

UNC Distribution Workgroup Minutes
Thursday 27 October 2016
at Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan*	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love*	(AL)	ScottishPower
Carl Whitehouse	(CW)	First Utility
Colette Baldwin	(CB)	E.ON Energy
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Debbie Mullinganie*	(DMu)	BP
Fraiser Mathieson	(FM)	Scotia Gas Networks
Gavin Anderson*	(GA)	EDF Energy
Holly Lander*	(HL)	Scotia Gas Networks
Huw Comerford	(HC)	Utilita
John Welch	(JW)	npower
Jon Dixon	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes*	(MD)	Xoserve
Nicola Garland	(NG)	Ofgem
Patricia Parker*	(PP)	Utiligroup
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales & West Utilities
Sean Hayward	(SH)	Ofgem
Shanna Key	(SK)	Northern Gas Networks
Steven Britton	(SB)	Cornwall Energy
Steve Mullinganie	(SM)	Gazprom
Tricia Quinn*	(TQ)	Ofgem

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/dist/271016>

1. Introduction and Status Review**1.1. Approval of Minutes (22 September 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 Removal of liability for members of Performance Assurance Committee

RP provided a brief overview of the draft modification initially focusing attention on the Section 1 Summary and provided the rationale behind the statements, before explaining that the Performance Assurance Committee (PAC) had requested that the draft modification should be highlighted within the Distribution Workgroup arena.

Discussions centred on why Wales & West Utilities feels the need to introduce an extra layer of protection for PAC members when during previous discussions (e.g. Panel and PAC), it had been concluded that Code sufficiently covered off the liability risks. Responding, RP explained that this is due in part to the fact that the 'original' modification introduced a confidentiality agreement that has subsequently undergone amendment(s).

RP explained that the purpose of the modification is to enable the PAC to get on with its core work without needing to worry about liability exposure – in short, the modification is not seeking to address wider issues and is purely seeking to provide protection to PAC members.

When asked whether or not the modification could be expanded to become a more 'generic' style of modification (i.e. include any parties such as other Transporters not currently represented etc.), RP reminded those in attendance that National Grid NTS is out of scope of PAC. Some parties still favoured the modification being expanded to include a wider protection umbrella with the inclusion of 'any party' considerations, especially when it had been originally thought that there were no liability related risks associated to PAC membership – it was suggested that an alternative modification might be forthcoming should this modification remain 'as-is'.

In observing that this is simply a pre-modification discussion, BF reminded everyone that it is up to the Proposer to consider whether or not to expand the modification's brief. RP then reminded everyone that as the CDSP are not a Code signatory, they would not be included within the modification either.

Concluding discussions, RP advised that he would be discussing the (draft) modification further with PAC members before formally raising the modification thereafter.

1.3.2 Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)

DA provided a brief walk through of the Xoserve 'UNC Modification 0XXX – Non Effective Days and Variant Non Business Days' presentation during which initial attention focused on slide 3 at which point he indicated that a new defined term for "**Variant non Business Day (VNBD)**" would be created should the modification be approved.

In considering the Transition Progress Group (TPG) reference, DA explained the background to previous TPG discussions and clarified that this is not suggesting that the proposals are specifically endorsed by the TPG.

In recognising that further discussions, especially around the VNBD aspects would be needed, NG indicated that Ofgem are broadly supportive of the proposals but does recognise a need for transparency and clear communications around the subject. JD confirmed that Ofgem would require evidence as to why the number of non-business days was required to support the change.

When asked if the proposals endorse a 'big bang' style approach for

systems, DA explained the process related implications and how the proposals should allow Xoserve to deliver, and more importantly return the system to users, in a controlled manner whilst at the same time also supporting industry provisions / requirements. Some parties questioned whether or not all the proposed (outage) dates would be required in reality.

During a review of the various tick box options presented on slides 5 and 6, discussions focused on potential AQ calculation impacts and a new action was assigned to 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.

New Action 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.

When DA explained that the TPG are keen to establish certainty around this matter and have asked whether an urgent modification would be suitable, BF advised that regardless, consideration of this modification (if formally raised) could NOT be added to the extraordinary Panel meeting scheduled for Friday 04 November 2016 without prior agreement of members, as this meeting has been convened solely for the purpose of considering the 0565 0565A Workgroup Report – as a consequence, the aim should be to formally raise the modification in time for submission to, and consideration by, the 17 November 2016 Panel meeting.

In moving on to consider the 'Other Discussions To Date' slide (8), JD outlined the three contingency trigger dates, explaining that these are set out within the plan and therefore it might be beneficial if parties align their own plans to the main workplan. Some parties voiced concerns that it may need a UNC modification in order to amend the contingency dates, if needed. JD advised that so long as the 'industry' is broadly supportive of the proposed date, it is likely that Ofgem would approve the modification when the time came to it, and should it prove necessary to invoke a contingency provision at some point, Ofgem (without fettering their decision) would again, be likely to support a change to the (contingency) date(s).

When BF suggested that perhaps the Proposer could consider asking for the modification to go straight out to consultation, a swift debate ensued around the merits of such an approach which culminated with a general view that it could go straight out. NG advised that she would be discussing the matter in more detail in an Industry Managers meeting scheduled to take place later in the day.

Moving on to consider the 'Recommended Option Summary' slide (10), DA explained that Xoserve's spreadsheet outlines the extensions of minimum timescales and therefore brings into question the need to codify arrangements, as there would be days when parties would be unable to object anyway. Responding, some parties voiced concern around the apparent lack of information around what Xoserve would be doing on these 'system down days'.

At this point, DA highlighted to Workgroup participants an expected area of concern for Users given previous NED discussions, namely the period of 9 days (7 NEDs and 2 VnBDs) which would result in a zero day Confirmation Objection window were this not remedied – several parties see this as an unacceptable solution from a contractual perspective. DA outlined a proposal to extend the Minimum Confirmation Period for a specific range of Confirmation Effective Dates. Parties indicated that Xoserve must look to

provide at least a single objection day provision. Responding, DA agreed to consider the matter with a view to amending the modification to include a minimum 1 day objection window option. He went on to add that he would be looking to update the TPG on progress in due course.

Concluding discussions, BF reminded DA that if it is intended that the modification is formally raised in time for consideration at the 17 November 2016 Panel meeting then it would need to be submitted to the Joint Office no later than Friday 04 November 2016.

1.4. CMA statutory consultation on licence modifications regarding submission of meter readings – Overview (Ofgem)

JD provided an update on the recently published 'CMA Energy Market Investigation Draft Order – Consultation' paper. He explained that whilst this is not an Ofgem document, he is aware that progress has been made since the previous iteration of the document was issued – this latest iteration aligns closer with product class 3 requirements for the submission of meter reads and includes the option to opt out of the default class 4 into 3, especially when bearing in mind that COB has also been looking at incentivising industry parties to move from class 4 to 3.

The definition for daily read has also been clarified within this latest version, especially the AMR aspects (i.e. batch reads etc.) which are now better aligned to UNC provisions.

JD went on to point out that the consultation closeout on 18 November 2016.

Moving on, JD explained that the CMA has looked to address tensions around the Project Nexus Implementation Date (PNID) especially those associated with daily read provisions and that the CMA are now following the workplan. It is proposed that the daily read provisions / obligations would commence 6 months after PNID. As Project Nexus takes precedent, the CMA will be expected to manage any timeline change requirements, as deemed necessary.

JD explained that 'other' licence related changes (i.e. iGTs etc.) had been kept to a minimum in order to ensure that the Supplier obligations can be put in place.

When asked whether a 6 month post PNID timescale is sensible especially in light of the proposed 'hypercare' provisions and an absence of RAASP functionality, JD responded by acknowledging that whilst the proposal changes the Xoserve ramp up rate for class 3 products, it does accommodate the SMART requirements better – he expects that more work between Ofgem and Xoserve would be undertaken on this matter in due course, pointing out that a prolonged 'hypercare' period is not envisaged due to resourcing constraints, and the aim is to return to 'normal' UNC governance as soon as possible.

Discussion then moved on to consider SMART (remote) reading provisions and Supplier aspects during which JD confirmed that Ofgem are due to look at the relevance of Supplier actions under certain conditions with the aim of ensuring settlement accuracy. In suggesting that the CMA appear to have followed the electricity model, some parties voiced concern that there is an apparent lack of supporting analysis around the potential daily read related benefits for consumers. Responding, JD advised that whilst he does not know exactly where the analysis is held, he would expect parties to voice any concerns / challenges within their respective consultation responses. In accepting the point about the electricity model aspects, he remains convinced that the investment in SMART rollout should be maximised by an industry wide move towards daily reading (and reconciliation) – in short, it is extremely difficult to make a case for why we would NOT wish to undertake such an initiative.

When it was suggested that it might be beneficial to revisit / revise the AQ regime once more granularity of information is available post Project Nexus, JD suggested that whilst that might be the case, the matter maybe more to do with a debate around frequencies and identification of advantages associated with the enhanced granularity of information.

When asked whether it is envisaged that RAASP would be delivered before the CMA proposals, JD felt that this is not necessarily a drop-dead (compliance or otherwise) type of issue. He went on to point out that the proposals would not be delivered before October 2017 and that he expects to provide more clarification on this matter in due course. He reminded everyone present that workarounds would be put in place before RAASP rollout and that the RAASP delivery date could be delayed should it be deemed appropriate based on the overall Nexus delivery timetable.

When DA pointed out that whilst Code currently refers to an October 2017 date, it is clear that this is no longer a realistic target date and that it is now anticipated that delivery would be 12 months after PNID. Some parties voiced their concerns around an apparent lack of clarity, suggesting that it is of paramount importance that this matter is discussed in more detail. In acknowledging that clarification around the dates is needed in order to ensure industry confidence, JD suggested that perhaps all that is required is a simple date change within the UNC legal text (in preference to a full blown modification), as provision of another arbitrary date would not be beneficial.

MJ felt that the system delivery of RAASP functionality should not unduly delay Xoserve providing the same functionality offline as they were not dependant on each other.

JD went on to remind everyone that RAASP was originally removed from the core Project Nexus delivery on the grounds that it was extremely complex. Additionally, whilst Ofgem rejected UNC Modification 0531, it did support the underlying principles so perhaps the answer lies in Xoserve following a more electric market centric system delivery approach of standard releases, even though this could / would potentially slow delivery of the system changes. When one party enquired when Xoserve might be able to provide an Impact Assessment (IA) for RAASP aspects, JD advised that he very much doubts that this would be before regression testing has been completed, and subsequent system stability established (i.e. post June 2017 at the very earliest) – he pointed out that the modification has not been removed, just deferred.

In confirming that manual workarounds would apply until RAASP has been implemented, JD acknowledged that there might be some volume (traffic) considerations to resolve / consider and that these might impact the delivery of the system.

When it was pointed out that a change to the date impacts on budget requirements, JD confirmed that whilst the date can no longer be October 2017, he is unable at this time to provide an indication of an alternative date.

New Action 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.

JD went on to advise that whilst other aspects may need deferral, Ofgem and PwC involvement would not extend beyond PNID to include RAASP delivery considerations. DA explained that Xoserve is already considering the release schedules in order to look to support future system changes, especially the post PNID to RAASP period and indicated that discussion within the UK Link Committee (UKLC) remains ongoing – BF reminded everyone present that the role of the UKLC

would be absorbed by the DSC Change Committee following FGO go-live on 01 April 2017.

In suggesting that Transporters have already been granted funding for delivery of RAASP, AL indicated that ScottishPower would be gravely concerned should any apparent (RAASP associated) costs be passed onto Shippers.

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>

3. Project Nexus Requirements

3.1. Consideration of Non Effective Days

It was agreed that this matter had been discussed sufficiently under consideration of item 1.3.2 above.

3.2. Review updated Impact Assessment Report (Delay to PNID)

3.2.1. Transition Business Rules for Project Nexus document review

MD explained that this change marked document has been provided for information only purposes.

3.2.2. Project Nexus Impact Assessment: Delay to Project Nexus Implementation Date document review

MD provided a brief overview of the changes made to the document since the previous meeting, especially the 01 June and 01 July date changes.

When SM enquired whether the AQ discussion points would be picked up within this (issues tracker) document, RH advised that it would not. SM remained of the opinion that it would be beneficial to include identification of read validation impacts.

RH went on to explain that Xoserve would be considering matters at a meeting scheduled for the following week and she would then look to provide a further update at the November Distribution Workgroup meeting.

When asked, parties agreed to baseline the document on the grounds that any additional changes can be logged and tracked thereafter.

3.3. Nexus delay, issue related to AQ (npower)

3.3.1. Impacts of Project Nexus Implementation Date to AQ17

Apologising for the late submission of this Xoserve document, RH provided a brief overview of the presentation and explained that the table provided on slide 4 identifies what AQ activities Xoserve will be undertaking – in essence, this is a trial AQ run process.

When asked how the proposed 31 May second release could / would impact matters, RH confirmed that it is expected that it would require a UNC modification to complete outstanding elements of the AQ review after this date.

When some parties voiced concerns around the SSP AQ calculations issued in March / April 2017, others suggested that the proposals do not appear to solve key issues whereby Shippers could be exposed to an increased level of risk should no AQ review take place. SM reminded everyone that Gazprom has been concerned for some time about the quality of reads being entered into the (new) Nexus system and wonders how we might seek to re-establish industry confidence levels. Some parties remain concerned at Xoserve's insistence that they cannot resource a full AQ review in 2017 when there is still a risk that Nexus may be delayed further.

In recognising that npower have highlighted an issue, BF suggested that it remains to be seen if anyone has the appetite to formally raise a UNC modification to address these concerns.

When asked whether or not we could bring forward the AQ review to earlier in the 2017 process timeline, RH reiterated the fact that it is about having the resources and time available to load the reads into the system. It was suggested that this has the hallmarks of a significant project delivery risk and finding a fix now is worth the effort.

Several possible solutions were put forward such as utilising 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. It was suggested that timelines for the various options would be needed which would hopefully help to identify key decision dates etc. SM reminded everyone that care would be needed in adopting any of the alternative solutions especially when bearing in mind that the industry previously devised protection mechanisms and it is essential that these are not diluted to resolve a short term issue.

New Action 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.

Concluding discussions, BF reminded those present that should anyone wish to raise a UNC modification to consider a truncated (partial) AQ review process, this would need to be formally raised by Friday 04 November 2016 at the latest for consideration at the 17 November 2016 Panel meeting.¹

3.3.2. Nexus delay – issue related to AQ review absence 2017

During a very brief review of the npower presentation, and mindful of the discussions around the Xoserve presentation under item 3.3.1 above, JW focused attention on the 'Summary of questions and options' slide.

¹ POST meeting update: Xoserve have subsequently provided an AQ process update, which is published alongside these minutes.

3.4. RAASP – next steps (Gazprom)

It was agreed that this matter had been discussed sufficiently under consideration of item 1.4 above.

3.5. CMA settlement proposals (Gazprom)

SM explained that in raising this matter, Gazprom are looking for assurances from Xoserve that they have no system related constraints, particularly around read submission volumes. RH explained that Xoserve are considering rollout requirements and are hoping to discuss profiling aspects under the UNC 0594 Workgroup discussions.

Clarifying Gazprom's concerns, SM explained that the issue is not about the speed of the rollout, but the utilisation aspects (i.e. 100% system availability on Day 1). He also explained that Gazprom would be writing to the CMA on this matter in due course.

In explaining that Xoserve has built system capability around the industry views and figures on SMART rollout, RH also advised that Xoserve would be updating the UK Link Manual service definition volumes in due course.

New Action 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.

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: When SK advised that she remains unsure as to whether or not the requested information can actually be provided, SM challenged this viewpoint suggesting that the industry is simply looking for assurances.

RH explained that whilst any actual contractual information could not be provided, Xoserve would be able to provide some form of assurance. She went on to point out that Xoserve has never shared contractual information with the industry in the past and that they are now in the process of considering what can, or cannot be provided.

When some parties indicated that they believe that a more transparent regime would be needed in future, BF questioned whether establishing such precedents under Code governance is actually the right place and that this issue could, be resolved by the provision of heads of terms for example.

It was agreed that this action should be moved back to sit under 0593. **Carried Forward**

DX0901: Reference Impact Assessment Report (Delay to PNID)/Formula Year AQ (FY AQ) – Xoserve (MD) to clarify if Shippers would see the snapshot taken on 01 May 2017, if go live was 01 June 2017.

Update: It was agreed that this action had been completed during discussions under item 3.3 above. **Closed**

DX0902: Reference Impact Assessment Report (Delay to PNID)/Formula Year AQ (FY AQ) – Xoserve (MD) to provide a copy of the diagram to explain the FYAQ impacts.

Update: It was agreed that this action had been completed. **Closed**

6. Any Other Business

6.1. Impacts of Smart Metering on UNC

During a brief debate it was suggested that this AOB item possibly relates to discussions around missing definitions for SMART Meters within the UNC undertaken at a previous Workgroup meeting. Others had a subtly different view and suggested that in fact it might relate to the index aspects for SMART meters, which is a subject that is currently being considered within the SPAA arena – JD advised that SMART meter index requirements are established and defined under UNC TPD Section M1.2.2.

When asked, participants agreed to remove this item from future agendas.

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 24 November 2016	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 December 2016	Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR	<ul style="list-style-type: none"> • Standard Agenda items • <i>Other – to be confirmed</i>
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>

Action Table (27 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0593/0802 <i>Transferred in from Closed Workgroup 0593 on 22/09/16</i>	22/09/16	2.2	<i>Modification 0593</i> - 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.	NGN (SK)	Due at 24 November 2016 meeting Carried Forward
DX0901	22/09/16	3.2	<i>Impact Assessment Report (Delay to PNID)/Formula Year AQ (FY AQ)</i> - MD to clarify if Shippers would see the snapshot taken on 01 May 2017, if go live was 01 June 2017.	Xoserve (MD)	Update provided. Closed
DX0902	22/09/16	3.2	<i>Impact Assessment Report (Delay to PNID)/Formula Year AQ (FY AQ)</i> - MD to provide a copy of the diagram to explain the FYAQ impacts.	Xoserve (MD)	Update provided. Closed
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)</i> - 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.	Xoserve (DA)	Pending
DX1002	27/10/16	1.4	<i>Reference CMA statutory consultation on licence modifications regarding submission of meter readings</i> - Ofgem (JD) to look provide written confirmation of an alternative implementation date to the previous October 2017 delivery date.	Ofgem (JD)	Pending
DX1003	27/10/16	3.3.1	<i>Reference Impacts of Project Nexus Implementation Date to AQ17</i> - Xoserve (RH) to consider whether any of the proposed options (a truncated (partial) AQ review process, or	Xoserve (RH)	Post meeting document provided. Pending

Action Table (27 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			<p>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.</p> <p><i>* Post meeting update published alongside these minutes.</i></p>		Formal Closure
DX1004	27/10/16	3.5	<p><i>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.</i></p>	Xoserve (DA/RH)	Pending