

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

Tuesday 08 January 2013

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
Alison Jennings	(AJ)	Xoserve
Anne Jackson	(AJa)	SSE
Andy Miller	(AM)	Xoserve
Brendan Murphy	(BM)	Waters Wye Associates
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Dave Corby	(DC)	National Grid NTS
Ed Hunter	(EH)	npower
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Emma Smith	(ES)	Xoserve
Erika Melen	(EM)	Scotia Gas Networks
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
Naomi Anderson	(NA)	EDF Energy
Peter Thompson	(PT)	Customer Representative
Steve Mullinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas
Tabish Khan	(TK)	British Gas
Tracy Lake	(TL)	National Grid Distribution
Tony Franklin	(TF)	National Grid Distribution

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

There were no actions to consider.

2. Discussion

Benefit Case consideration

In discussing the benefits case for the modification, views once again remained polarised over whether or not there should be an individual (on a modification-by-modification basis) or 'grouped' overall Project Nexus benefits case approach adopted. CW pointed out that whilst modification 0432 provides for a 'sunny day' framework, 0434 looks to providing a correction mechanism for when things actually go wrong, thereby aiding all parties including customers – he remains of

the view that looking at the modifications specific benefits is helpful. NA felt that providing a benefits case for the modification is relatively easy to justify when compared to 0432 for instance. For her, it is more of a timing issue for providing the benefits case information. JD also suggested that, as the modification is significantly different in nature to the 0432 – gas settlement reform modification there would be advantages in conducting a separate benefits exercise.

In acknowledging that having a correction mechanism available, especially during any transition period is beneficial, SM suggested that the real issue boils down to the timings involved and resource availability and to this end, SM, NA and LL believed that providing the information by 15 February remains an unrealistic target. In continuing the discussion, JD agreed that due to the potential levels of commitment required to provide cost benefits analysis and information provision, any information provided should be proportional to the perceived benefit involved. In short, information should be based on current operational data (i.e. how much it currently costs to address issues and applying an appropriate FTE (Full Time Equivalent) cost factor against this). However, he was also keen to point out that progression of the modification should NOT dilute current obligations placed on various participants and should go ‘hand in glove’ with an appropriate performance assurance regime. Asked if this (performance assurance regime) view still holds true even when parties have provided suitable (robust) cost benefits information, JD indicated that it does as the time for introducing such a regime should be considered now. It was also noted that development of the modification would also need to ensure that data is fixed by agreement without being detrimental to any existing data. – the crux of the issue remains the management of, and ability to, fix incorrect data.

BF suggested that another issue relates to the fact that the workgroup / industry do not know the true cost of the modification as it is integrated within the wider auspices of Project Nexus. Discussion then centred on Project Nexus funding arrangements with opposing views being voiced – Ofgem believe that Project Nexus like-for-like system changes funding had already been included and that we are only looking at the funding associated to the addition of new functionality. To this end, JD agreed to undertake a new action to discuss the Project Nexus funding arrangements with his Ofgem colleagues and provide a view on what has, or has not been included within the current Price Control allowance.

In closing anew action was placed against all parties to provide some high-level cost benefit information for this modification as soon as practicably possible (subject to resource constraints) and hopefully in time for consideration at the next meeting.

3. Any Other Business

None.

4. Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting

The following new actions were discussed and assigned:

New Action 0434 01/01: Ofgem (JD) to discuss the Project Nexus funding arrangements with his colleagues and provide a view on what has, or has not, been included within the current Price Control allowance.

New Action 0434 01/02: All parties to look to providing some high-level cost benefit information for the modification as soon as practicably possible (subject to resource constraints) and hopefully in time for consideration at the next meeting.

5. Diary Planning

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	22/01/2013	National Grid, 31 Homer Road, Solihull, West Midlands. B91 3LT.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	05/02/2013	National Grid, 31 Homer Road, Solihull, West Midlands. B91 3LT.
Project Nexus Workgroup (inc. 0432 & 0434 Workgroups)	19/02/2013	Location to be confirmed.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0434 01/01	08/01/13	2.	To discuss the Project Nexus funding arrangements with his colleagues and provide a view on what has, or has not, been included within the current Price Control allowance.	Ofgem (JD)	Update to be provided in due course.
0434 01/02	08/01/13	2.	To look to providing some high-level cost benefit information for the modification as soon as practicably possible (subject to resource constraints) and hopefully in time for consideration at the next meeting.	All	Update to be provided in due course.