
UNC Workgroup 0473/0473A Minutes
Project Nexus – Allocation of Unidentified Gas
Tuesday 07 October 2014
31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alex Ross-Shaw*	(ARS)	Northern Gas Networks
Alison Neild	(AN)	Gazprom
Andy Miller	(AM)	Xoserve
Brendan Cooper*	(BC)	GDF suez
Chris Warner	(CW)	National Grid Distribution
Ed Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Gareth Evans*	(GE)	Waters Wye Associates
Graham Wood	(GW)	British Gas
Huw Comerford	(HC)	Utilita
James Hill	(JH)	EDF Energy
James Rigby	(JR)	RWE npower
Jon Dixon*	(JD)	Ofgem
Leigh Chapman	(LC)	First Utility
Liz Furmedge	(LM)	First Utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michelle Downes	(MD)	Xoserve
Mike Bagnall	(MB)	British Gas
Michael Paul	(MP)	Gazprom
Paul Hamilton*	(PH)	SSE
Richard Franklin	(RF)	Opus Energy
Sallyann Blackett	(SB)	E.ON
Steve Mulinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0473/071014>

The Workgroup Report is due to the Panel on 16 October 2014

1. Review of Minutes

Approved.

2. Review of Framework Documents

GE provided a set of amendments to the [Draft AUGÉ framework](#) guidelines. No comments were provided

GE confirmed that Modification 0473 had not been further amended and was suitable for reporting back to Panel.

SC had submitted a revised version of Modification 0473A. MB advised that they had included reasons how the modification differs to 0473 and updated the relevant objectives. SM was concerned that it was being alleged that Modification 0473 was proposing a “safe haven” as a reason for furthering the relevant objectives in Modification 0473A and he did not recognise this approach. MB confirmed that they felt Mod 0473 was proposing a “safe haven” for Class 2 sites during the proposed transitional period, as they would effectively be able to opt out of Unidentified Gas costs during this period. Mod 0473A was not proposing this for Class 2 sites so it should be considered a fairer way to apportion costs and therefore further the relevant objectives. SM was still concerned about the reference to Mod 0473 allowing anti competitive practises for selected sites. He requested that British Gas reconsider the statement.

MB provided an explanation of the changes made to the business rules

AM confirmed the Nexus functionally allowed Class 3 & 4 to move to Class 2, the anticipated numbers were scaled for large meters and not for the general meter population. The system is not designed for 23m Class 2 meters. SB believed the BRD suggests the system will be scaled for 29k Class 2 meters. MD confirmed that this was an assumption used in the BRD as no firm evidence was provided as to the likely numbers. AM confirmed that there would be a reasonable level of headroom above this but it was not designed for a substantial shift in site population to Class 2. SM challenged that Nexus does not have any constraints, other than an expectation around the introduction of SMART and Advanced metering requirements and its associated ramp up. SM wished to understand the system capability. AM asked the industry to clarify a change in requirements for most of Class 3 & 4 sites migrating to Class 2. MB felt that Mod 0473 puts in place an incentive for all sites capable of being daily read migrating to Class 2. AM enquired if the AUGÉ table scaling factor provided a estimate of gas allocations for Classes 2,3 & 4, if so shouldn't this be used during transition. GE believed in the future there maybe a shift to Class 2 for non-domestic sites but it was not anticipated that Mod 0473 would incentivise domestic sites to do so for a short term gain.

HC explained that Shippers will not want to expose themselves to unknown costs associated with the Unidentified Gas costs apportioned by the AUGÉ if they had confidence that by paying charges for Class 2 they could be given certainty on their charges, therefore this would feature in their planning and roll out of SMART metering.

MB noted that Xoserve may need to review systems capability for Nexus if Class 2 becomes the “normal” site Class rather than Class 3 or 4. AM explained the expectation in the requirements is to anticipate over a period of time following implementation of 0 in Class 4, 22m in Class 3 and 1m in Class 2 and a small number in Class 1. Class 4 to 3 movement was anticipated based on Workgroup views provided and which the system build was designed on.

Action 1001: AM to confirm the anticipated system build volumes for each Product Class.

JD believed the modification implies an extended transitional period. MB explained, that Mod 0473A attempts to address the transitional mechanism for allocating costs by using previously identified data available to the expert, although he noted this was longer than that for Mod 0473, it was anticipated the expert would review the transitional arrangements and not wait until the end.

SM was concerned that a number of issues had been raised late in the process and this could delay the progress of the modifications resulting in an extended transitional period. The aim should be to conclude the reports sooner to reduce the potential consequences of delay.

The Workgroup reviewed the [UGIE Guidelines](#).

3. Workgroup Report

3.1. Consideration of Legal Text

The Workgroup considered the provision of Legal Text. It was suggested that due to the complexities the Workgroup Report should review the Legal Text before it is submitted to the UNC Panel with Legal Text.

However, GE was concerned about the inherent delay providing the Panel with the text and whether the provision of Legal Text would actually impact responses to the consultation.

MB confirmed that the Legal Text is being worked on with Northern Gas Networks and a meeting is planned for Thursday 09 October with an aim of concluding the text.

3.2. Completion of Workgroup Report

The Workgroup agreed to review the report and aim to conclude discussions on 10 October 2014

4. Next Steps

BF confirmed that following completion of the Workgroup report on 10 October the UNC Panel would consider the report at short notice on 16 October 2014.

5. Any Other Business

None.

6. Diary Planning

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

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Friday 10 October 2014	31 Homer Road, Solihull, B91 3LT	<ul style="list-style-type: none"> • Consideration of Legal Text • Conclusion of Workgroup Report

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	07/10/14	2.0	AM to confirm the anticipated system build volumes for each Product Class.	Xoserve (AM)	Pending