

UNC Project Nexus Workgroup Minutes

Tuesday 08 December 2015

31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Blanka Caen	(BC)	British Gas
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Addison	(DA)	Xoserve
Ed Hunter	(EH)	RWE npower
Emma Lyndon	(EL)	Xoserve
Huw Comerford	(HCo)	Utilita
Leigh Chapman	(LC)	First Utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Mike Fensome	(MF)	RWE npower
Naomi Nathanael*	(NN)	Plus Shipping
Paul Carmen*	(PC)	Scottish Power
Rachel Duke*	(RD)	EDF Energy
Steve Mulinganie	(SM)	Gazprom
Sue Cropper	(SC)	British Gas

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/nexus/081215>

1. Introduction and Status Review

1.1. Approval of Minutes (10 November 2015)

The minutes of the previous meeting were approved.

Rewording of minutes (MD)

1.2. Actions

1101: Shippers to provide Xoserve the latest DECC Smart Metering roll out figures to ensure the correct baseline curve is being considered for system capacity.

Update: DA confirmed that the DECC roll out figures have been provided to Xoserve.
Closed.

1102: Xoserve to provide a volumetric scale of the proposed system capacity based on the DECC baseline along with the likely costs and development period of providing a stepped increase in capacity beyond that which has been predicted.

Update: DA explained that Xoserve still needed a view from Shippers in terms of the DECC baseline and the assumptions they are using. SM asked about the 10% data manipulation. SM suggested that Xoserve needed to understand the true rate of error, and where the 10% rate comes from. He was concerned that Xoserve may have picked up an error rate that is too low and Shippers wanted to understand the methodology. SM explained that there is a certain amount of manipulation and assumptions made on successful transactions; he asked if Xoserve were counting rejections based on current data corrections. DA explained the assumptions being made. It was challenged why Xoserve seemed reluctant in providing the volumetric data requested by Shippers seeking assurances the system had been built to a suitable capacity.

DA stressed that Xoserve didn't want to detract attentions by trying to understand the likely cost of expansion; he wanted to focus the need on testing assumptions and current volumes ready for go live. DA suggested that Xoserve would be able to provide an indication of the likely development period including notice periods for stepped changes but not costs. Shippers challenged Xoserve's ability to provide high-level cost indicators, stressing that they would be happy with a broad brush approach to costs based on an predicted take up curve. However, DA suggested the Workgroup concentrate on what lead times would be required for ratcheting up system capacity and what smoothing options could be used for submissions if this was deemed necessary.

See item 3.0. **Closed.**

1103: Shippers to advise Xoserve of any significant volume changes expected to impact the DECC baseline.

Update: Provided via PwC. **Closed.**

1.3. Pre-Modification discussions

None.

2. Workgroups

2.1. 0531 – Provision and Development of Industry Testing Prior to Nexus Go-live

(Report to Panel 18 February 2016)

www.gasgovernance.co.uk/0531

2.2. 0532 – Implementation of Non-Effective Days (Project Nexus transitional modification)

(Report to Panel 17 December 2015)

www.gasgovernance.co.uk/0532

3. Volumetric Update

The Workgroup discussed the volumetric issues further to the action updates provided.

Xoserve confirmed there are a number of elements Xoserve are concerned about. The Workgroup considered key elements in particular the take up of Class 3 and system update volumes.

SM expressed concern about potential smoothing and the potential 6-month lead-time to ramp up volumes where this is predicted in advance. DA asked the Workgroup to first consider the outcomes of the work undertaken with the support of PwC along with the principles of smoothing reading submissions. He explained the analysis from PwC is yet to be assessed. DA explained the expectation is that 25% of NDM sites will move from Class 4 to Class 3, he clarified that the system had not been built for 100% of Class 4 sites moving to Class 3 within a short period of go live.

CB was concerned about any time lags, and that Xoserve need to be able to react to the market as any delays may stifle competition – these would be commercial decisions driven by Shippers once the evidence indicated they had reached a commercial tipping point and the Nexus BRDs catered for this approach. Shippers asked Xoserve to consider the risks and costs associated with being able to react to product class volume changes quickly.

MF asked about the DECC roll out figures; he suggested that the roll out for 20 million meters was by the end of 2017. He enquired if Xoserve's 25% take up for Class 3 was based on a gradual increase by the end of 2017 or 25% on day one. CB felt the assumption of gradual change was wrong, Shippers are likely to change class for a significant amount of their portfolio in single chunks based benefits of scale to operate a new regime.

BC also enquired about the smoothing and if the system had been built to accept the full 25% on day one or if this 25% was based on a smoothed acceptance.

Shippers requested Xoserve provide absolute clarity on how the system has been built.

DA explained the reason that Xoserve have not provided volumetrics is they want the market to consider the system build alongside the assumed utilisation. SM challenged what Xoserve expect to be able to do if the assumptions and system build, suggesting the system needs further development to be able to react to market changes. He stressed the system needs to be built with a dynamic ability. He challenged if the system can't cope then the industry needs to know what the potential cost and would be and required lead-time for development.

Shippers were concerned that Xoserve needs to build a system that is dynamic and able to react to changes in the market. CB explained that Shippers are still experimenting as the market evolves and Shipper systems are not in a static position, commercial strategies are constantly being considered and systems are being updated to manage potentially a 100% system wide take up of either Class 1, Class 2 or Class 3.

MF requested that Xoserve provide the volumetric assumptions next month including any indication of developmental lead-time and potential costs.

DA expressed the difficulties with providing a view of costs, with resources concentrating on other elements, however he could provide the likely development lead-time to significantly increase capacity. DA confirmed to the Workgroup that Xoserve are not able to commit to an action, which requires them to provide cost information, even at a high level.

SM stressed that this is an important issue and Shippers need to validate if they can run their businesses, is there a risk their commercially driven positions could be undermined. He challenged why were Xoserve so reluctant to provide the information.

DA understood the view from Shippers requiring the information and as a reasonable request he could provide a response in terms of timescales to develop. BC stressed parties simply want to understand the current volumetrics and a 'ballpark figure' of development cost and couldn't understand the difficulties in doing this.

SM wanted reassurance that Xoserve have developed the systems appropriately and there is headroom for change.

DA agreed to be assigned three separate actions.

Action 1201: Volumetrics – Xoserve to review assumptions along with key input transactions and provide a view of the system volumes available for Project Nexus.

Action 1202: Volumetrics - Xoserve to consider the peaks within the DECC roll out curve and demonstrate in real terms what this may look like across the month.

Action 1203: Volumetrics - Xoserve to compare the baseline position and what timescales would be required to advance this.

CB also asked Xoserve to be mindful of the wider aspirations for different arrangements in the future such as settlement changes and larger take-up of smart metering. She emphasised there is already indications there will be a future requirement for frequent settlements.

4. Approval of SSMP guidance document

MD confirmed that a clean and changed marked version of the Shared Supply Meter Points (SSMP) guide and procedures had been provided for consideration and approval.

MD confirmed no comments had been provided.

The Workgroup approved the changes.

5. Approval of Prime and Sub-deducts guidance document

MD confirmed a guideline document had had been provided for consideration and approval.

MD confirmed no comments had been provided.

The Workgroup approved the changes.

6. Business Requirement Documents (BRDs)

MD confirmed that the BRDs had been updated and republished.

SM asked about the estimated transfer reads and retrospective updates. MD explained that the volume would not be changed the position is settled with no loss in volume or energy issues.

MD confirmed this would be clarified with the provision of a document.

Action 1204: BRD – Xoserve to clarify the arrangements for the estimated transfer read and retrospective updates.

SM also enquired about the RAASP Design and a potential delay in documents. MD confirmed that the design will be complete.

7. Requirements Log

No update provided.

8. Issues

No new issues raised.

9. Any Other Business

9.1. Opening Meter Read Window – BRD discrepancy

CB enquired about the new legal text relating to the Opening Meter read window and whether this should be business days or calendar days. CW acknowledged the issue and confirmed that this is being investigated; CW suggested that if this needs to be changed a modification would be required potentially within the sweep up modification.

MD believed that Classes 1, 2 & 3 would be Calendar days, on viewing the Settlement BRD V4.5 she confirmed that section 5.10.6 (product 4) had been updated to take out calendar days and replaced with Business days. CB highlighted that the legal text needs to be addressed to refer to business days.

MD reassured parties that all the sweep-up issues are recorded at the beginning of each BRD and this will be picked up.

Post Meeting Note:

Confirmation of the BRD update:

Version 4.5 of the Settlement BRD shows the following amendment;

6. Shipper transfer between Product 4:

- 1 *The read to be obtained between D-5 and D+5 (11 business day period) of the transfer date*
- 2 *The transfer read must be submitted within D+10 business days of the transfer date.*

This was updated in version 4.4 of the BRD dated 19/03/2015 following a query from a Shipper. It has also been logged under section 1.2 of the BRD that the legal text will need to be amended to reflect business days rather than calendar days.

10. 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
	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup including: Workgroup 0531 Volumetric Update BRD – Retro updates Requirements Log
10:30 Tuesday 09 February 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup Workgroup 0531
10:30 Tuesday 08 March	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 12 April 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 10 May 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 14 June 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup
10:30 Tuesday 12 July 2016	31 Homer Road, Solihull. B91 3LT.	Nexus Workgroup

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	04/11/15	3.0	Shippers to provide Xoserve the latest DECC Smart Metering roll out figures to ensure the correct baseline curve is being considered for system capacity.	Shippers	Closed
1102	04/11/15	3.0	Xoserve to provide a volumetric scale of the proposed system capacity based on the DECC baseline along with the likely costs and development period of providing a stepped increase in capacity beyond that which has been predicted.	Xoserve (DA)	Closed
1103	04/11/15	3.0	Shippers to advise Xoserve of any significant volume changes expected to impact the DECC baseline.	Shippers	Closed
1201	08/12/15	3.0	<i>Volumetrics</i> – Xoserve to review assumptions along with key input transactions and provide a view of	Xoserve (DA)	Pending

			the system volumes available for Project Nexus		
1202	08/12/15	3.0	<i>Volumetrics</i> - Xoserve to consider the peaks within the DECC roll out curve and demonstrate in real terms what this may look like across the month	Xoserve (DA)	Pending
1203	08/12/15	3.0	<i>Volumetrics</i> - Xoserve to compare the baseline position and what timescales would be required to advance this	Xoserve (DA)	Pending
1205	08/12/15	6.0	<i>BRD</i> – Xoserve to clarify the arrangements for the estimated transfer read and retrospective updates.	Xoserve (MD)	Pending