
UNC Workgroup 0473 Minutes
Project Nexus – Allocation of Unidentified Gas
Wednesday 02 April 2014
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrea Varkonyi	(AV)	first-utility
Ben Trasler	(BT)	Opus
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Fiona Cottam	(FC)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Graham Wood*	(GW)	British Gas
Huw Comerford	(HC)	Utilita
James Hill	(JHi)	EDF Energy
James Rigby	(JR)	RWE npower
Jon Dixon*	(JD)	Ofgem
Karen Kennedy	(KK)	RWE npower
Leigh Chapman	(LC)	first-utility
Linda Whitcroft	(LW)	Xoserve
Lorna Lewin	(LL)	DONG Energy
Martin Connor	(MC)	National Grid
Mark Jones	(MJ)	SSE
Rachel Martin	(RM)	Xoserve
Steve Mulliganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0473/020414

The Workgroup Report is due to the Panel on 19 June 2014

1. Review of Minutes and Actions

1.1. Review of Minutes

The minutes of the previous meeting were accepted.

1.2. Review of Actions

0473 03/01: All parties to consider what role and responsibilities may be for the UNCC and any proposed sub-committee going forward.

Update: After GE explained the rationale behind the action and BF suggested that the proposed solution was a 'halfway house' where any new sub-committee could / would report its recommendations to the Uniform Network Code Committee (UNCC), the consensus amongst those present was to continue with the current open and transparent

(default) process and look to establishing a mandated sub-committee should the need arise. **Closed**

0473 03/02: Xoserve (FC) to consider the proposed timeline tendering related impacts and provide a view at the next meeting.

Update: FC suggested that this action would be 'covered' under the review of the Guidelines document later in the meeting. **Closed**

0473 03/03: Waters Wye Associates (GE) to amend the guidelines document to reflect the discussion points raised including changes to the tendering process timescales and assessment of potential UNC related impacts (especially as this modification is expected to precede the Project Nexus go-live date).

Update: GE advised that an amended version of the guidelines had been provided. **Closed**

2. Review of AUGE Guidelines

Opening, BF explained that another amended version (which now includes Xoserve's comments) of the guidelines had been provided prior to the meeting, which is available to view on the Joint Office web site under this meetings page.

During the discussion GE explained that as a general 'rule of thumb' the dates provided are his preferred ones.

Parties then discussed the need to consider tweaking the "**Unidentified Gas**" defined term and adding a new AUGE specific term and acknowledged that care may be needed to align with the UNC definition(s). It was suggested that the Workgroup might also need to consider various aspects such as procurement, threshold considerations, potentially amending the proposed October implementation date and transitional considerations.

In looking at the procurement issues, a new action was placed against Xoserve to investigate whether or not a legal view (in summary, or in full) on the feasibility (or not) of amending the current procurement process to 'fit in' with Modification 0473 as a basis for the future procurement process (inc. threshold considerations) could be provided to Ofgem in due course. JD indicated that he believes that there may be value in looking at the possibility of adopting a short-term AUGE procurement process.

When GE asked if anyone would have any real issue with the proposal that the transition arrangements sit in the guidelines, there were no major concerns raised other than pointing out that this would / could depend on consideration of specific dates and roles therein.

During a review of Section 4 – Tendering process, GE indicated that he would look to amend the market sector definition, whilst FC believed that Xoserve analysis had not focused on the market sector per se. In considering paragraph 4.1.8 provisions, FC advised that she is awaiting a view from her procurement team colleagues before being in a position to comment one way or another.

In considering the proposed removal of the query process, GW advised that British Gas remain concerned at its removal and remain keen to understand what alternative process is to be put forward – he intended to discuss this with GE offline in due course. GE also requested that should anyone have any views on this matter to please contact him and let him know.

Moving on to consider how parties would highlight issues to the AUGE in future, several parties voiced concern at the apparent lack of a mechanism for raising issues with the AUGE direct. Responding, GE pointed out that the ability has not been removed, simply repositioned to take place within the actual consultation process window. Whilst he is happy to tweak the wording, he remains of the view that it is best to avoid a process whereby the AUGE would / could be continually bombarded with issues – a position he does not wish to promote. It was suggested that whilst the bulk of the issues should be raised (and addressed) within the consultation window, a compromise that would allow for additional issues to be raised with the AUGE outside of this period would / could prove to be

beneficial, as long as it is NOT allowed to delay the overall process and such issues were then considered in the following years review.

In reviewing the dates outlined within Section 7 – Creation of AUGS Document, GE confirmed that the two May Bank Holiday dates had been catered for in the proposed timeline and that it is expected that a factors table would be included within the document. GE also agreed to add more clarity around the draft and non draft AUGS aspects, and reiterated his desire to stick with the target of the May UNCC meeting. He will consider amending the dates to align with today's discussions along with inclusion of an additional issues raising mechanism and provide an updated version of the document in due course.

GE then advised that he is intending to provide updates for consideration at the next meeting and recognises that aspects such as provision of a suitable business case, consideration of the benefits v's costs, relevant objectives and the merits / detriments of the current v's proposed process on how best to manage the AUGS unallocated gas aspects would need to take place during the development of the modification. When asked about what level of 'rigour' Ofgem would be expecting with this modification, JD indicated that whilst recognising the unusual nature of the modification and baring in mind Ofgem's views on Modification 0432 / 0434, he believes that the business case would need to stand up in its own right. It was concluded that should this (new) modification be approved, there would be no need to revisit the Project Nexus BRD's.

When asked whether or not Xoserve had a date in mind for when they would be able to commence the 2015 procurement exercise, FC advised that in essence, we have already 'missed the boat' as they need a 6 month lead time with 2 clear months before issuing a tender.

JD enquired whether or not it might be possible to utilise the existing AUGS process to 'bridge' any possible delivery date gaps. GE suggested that whilst this may be one way of addressing the transitional issue(s), it would depend heavily on which dates are selected as these influence what will ultimately be recommended within the Workgroup Report (inc. adoption of a Modification 0432 style approach).

When asked whether the current AUGS factors table could be utilised during a carry over (transitional) process, FC pointed out that careful consideration of the potential impacts of such an approach would be needed as the current table incorporates an element of RbD. SM suggested that whilst there are several possible options, bottoming out the procurement aspects remains of paramount importance. It was also noted that the forthcoming Panel decision on UNC Modification 0491 'Change implementation date of Project Nexus to 1st April 2016' scheduled for Monday 07 April would / could have a big influence on matters.

Action 0473 04/01: Xoserve (FC) to investigate whether or not a legal view (in summary, or in full) on the feasibility (or not) of amended the current procurement process to 'fit in' with 0473 as a basis for the future procurement process (inc. threshold considerations) could be provided to Ofgem in due course.

Action 0473 04/02: Waters Wye Associates (GE) to consider the potential transitional arrangements requirements and provide a view at the next meeting.

3. Discussion

It was agreed that this had been sufficiently covered under item 2 above.

4. Any Other Business

None.

5. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The following meetings are scheduled to take place during 2014:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 15 April	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Ongoing discussions
10:30 Monday 12 May	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Review of draft legal text and draft Workgroup Report
10:30 Wednesday 04 June	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Sign off legal text and complete Workgroup Report

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 03/01	19/03/14	2.	To consider what role and responsibilities may be for the UNCC and any proposed sub-committee going forward.	All parties	Closed
0473 03/02	19/03/14	2.	To consider the proposed timeline tendering related impacts and provide a view at the next meeting.	Xoserve (FC)	Closed
0473 03/03	19/03/14	2.	To amend the guidelines document to reflect the discussion points raised including changes to the tendering process timescales and assessment of potential UNC related impacts (especially as this modification is expected to precede the Project Nexus go-live date).	Waters Wye Associates (GE)	Closed
0473 04/01	02/04/14	2.	To investigate whether or not a legal view (in summary, or in full) on the feasibility (or not) of amended the current procurement process to 'fit in' with 0473 as a basis for the future procurement process (inc. threshold considerations) could be provided to Ofgem in due course.	Xoserve (FC)	Pending

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