

UNC Distribution Workgroup Minutes
Thursday 24 November 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Colette Baldwin	(CB)	E.ON Energy
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
David Byrne (item 1.3.1)	(DB)	National Grid Distribution
David Mitchell	(DM)	Scotia Gas Networks
David Turpin (item 1.3.1)	(DT)	Xoserve
Fergus Healy	(FH)	National Grid NTS
Gareth Evans	(GE)	Waters Wye Associates
Gavin Anderson*	(GA)	EDF Energy
Huw Comerford	(HC)	Utilita
John Welch	(JW)	RWE npower
Kathryn Turner*	(KT)	Good Energy
Kishan Nundloll*	(KN)	ES Pipelines
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Nicola Garland	(NG)	Ofgem
Rachel Hinsley	(RH)	Xoserve
Robert Cameron-Higgs*	(RCH)	Flow Energy
Sara Neal*	(SN)	Scotia Gas Networks
Sean Hayward	(SH)	Ofgem
Shanna Key	(SK)	Northern Gas Networks
Steven Britton*	(SB)	Cornwall Energy
Steve Mulinganie	(SM)	Gazprom
Tahera Choudry (item 0593)	(TC)	Xoserve

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dist/241116>

1. Introduction and Status Review

BF welcomed all to the meeting.

1.1. Approval of Minutes (27 October 2016)

The minutes of the previous meeting were approved.

1.2. Modification(s) with Ofgem

UNC Modification 0587 was sent to the Authority for a decision following the October Panel meeting.

1.3. Pre-Modification discussions

1.3.1 National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

A consequence of being a separate commercial enterprise is that National Grid Gas Distribution is now required to invoice for its own services. Providing a brief overview of the draft modification, CW explained that the purpose was to provide for a transitional arrangement for the invoicing of certain Transportation Charges by National Grid Gas plc and National Grid Gas Distribution Limited (NGGD) from the implementation of Project Nexus (PNID).

Since 01 October 2016, National Grid has implemented the currently-active invoicing workaround (under Modification 0592S), which lapses on 01 January 2017, leading to fully UNC-compliant invoicing. 'New UK Link' is subject to a 'change freeze', and Xoserve has advised that it is unable to develop and implement UNC-compliant transportation invoicing arrangements at PNID, without presenting an unacceptable risk to the Project Nexus programme. NGGD accepts that this will be delivered in a subsequent release of the system.

CW then outlined alternative approaches that had been considered and discounted, and drew attention to a third option, 'National Grid NTS (NGG) Re-billing', which appeared to be the best way forward as it avoids impacting Project Nexus and enables the industry to continue receiving invoices after PNID. The principal invoices affected were Commodity, Amendments and Ancillary. This option impacts 6 invoices per month; Shippers receive NGGD credit notes against NGGD invoices that contain a Transmission charge, and then receive a NGG re-bill Ancillary invoice for the Transmission charge, all on same day. CW explained the proposed approach in more detail and provided an illustrative example from a Shipper perspective. Details of invoices that would/would not be impacted by these proposed arrangements were presented in a comparison.

This was believed to be the preferred option because it preserves the Project Nexus implementation plan (NGG Re-billing does not impact the delivery of Project Nexus and does not require further system testing with Shippers). Same-day processing can be carried out for the necessary invoicing, associated credit notes and re-billing, resulting in approximately 12 additional documents per month sent to Shippers. Invoice validation is expected to be able to be performed by Shippers exactly as currently. Xoserve will provide Supporting information to Shippers for all transportation charges, which are invoiced, as is currently the case.

A discussion ensued. Shippers asked how long this 'arrangement' was expected to last, and DT indicated it would be fixed/replaced at the earliest opportunity, but was likely to be in place for at least 18 months before that could be addressed. This solution was the best that could be identified, there being very little choice under the locked-down Project Nexus position. Shippers raised concerns regarding additional costs that they would have to bear in supporting such an arrangement, which was only necessary due to the business decision made by National Grid for its own purposes/benefit. It was suggested that as this was a National Grid centric change it should meet any additional costs.

DT explained which invoices were affected, observing that Xoserve had tried to limit the impacts to those with NGG elements that were generated out of UK Link (Gemini specific ones will be dealt with separately). Supporting information will be available to enable validation. GE referred to Invoicing file testing in Market Trials, and it was confirmed that the files used will be the same 'thick' files; validation itself will still happen in one place.

Referring to increased risks to Shippers, SM asked if Shippers would be indemnified against any erroneous consequences in the event that Xoserve failed to correctly

attribute charges/invoices. DT explained the anticipated process in more detail asking them to note that Shippers could only pay what they had been invoiced for.

GE observed that this was introducing greater complexities and therefore the modification should set out very clearly what was expected to happen in all circumstances. BF suggested providing a Questions/Answers document as an Appendix to the modification proposal.

Concluding discussions, CW noted comments and suggestions made and advised the modification would be formally raised and submitted to the December UNC Modification Panel meeting. The Panel would determine whether or not self-governance procedures were appropriate.

This proposal will also be presented at the Transmission Workgroup to promote wider awareness.

1.3.2 Transitional Extension of the AQ Correction Process

JW gave a brief presentation, recapping on the issue and outlining the proposal to address the additional risks posed to the transitional AQ validation rules (potential for more erroneous Aqs to be calculated within the tolerances) identified as a consequence of the absence of an AQ Review 2017.

DA explained the background to the development of the Tolerance Tables (through the PNUNC Workgroup). The tolerances were agreed with industry and put in place in the knowledge that they were a 'starting point' and that changes may be required in the future, and from a system perspective this could easily be achieved. It would be reasonable to revisit the values as circumstances change. SM referred to the original context of the 'market breaker' rule, and observed that in contemplating change then there must be some figure in mind, the impacts of any change needed to be clearly understood with the avoidance of 'contagion' an aim also. Was there any evidence to support a proposed change? Whilst noting that the system had already been built to accommodate, DA indicated that from a system perspective it is a parameterised value and something that could be changed without a significant impact. He explained the AQ calculation process in more detail and the additional validation and effect on tolerance levels and on the rolling Aqs in certain scenarios.

A number of mitigation options had been considered; JW summarised these and explained why a transitional relaxation of existing AQ correction options appeared to be the best approach (does not involve a system change, no adverse impact on resources, no additional risk to PNID).

A summary of the proposed business rules was presented and described in greater detail and a discussion ensued. SM observed that this appeared to fix the spurious Aqs that might be generated; an adjustment would not then take place for at least 12 months; what would prevent 'gaming'? It was questioned how would it be ensured that a balanced approach was taken to correct all, rather than just the ones most advantageous to a particular party's position. It was suggested that the Solution might need to be tightened to avoid unintended consequences.

Timescales proposed for the progression of the modification were discussed; these appeared to be quite tight. SM suggested the issue might be better solved through adjustments to tolerances (new bands?). DA indicated, from his understanding of internal discussions, that this might be possible. DA then drew attention to the proposed Business Rules, observing that these may need to be clarified and re-worked, as it was not so simple as it looks.

Concluding discussions, JW noted comments and suggestions made for further consideration as the modification is developed.

2. Workgroups

2.1. 0570 – Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum

(Report to Panel 15 December 2016)

<http://www.gasgovernance.co.uk/0570>

2.2. 0571 0571A - Application of Ratchet Charges to Class 1 Supply Points (and Class 2 with an AQ above 73,200kWhs)

(Report to Panel on 15 December 2016)

<http://www.gasgovernance.co.uk/0571>

2.3. 0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries

(Report to Panel on 15 December 2016)

<http://www.gasgovernance.co.uk/0593>

2.4. 0594R – Meter Reading Submission for Advance & Smart Metering

(Report to Panel on 19 January 2017)

<http://www.gasgovernance.co.uk/0594>

2.5. 0602 – Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)

(Report to Panel on 19 January 2017)

<http://www.gasgovernance.co.uk/0602>

3. Project Nexus Requirements

3.1. Nexus delay, issue related to AQ (RWE npower)

See discussions regarding the draft modification proposal at 1.3.2, above. JW is to progress a Modification therefore this item can be closed and removed from the Agenda.

3.2. RAASP – next steps

Referring to an Assumption (he thought it might be no. 48) he had noted in a PwC paper, DA indicated that RAASP was unlikely to be delivered before 12 months following PNID.

See discussion for Action DX1002 at 5, below.

3.3 Transition Business Rules for Project Nexus document review

A change marked document (version 2.1) had been provided for information only purposes. Any further comments should be provided to Michele Downes (Xoserve) and copied to DA and RH.

3.4 Project Nexus Impact Assessment: Delay to Project Nexus Implementation Date document review

The document had been provided for information only purposes. This document had been baselined as version 1.0, and no changes had been made since the version presented at the last meeting. Any further comments should be provided to Michele Downes (Xoserve) and copied to DA and RH.

4. Issues

None raised.

5. Review of Outstanding Actions

DX0593/0802: *Modification 0593* – Northern Gas Networks (SK) to consider providing suitable (non confidential/bi-lateral) supporting documentation, along with confirmation that these can be published on the Joint Office web site, for consideration at the next meeting.

Update: Reassigned to the responsibility of reconvened Workgroup 0593. **Transferred**

DX1001: *Reference Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)* - Xoserve (DA) to ascertain whether or not the Rolling AQ would be suspended and to also confirm whether the Rolling AQ for June 2017 would run.

Update: This had been covered in JW's draft modification proposal. **Closed**

DX1002: *Reference CMA statutory consultation on licence modifications regarding submission of meter readings* - Ofgem (JD) to look provide written confirmation of an alternative implementation date to the previous October 2017 delivery date.

Update: DA read out a note of amplification provided by JD which clarified interpretation of the context of this action, in that this formed part of the discussion (at the last meeting) on the CMA consultation but that the implementation date referred to was actually for RAASP rather than the CMA Order on submission of meter readings. As was indicated at that meeting, 01 October 2017 had definitely been ruled out as part of Nexus discussions, there wasn't a revised date as yet and Xoserve was not in a position to do an Impact Assessment to come up with a date in the near term.

JD had agreed to provide written confirmation that RAASP would not be delivered on 01 October 2017, and had indicated that at this point Ofgem did not particularly want to modify the date in the UNC until there was an alternative date that it could be confident of, which would not necessarily simply be to default to PNID +12 months.

It was asked if a modification would need to be raised to change the implementation date for RAASP that is currently in UNC. DA thought this was probable once an actual date is confirmed. SM reiterated that Shippers need to clearly understand whether RAASP will or will not be delivered - and there seems to be some growing doubts over this - as they are continuing to build in the expectation of RAASP functionality, perhaps unnecessarily. Shippers needed confirmation of whether RAASP was achievable or not, and were looking for a definitive answer which if it was in the negative would then enable them to call a halt and avoid any further unnecessary expense. **Closed**

NEW ACTION DX1101: DA to seek views from the programme on a realistic delivery of RAASP, is it still feasible within a reasonable timescale.

DX1003: *Reference Impacts of Project Nexus Implementation Date to AQ17* - Xoserve (RH) to consider whether any of the proposed options (a truncated (partial) AQ review process, or alternatively an extension to the AQ correction process, or a relaxation of the AQ reading submission rules for post PNID aspects) are viable and provide a view at the November meeting.

Update: This had been covered in JW's draft modification proposal. **Closed**

DX1004: *Reference CMA settlement proposals - Xoserve (DA/RH) to consider providing a written response outlining whether they believe they have any possible system related constraints, and to also confirm if the Impact Assessment would be available prior to 18 November 2016.*

Update: DA confirmed that Xoserve had been in discussions with JD and had put its views into its response to the CMA. **Closed**

6. Any Other Business

6.1 Impacts of Smart Metering on UNC

Deferred to next meeting.

6.2 Treatment of Metering Equipment with Integrated Automatic Meter Reading (AMR) Capability

DA had provided a paper outlining the proposed treatment of equipment with integrated Automatic Meter Reading (AMR) capability, and how requirements might be dealt with practically by Xoserve and Users, and gave a brief overview of the approach to be adopted.

This had also been taken to other forums (DMG, SPAA, MAMCOP) for views, and no adverse views/comments had been received.

The DWG agreed to remove this from the next agenda.

6.3 Use of weighted SOQ rather than actual SOQ

MJ referred to a recent communication received by Shippers and asked for clarification. DA gave a brief explanation of an issue arising from a defect identified in Market Trials, and confirming that the approach taken to address it had been supported/justified by reference to some BRDs, but which also then seemed to be inconsistent across other BRDs. Observing that this was a complex issue and that a particular approach has already been taken, DA undertook to provide an interpretation paper to aid understanding, for the next DWG meeting.

Action DX1102: *Use of weighted SOQ rather than actual SOQ - Issue arising from Market Trials - DA to provide an interpretation paper to aid understanding, for the next DWG meeting (22 December 2016).*

6.4 Priority Services Register (PSR)

DM referred to a recently undertaken load shedding exercise, where it had been noticed that a number of large sites (hospitals in particular) did not appear to be on the PSR.

Observing that only Shippers can update the PSR, DM encouraged Shippers to review their portfolios and update as quickly as possible.

CB requested that Transporters send to Shippers details of any sites that they had become aware of and that they believed might need registering on the PSR.

Action DX1103: *Priority Services Register Updating - Transporters to provide to Shippers details of any sites they have become aware of and believe should be registered on the PSR; Shippers to review their portfolios and update the PSR as soon as possible.*

7. Diary Planning

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

Distribution Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Thursday 22 December 2016	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • Workgroups 0570, 0593, 0594R and 0602
10:30 Thursday 26 January 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 23 February 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 23 March 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 27 April 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 25 May 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 22 June 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 27 July 2017	Solihull (<i>venue to be confirmed</i>)	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 24 August 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 28 September 2017	Solihull (<i>venue to be confirmed</i>)	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 26 October 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 23 November 2017	Solihull (<i>venue to be confirmed</i>)	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
10:30 Thursday 14 December 2017	Elexon, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>

Action Table (24 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0593/0802 <i>Reassigned to Workgroup 0593 on 27/10/16</i>	22/09/16	2.2	<i>Modification 0593 - To consider providing suitable (non confidential/bi-lateral) supporting documentation, along with confirmation that these can be published on the Joint Office website, for consideration at the next meeting.</i>	NGN (SK)	<i>Reassigned to Workgroup 0593 on 27/10/16</i> Transferred
DX1001	27/10/16	1.3.2	<i>Reference Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification) - Xoserve (DA) to ascertain whether or not the Rolling AQ would be suspended and to also confirm whether the Rolling AQ for June 2017 would run.</i>	Xoserve (DA)	Closed
DX1002	27/10/16	1.4	<i>Reference CMA statutory consultation on licence modifications regarding submission of meter readings - Ofgem (JD) to look provide written confirmation of an alternative implementation date to the previous October 2017 delivery date.</i>	Ofgem (JD)	Closed
DX1003	27/10/16	3.3.1	<i>Reference Impacts of Project Nexus Implementation Date to AQ17 - Xoserve (RH) to consider whether any of the proposed options (a truncated (partial) AQ review process, or alternatively an extension to the AQ correction process, or a relaxation of the AQ reading submission rules for post PNID aspects) are viable and provide a view at the November meeting.</i> <i>* Post meeting update published alongside October minutes.</i>	Xoserve (RH)	<i>Post meeting document provided.</i> Closed

Action Table (24 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DX1004	27/10/16	3.5	<i>Reference CMA settlement proposals</i> - Xoserve (DA/RH) to consider providing a written response outlining whether they believe they have any possible system related constraints, and to also confirm if the Impact Assessment would be available prior to 18 November 2016.	Xoserve (DA/RH)	Closed
DX1101	24/11/16	5.0	DA to seek views from the programme on a realistic delivery of RAASP, is it still feasible within a reasonable timescale.	Xoserve (DA)	Pending
DX1102	24/11/16	6.3	<i>Use of weighted SOQ rather than actual SOQ - Issue arising from Market Trials</i> - DA to provide an interpretation paper to aid understanding, for the next DWG meeting (22 December 2016).	Xoserve (DA)	<i>Paper to be provided to JO by 14 Dec 16</i> Pending
DX1103	24/11/16	6.4	<i>Priority Services Register Updating</i> - Transporters to provide to Shippers details of any sites they have become aware of and believe should be registered on the PSR; Shippers to review their portfolios and update the PSR as soon as possible.	Transporters and Shippers in co-operation	Pending