# UNC Workgroup 0531 Minutes
# Provision of an Industry User Test System
# Tuesday 09 August 2016
# Consort House, 6 Homer Road, Solihull B91 3QQ

## Attendees

| | | |
|---|---|---|
| Bob Fletcher (Chair) | (BF) | Joint Office |
| Lorna Dupont (Secretary) | (LD) | Joint Office |
| Andy Clasper | (AC) | National Grid Distribution |
| Angela Love* | (AL) | ScottishPower |
| Chris Warner | (CW) | National Grid Distribution |
| Colette Baldwin | (CB) | E.ON |
| David Addison | (DA) | Xoserve |
| Emma Lyndon | (EL) | Xoserve |
| Hilary Chapman | (HC) | Scotia Gas Networks |
| Jaimie Simpson* | (JS) | Engie |
| Kristian Pilling* | (KP) | SSE |
| Lorna Lewin | (LL) | DONG Energy |
| Mark Jones* | (MJ) | SSE |
| Michele Downes | (MD) | Xoserve |
| Phil Lucas | (PL) | National Grid NTS |
| Steve Mulinganie | (SM) | Gazprom |

*via teleconference*

*Copies of all papers are available at:* http://www.gasgovernance.co.uk/0531/090816

*The Workgroup Report date is due to be presented at the UNC Modification Panel on 15 September 2016.*

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (12 July 2016)

The minutes of the previous meeting were approved.

### 1.2. Actions outstanding

**0701:** DNOs to consider the potential for their future use of the system and, if it is concluded that they would use it, define an appropriate portion of any costs.

**Update:** The DNO representatives present confirmed they would not need to do any testing system and therefore see no need to utilise this proposed system, which would be solely for the use of Shipper Users. **Closed**

**0702:** MJ to decide how the Shipper component of any costs should be funded.

**Update:** Allocated in the amended modification. **Closed**

**0703:** Xoserve to define:
   a) what the asset funding profile looks like;
   b) what the depreciating asset profile looks like and over how many years;
   c) what funding/recovery models might be appropriately applied, and over what sort of term.

**Update:** DA commented that it is not 100% capex and may depend on how the service is eventually provisioned (it may involve elements of both capex and opex). Typically software development is treated as an opex activity (it is involved in making the capability available). DA advised that there might be an alternative option for provision, which might involve booking server space with a service provider/partner although it is too early to say if this would be a viable option at this time.

DA confirmed that the overall costs were still dependent on the scale of usage and that there may be more efficient ways of provisioning what ever might be the eventual requirement; £2m gives a broad sense of costs/scale of provision, but Xoserve does not yet have any real sense of the scale of usage(s), etc. Once the modification is approved more detailed assessments can be made following dialogue with Shipper parties who might use it. At this stage the demand for any such provision is unknown, and the high level costs have been provided based on a traditional model solution (capital intensive). DA gave some examples of testing scenarios, which may be intermittent in usage. SM referred to other changes happening and how these might be accommodated. DA believed that Faster Switching and the potential Smart Rollout may require other modifications to effect environment changes.

The difficulties that existed in providing any further detail at this stage were recognised and it was agreed to close the action. **Closed**

**0704:** *UK Link Testing System and Procedures document* - MJ and KP to review and provide any further comments to DA as soon as possible (by 29 July 2016 at latest).

**Update:** Completed. **Closed**


**2.0 Consideration of Treatment of Costs**

The User Pays elements were reviewed, and it was confirmed these were based on current arrangements.

AL asked if the modification were implemented following the implementation of FGO arrangements, would funding and utilisation be covered by those arrangements; DA would expect FGO arrangements to prevail if that were the case. Elements have yet to be determined; however the constituencies are defined it would be paid for via that mechanism. In the present position it can only proceed with the arrangements as currently known.

**3.0 Amended Modification**

MJ confirmed the modification had been revised to take account of the required changes as agreed in discussions at the last meeting.

**4.0 Conclusion of Workgroup Report**

The draft report was reviewed and various points were discussed.

The investment costs were considered. The initial build would be a high capex cost, to be 100% Shipper funded. Operation and updates over time would be opex costs. From a demand aspect, there could be a more efficient way of meeting this that does not involve equipment and hardware sitting in a room mostly unused for the majority of time. Recovery of costs under the current model would be recovered up front. For any alternative, consideration would have to be given to any required turn around time and the provision of an acceptable solution. DA explained how Xoserve would test its systems; it would not have an external testing stack that would be readily available for other use. DA added that he was expecting to get shorter lead times on User testing, and gave examples. Frequency would drive the reactions. Parties' readiness for Nexus implementation and the scale of interim code drops may also have an impact.

Potential requirement for and usage of testing environments was discussed. It was recognised that costs of any potential alternative solutions were unable to be ascertained. SM felt that at an mprn level it was considered that costs would not be very great, however CB was concerned that costs would be allocated on portfolio size and not the need to use the testing system. DA explained what Xoserve testing environments existed and how they were used. BF observed that Nexus was an industry testing environment - why was this being funded differently? Was its capability any different? DA explained the 'old UK Link' operation, and how files could be manually manipulated; SAP was different, with portal access. No account was taken of making any external testing environment available.

SM asked if the testing environment(s) created for Nexus or RAASP could be made enduring. DA responded that Xoserve would be shutting it down and making it a support environment, test environments were sometimes a feature of service provision when a new system is procured and therefore not considered to be enduring. CB pointed out there would be a need to test the further releases following Nexus implementation, and asked how Xoserve was planning to deal with that. DA observed that the expectation was that Users will want to test and it will be provisioned on this environment. If the modification was not approved then retrospective aspects of testing would be as currently done (manual elements) and DA gave more detail as to how that might be managed.

SM voiced concerns regarding the delivery of RAASP, anticipated to be 12 months after Nexus implementation, and how that might be tested and the environment funded – this should already be a factor in the Nexus delivery costs. DA explained that testing principles would be agreed and the timescales envisaged. The assumption is that this modification will be approved and that it would be in place and available ready for testing RAASP. CW indicated that the RAASP implementation date would be moved appropriately once the Nexus implementation date is confirmed, and will be dealt with as part of any eventual modification. DA added that there would be a period of testing (6-8 weeks) in advance of RAASP implementation. SM reiterated that RAASP was really important to Shipper Users and they will want to do thorough testing (it has an accumulative risk attached to it). DA observed that getting a view/decision on the modification would give Xoserve more traction to develop costs/models in greater detail. It will require changes to the UK Link system and will require debate with the UK Link Committee.

AL referred to the recent FGO meeting, where it was noted that Transporters were already funded for Nexus and she was concerned that this issue was actually part of Nexus and should therefore be funded through that mechanism. SM asked, should Xoserve be taking account of the efficiencies to be gained in not having to build a test environment for RAASP/Nexus, and should it be looking to contribute?

BF asked as an alternative would Shippers be prepared to pay whatever marginal cost might be incurred to convert that existing test environment into an enduring solution (i.e. RAASP temporary test environment). DA raised concerns that changing the nature of short term/long term investment might give cause for concern as the way the system is provided/set up would be different for a one-off exercise to that of an enduring solution.

The Workgroup reviewed the various sections of the report and comments and views were included as appropriate.

*Recommendation*

The Workgroup recommended that the modification should proceed to Consultation.

## 5.0  Next Steps

The Workgroup Report will be submitted to the August UNC Modification Panel (the Panel has agreed to consider it at short notice).

No further meetings were required.

## Action Table (09 August 2016)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|---|---|---|---|---|---|
| **0701** | 12/07/16 | 2.0 | DNOs to consider the potential for their future use of the system and, if it is concluded that they would use it, define an appropriate portion of any costs. | DNOs (AC) | **Closed** |
| **0702** | 12/07/16 | 2.0 | MJ to decide how the Shipper component of any costs should be funded. | SSE (MJ) | **Closed** |
| **0703** | 12/07/16 | 2.0 | Xoserve to define:<br><br>a) what the asset funding profile looks like;<br><br>b) what the depreciating asset profile looks like and over how many years;<br><br>c) what funding/recovery models might be appropriately applied, and over what sort of term. | Xoserve (DA) | **Closed** |
| **0704** | 12/07/16 | 5.0 | *UK Link Testing System and Procedures document* - MJ and KP to review and provide any further comments to DA as soon as possible (by 29 July 2016 at latest). | SSE (MJ/KP) | **Closed** |