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

**Wednesday 30 October 2013**

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

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andy Miller	(AM)	Xoserve
Anne Jackson	(AJ)	SSE
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Ed Hunter	(EH)	RWE npower
Elaine Carr*	(EC)	ScottishPower
Jon Dixon*	(JD)	Ofgem
Jonathan Kiddle	(JK)	EDF Energy
Lorna Lewin	(LL)	DONG Energy
Michele Downes	(MD)	Xoserve
Sean M <sup>c</sup> Goldrick	(SM <sup>c</sup> )	National Grid Transmission
Steve Mulinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas

*\*via teleconference*

*The Workgroup's report is due to the UNC Modification Panel on 21 November 2013.*

**1. Review of Minutes and Actions**

**1.1 Minutes**

The minutes of the previous meeting were accepted.

**1.2 Actions**

**0432 10/06:** National Grid Distribution (CW) to discuss with Denton's lawyers and Ofgem how best to incorporate a system assurance (inc. the system / AUGÉ factors table) statement into the legal text for 0432, and the associated BRD's (where applicable) and to also consider the raising of a new modification that seeks to look at the AUGÉ role and framework requirements for the interim 2 year (transitional) period.

**Update:** It was confirmed that legal text was available, a modification had been drafted for discussion and the BRDs had been updated. **Closed**

**0432 10/07:** Ofgem (JD) to provide a view as to whether or not they believe that relevant objective a) is applicable for 0432 in regard to any potential system balancing related benefits, especially when bearing in mind the equivalent electricity system balancing model under P2272.

**Update:** JD requested this be carried forward. The Workgroup believed there was benefit under relevant objective a) and would consider in more detail in its report.

**Carried forward**

**0432 10/08:** Ofgem (JD) to look to set up a discussion between interested parties to ascertain what Gemini costs have, or have not been allowed for and to come back to the Workgroup with a view on any potential future incremental Gemini funding arrangements.

**Update:** A meeting had been set up for the following week. JD observed that User Pays was not a means of funding NTS, but did not feel that the Workgroup's Report should be held up because of this reason/possibility of a potential funding event. SMc added that NTS discussions with Ofgem are being arranged and an update will be provided at the next meeting. **Carried forward**

**0432 10/09:** National Grid Transmission (JV) to confirm what the actual Gemini Winter Operation Rule restrictions are.

**Update:** SMc explained that the data from Gemini is output to iGMS. Gemini itself is not CNi but it could present significant issues for iGMS if it was offline or the information provided through Nexus is not tested for compatibility. The Winter Operations periods is 01 October – 31 March each year, with September as a 'shoulder' month to ensure minimal disruption onto systems like iGMS. It is unknown whether it will be a material change to Gemini, and no idea of the scale of any change/impacts; risk assessments will be necessary. SM observed that criticality is attached to the data output that feeds into the Gemini system, and whether this can be generated to feed into iGMS.

Noting that until the impacts on Gemini are better understood it is difficult to take forward, BF asked for views on whether 01 October 2015 was still an appropriate implementation date, and whether an Issue and associated Risk Assessment should be raised for Gemini impacts.

Xoserve manage Gemini on behalf of National Grid NTS, and AM pointed out that the scale of any impact will not be known until the design level detail is clarified. Some areas might be predicted to be potentially impacted, but there is no way of quantifying the scale of any solution at this time, and certainty would be required that no further changes would be envisaged.

It was recognised that no party wished to maintain legacy systems for longer than was necessary – the question was, does what needs to happen to Gemini impact the 01 October 2015 implementation date such that it will need to move to 01 April 2016?

It was noted that wider EU changes will take precedence, and the forecasting of potential changes to Gemini was very unpredictable. Change congestion is a real problem and Xoserve is endeavouring to accommodate as much as it can in a timely manner. SM asked what was the critical path for delivering a risk assessment for Gemini. AM explained progress so far. At the end of the high-level design period Xoserve was more likely to have a good idea of how to accommodate Gemini changes, but it was probably going to be the latter end of Q2 2014 before any implications are understood. Compliance with EU change in 2015 is a major factor to be addressed. Gemini will change, but as yet until more details are available there is no clear idea of how any required changes will be best/most efficiently undertaken (inside/outside of Gemini).

Given all the uncontrollable uncertainties that still pertained, CB was of the pragmatic view that the Workgroup should proceed with the assumption of 01 October 2015 as the implementation date, but with the caveat that it was subject to review as further detailed information became available. JD shared CB's view, and agreed progress should be made, with a proper framework in place so that change could be reacted to if appropriate.

SM suggested creating a Project Risk Register to capture these uncertainties and maintain visibility, and to track the 'history/reasons' of why the Workgroup has made any decisions to proceed in a particular direction. The maintenance/administration of such a register was discussed, with the suggestion that an industry steering group rather like the equivalent of an RGMA steering committee might be set up, able to take a broader view and take up post implementation issues, perhaps chaired by Ofgem.

**NEW Action 0432 10/11: Xoserve to compile an Issue/Risk Register and an associated management process for review.**

Considering the implementation date and ability to change it using the existing tools available, JD outlined the timeline for decision making and believed that an implementation notice for 01 October 2015 could be issued, but with the proviso that the Transporters do not have discretion to change this date without Ofgem's consent. This could provide an acceptable degree of certainty but also offer a review route should one be required. Ofgem may need to take a lead on holistic prioritisation of a number of changes that may be required at any one time. **Carried forward**

**0432 10/10:** All parties to review the legal text and provide feedback at the 30 October meeting.

**Update:** No further comments had been provided.

CW recapped on tasks still to do, which included revising the modification to update the BRD references following today's discussions, and to reflect decisions made (at/by? the AUGE).

The lawyers were reviewing the legal text; amendments will be made to the text guidance document, and instructions on the approach as to how text should be implemented will be confirmed to the Joint Office. CW briefly explained the proposed approach.

BF expressed concern that the Workgroup was not seeing the finalised text before completing its report. CW responded that there was to be very little change to content.

CB pointed out that the proposed approach described might affect iGT039, which was looking to point to the UNC; CW noted this for consideration. **Closed**

## 2. Workgroup Report Development

### *Benefits Case Consultation Report*

AM explained the changes made to reflect feedback received, and the information that had been included following identification at the Workgroup 0432 and 0434 meetings. AM pointed out that a benefit to Modification 0434 becomes a risk to Modification 0432 should Modification 0434 not be implemented.

Responding to SM's point that in reality a system won't be in operation for 5 years and current experience shows that 10 years would be more pragmatic, it was noted that the 5 year window had been agreed by Ofgem (JD); CB added that it is usual practice to write IS systems down over 5 years (depreciation).

AM confirmed that the report would be finalised and provided to the Joint Office for addition to the Workgroup Report.

### *Legal Text*

CW explained the progress made. A 'place holder' was required in the code to give Xoserve the confidence that if intervention was required it could happen. A further modification could always be brought forward to develop an intervention regime. Text had been produced to reflect the three stages of intervention.

CW explained the addition of TPD E Annex E-1, then moved on to clarify the changes made at TPD C 1.5.3 and in TPD E.

SM had provided a Table proposing an alternative approach and this was explained and reviewed. Serious consideration need to be given to assess what was the more appropriate route and how this determined a party's share of the unallocated energy. Optimisation of position through movement between the Classes, creation of perverse incentives, and 'gaming' were discussed.

AM explained that a 'balancing factor' would be applied and how this would work to make the allocation in proportion to throughput across all available sites. It would

continue to be run until all gas had been allocated; volume will move between the classes as it 'washes through'.

The UDQO slides were displayed and discussed. SM questioned how risk could be predicted – how could a party work out its 'share of the pot'. SC explained how she thought it might be done given the information currently provided.

CB believed SM's proposed approach was simpler than that currently in the BRD. MD suggested removing the table from the BRD and replacing with reference to a scaling factor; the table could be included in the new modification. CW confirmed the table would not be included in this Modification 0432.

The Settlement BRD will be updated to reflect reliance on Expert Determination (not intervention).

#### *Draft Workgroup Report*

The Workgroup's report is due to the UNC Modification Panel on 21 November 2013. The report was reviewed in light of the preceding discussions. BF asked all to consider risks and how these might be captured within the Workgroup's report.

**Action 0432 10/12: All to consider risks and how these might be captured within the Workgroup's report.**

#### *Next Steps*

CW will revise the modification before the next meeting.

### **3. Any Other Business**

None raised.

### **4. Diary Planning**

The following meetings are scheduled to take place during 2013/14:

<b>Time / Date</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:30 Thursday 07 November 2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	0432 & 0434 – <i>completion of Workgroup Reports meeting.</i>
10:30 Wednesday 04 December 2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	<i>Initial consideration of transitional requirements and possible draft AUGE Modification.</i>
10:30 Wednesday 08 January 2014	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	<i>Ongoing consideration of transitional requirements and possible draft AUGE Modification.</i>
10:30 Wednesday 05 February 2014	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull B91 3QQ.	<i>Ongoing consideration of transitional requirements and possible draft AUGE Modification.</i>

## Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0432 10/06	22/10/13	1.2	To discuss with Denton’s lawyers and Ofgem how best to incorporate a system assurance (inc. the system / AUGE factors table) statement into the legal text for 0432, and the associated BRD’s (where applicable) and to also consider the raising of a new modification that seeks to look at the AUGE role and framework requirements for the interim 2 year (transitional) period.	National Grid Distribution (CW)	<b>Closed</b>
0432 10/07	22/10/13	1.2	To provide a view as to whether or not they believe that relevant objective a) is applicable for 0432 in regard to any potential system balancing related benefits, especially when bearing in mind the equivalent electricity system balancing model under P272.	Ofgem (JD)	Carried forward
0432 10/08	22/10/13	2.1	To look to set up a discussion between interested parties to ascertain what Gemini costs have, or have not been allowed for and to come back to the Workgroup with a view on any potential future incremental Gemini funding arrangements.	Ofgem (JD)	Carried forward
0432 10/09	22/10/13	2.2	To confirm what the actual Gemini Winter Operation Rule restrictions are.	National Grid Transmission (JV)	Carried forward
0432 10/10	22/10/13	3.0	To review the legal text and provide feedback at the 30 October meeting.	All	<b>Closed</b>
0432 10/11	30/10/13	1.2	Xoserve to compile an Issue/Risk Register and an associated management process for review.	Xoserve (AM/MD)	<b>Pending</b>
0432 10/12	30/10/13	2.0	All to consider risks and how these might be captured within the Workgroup’s report.	ALL parties	<b>Pending</b>