but also relate to having suitable scalability built in – as long as we have the big Class 4 to 3 movement requirements factored in from the onset, he remains confident that the system would be able to cope. Furthermore, supply point growth is not an issue as the scalability aspects for this are already covered. When pointed out, it was agreed to add additional clarity and transparency around these aspects within the Workgroup Report.

It was agreed that the Workgroup Report already had a good steer on the 'barrier to entry' considerations.

Moving on to look at the implementation aspects, it was agreed to leave the statement 'as-is'.

In considering whether or not the User Pays aspects are suitably addressed, CW accepted that in its current form the modification is potentially non-compliant in this area and advised that he would be discussing the matter with Ofgem before possibly amending the modification accordingly – this is linked in with the wider project funding

arrangement discussions that are ongoing with Ofgem. AM also added that he has a draft Agency Charging Statement (ACS) sitting in the wings ready to go when needed.

In closing, the Joint Office accepted a new action to invite Ofgem to attend the 20 May meeting and provide their view on the User Pays and Wider Funding Arrangements issues.

4. Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting

New Action 0432 05/01: Joint Office (BF/MB) to invite Ofgem to attend the 20 May meeting and provide their view on the User Pays and Wider Funding Arrangements issues.

5. Any Other Business

None.

6. Diary Planning

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	20/05/2013	Energy UK Office, Charles House, 5–11 Regent Street, London. SW1Y 4LR.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	05/06/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	09/07/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	30/07/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0432 03/01	05/03/13	1.2	To consider the proposals outlined within the Waters Wye Associates 'Impact of UNC Modification 0432 (Project Nexus) on GB gas market' with a view to providing feedback at the next meeting.	All	Update to be provided in due course. Carried Forward
0432 05/01	07/05/13	3.	To invite Ofgem to attend the 20 May meeting and provide their view on the User Pays and Wider Funding Arrangements issues.	Joint Office (BF/MB)	Update to be provided in due course.