

**UNC Workgroup 0434 Minutes
Project Nexus – Retrospective Adjustment**

Tuesday 04 December 2012

at 31 Homer Road, Solihull, B91 3LT

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
Alex Ross	(ARo)	Northern Gas Networks
Alison Jennings	(AJ)	Xoserve
Anne Jackson*	(AJa)	SSE
Andy Miller	(AM)	Xoserve
Chris Warner	(CW)	National Grid Distribution
Cesar Coelho	(CC)	Ofgem
Darren Lindsay	(DL)	E.ON UK
Dave Corby	(DC)	National Grid NTS
David Mitchell	(DM)	Scotia Gas Networks
Elaine Carr*	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Emma Smith	(ES)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Gareth John	(GJ)	Corona Energy
Huw Comerford	(HC)	utilita
Jon Dixon	(JD)	Ofgem
Julie Varney	(JV)	National Grid NTS
Lorna Lewin	(LL)	Dong Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Mike Lapper	(ML)	National Grid Distribution
Naomi Anderson	(NA)	EDF Energy
Peter Thompson	(PT)	Customer Representative
Steve Mullinganie	(SM)	Gazprom
Tabish Khan	(TK)	British Gas
Tim Davis*	(TD)	Joint Office of Gas Transporters
Zoe Murphy	(ZM)	RWE npower

* via teleconference link

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

A request to provide additional clarity around the delivery dates within paragraph 11, in item 2.0, on page 3 of the minutes was made by DC, as follows:

Insert additional text into the statement that begins ‘DC wondered if consideration of the wider issue of should we do it, be beneficial. He then expressed the view that the existing code has always been drafted on the principle that input data is accurate. By setting a precedent in Code to

recognise certain data items as not being assumed to be correct is not in line with this principle. Responding, CW agreed that it is potentially impossible to draft a contract that assumes that data inputs can be incorrect, but that this proposal provides a specific framework for the selected data items to be adjusted in a more efficient manner’.

Please note: a revised set of minutes for the 06 November 2012 meeting have subsequently been published.

Thereafter, the minutes of the previous meeting were accepted.

1.2 Review of Actions

Action 0434 11/01: All parties to consider the modification and provide their views of whether or not it could/should be de-scoped and whether or not the relevant objectives are ‘fit for purpose’ or require further development.

Update: CW explained that as the BRD had been previously completed with the help of full industry participation, he would be disappointed if the Workgroup was to now seek to change it – a view supported by those present.

Closed

2. Discussion

(draft) Workgroup Report discussion

As part of the review of the draft report BF made on screen changes in accordance with the points raised.

The Workgroup undertook an on screen review of the draft report and started by focusing attention on **Section 3 Solution**. BF advised that as the solution is owned by the Proposer, National Grid Distribution (CW), any views that parties have regarding the scope of the modification should be directed at the proposer.

Moving on to consider **Section 4 Relevant Objectives**, the consensus amongst those present was that these are currently fit for purpose as written.

In considering **Section 6 Legal Text**, CW reminded parties that the legal text for this modification would only be developed once the legal text for 0432 has been prepared – this raised concerns amongst those present, most notably, Xoserve (AM) who pointed out that they need both sets of legal text (0432 & 0434) at roughly the same time in order to be able to progress their project responsibilities. The requirement was acknowledged by the proposer.

On a more general note, BF enquired whether or not, the modification is represented within Xoserve’s proposed report on benefits, to which AM indicated it was not.

CW enquired as to how Ofgem think the modification should be progressed, especially in light of the fact that the majority of the Project Nexus ‘big issues’ are being tackled within modification 0432. Responding, CC reiterated that each modification would be considered on its own merit – some members of the Workgroup still support a single Project Nexus modification in preference to multiple smaller specific modifications, as they believe that it may be difficult to assign some of the broader Project Nexus benefits to this modification. This would be seen within the costs, as individually each would be more expensive to implement than collectively.

CW wondered whether, as a largely Shipper ‘driven’ modification, the Workgroup still considered that it is needed. Following a brief discussion, the consensus was that the modification would still be needed to cater for the initial cut over period at least.

Data Cleansing and Migration presentation

AM provided a brief overview of the presentation.

The main body of discussion took place around the final slide 'Other considerations' where AM requested that parties provide any data cleansing topic or issues supporting information so that further consideration may be undertaken.

SM remains of the view that data cleansing is an integral (automatic) part of any data migration exercise. Furthermore, he believes that UNC Modification 0343 'The ability and requirement for Users and Transporters to raise issues to be considered by the Allocation of Unidentified Gas Expert as "known" issues' has merit and that this proposal (0434) does not negate this fact, especially if you bare in mind that data cleansing issues were largely ignored during the unbundling project – it was also acknowledged that in reality, the industry may never completely resolve all data issues.

On behalf of customers, PT voiced his concern on whether this modification is actually required, seeing as data quality is already being improved by delivery of Project Nexus and more frequent meter reads. He remains worried by the fact that by enshrining data cleansing within the auspices of the Uniform Network Code, the only true beneficiaries are the Suppliers, as this potentially provides them with a level of protection. This was not necessarily a universally supported view, however, it was acknowledged that in reality it may not be possible to achieve 100% 'pure' data and therefore the modification potentially provides a mechanism to resolving future (data) issues as it provides a safety net.

SM firmly believes that as the market is already moving towards utilisation of improved technology that sits alongside enhanced information granularity through initiatives such as the rollout of SMART metering, there would be benefit in having a mechanism to address issues as prescribed by this modification. PT however, sees delivery of Project Nexus as an ideal opportunity to clean data and therefore still questions the true value of the modification. SM suggested that whilst Project Nexus delivery could/would resolve some, if not all, legacy data issues, he remains concerned by the potential lack of a mechanism to address future data issues, when and if, they arise – in essence, this modification provides a 'safety net' and a means of risk mitigation. In support, MJ also believes that the modification affords parties an element of protection should they inherit already corrupt data in future. The SMART programme would see the installation of millions of new assets, which may identify errors on existing sites that need to be corrected.

SM remains concerned by an apparent (incorrect) perception that parties (i.e. Suppliers) would, and do input corrupt data deliberately. Whilst accepting that the industry is actively undertaking data cleansing activities already, he still sees merit in retaining this modification, especially when supported by appropriate governance mechanisms.

When asked about the potential costs associated with 0434, AM drew attention to the final slide in his 'Project Nexus cost breakdown' presentation, before explaining that these figures provide a rough guide and are reflective of being asked subtly different questions (to those that derived the 'original' £20 million project cost estimate) around Project Nexus costs. In short, by looking at how much each element costs you loose some of the economies of scale hence the slightly inflated figures now presented. Asked whether these figures include Gemini considerations, AM confirmed, that in part, they do. GE believes that the figures now presented support his original conviction that a single modification is the preferred approach. However, he did acknowledge that there are potential 'reverse savings' that may be obtained with the current approach.

In closing, BF suggested that perhaps the Proposer could/would/should consider amending the modification to take into account customers (PT's) concerns and that the process should be used in exceptional circumstances. CC requested that the modification also considers addressing aspects such as potential gaming issues and therefore look to providing both a suitable (governance) assurance reporting mechanism along with improved transparency. PT indicated that subject to the provision of controls such as described above, he would support development of the modification.

3. Any Other Business

None.

4. Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting

No new actions were assigned.

5. Diary Planning

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	08/01/2013	National Grid, 31 Homer Road, Solihull, West Midlands. B91 3LT.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	22/01/2013	Location to be confirmed.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0434 11/01	06/11/12	2.	To consider the modification and provide their views of whether or not it could/should be de-scoped and whether or not the relevant objectives are 'fit for purpose' or require further development.	All	Update provided. Closed