

**Project Nexus Workgroup Minutes**  
**Tuesday 09 December 2014**  
**at 31 Homer Road, Solihull B91 3LT**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Brendan Cooper*	(BC)	GDF suez
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Edward Hunter	(EH)	npower
Emma Lyndon	(EL)	Xoserve
Graham Godsell	(GG)	Spark Energy
Huw Comerford	(HC)	Utilita
James Hill	(JH)	EDF Energy
Jonathan Hooper	JHo	SSE
Karen Kennedy	(KK)	npower
Leigh Chapman	(LC)	first:utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michelle Downes	(MD)	Xoserve
Mike Fensome	(MF)	npower
Naomi Nathanael	(NN)	Plus Shipping Services Ltd
Robert Cameron-Higgs*	(RCH)	Good 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/091214>

**1. Introduction and Status Review**

**1.1. Minutes**

The previous minutes were approved.

**1.2. Actions**

**NEX0905:** Xoserve (MD) to provide a short presentation showing how unidentified gas is treated at nomination and allocation stages.

**Update:** MD explained that a presentation (inc. example calculations) had been provided at the 25 November UKPIEF meeting. She now intends to provide a further update at the 20 January 2015 Project Nexus meeting. **Carried Forward**

**NEX1002: DESC to consider the potential timing mismatch of WAR Band derivations and the impact on fixed SOQs.**

**Update:** BF advised that DESC had not yet provided a response. *Please see the post meeting note below for more details.*<sup>1</sup> **Carried Forward**

**NEX1101:** Xoserve (MD) to republish the original options including the variations and the new option discussed on 04 November before the December meeting.

**Update:** MD advised that the original options had been republished. **Closed**

**NEX1102:** Xoserve (MD) to issue an update document regarding the proposed change via the Joint Office.

**Update:** Please refer to the 'Meter Read Validation' presentation below. **Closed**

**NEX1103:** Xoserve (MD) to revise the slide pack and send to the Joint Office for publication on the December meeting page on the web site and for inclusion on the December agenda.

**Update:** MD suggested that this is linked to action NEX1102 above. **Closed**

**NEX1104:** Xoserve to confirm the outcome of discussions on file format with regard to Transmission sites.

**Update:** MD believes this is related to the confirmation reference number for which the field value has been changed to also include the Logical Meter Number (LMN). She believes that the matter is due for consideration at the 11 December UKLC meeting and expects to provide an update in due course. **Carried Forward**

**NEX1105:** Xoserve (AMi) to update the presentation to aid clarity, provide further information and to give consideration to the Shippers operating normally during the transition period with Xoserve holding the information and inputting it when the new system goes live.

**Update:** In the absence of her colleague, MD advised that she would update the presentation as requested. She then went on to explain that Xoserve would not be able to hold the information for these files. SM suggested that if this was the case and the system could not accommodate requirements then potentially Shippers could be placed in breach of their Licence – it was suggested that a view from Ofgem should be sought relating to a possible derogation of the Shippers licence obligations in this area. **Carried Forward**

### 1.3. Pre Modification Discussions

Following a brief discussion it was concluded that 'Project Nexus Standard for Validation of Data' is not a pre-modification discussion item.

## 2. Workgroups

### 2.1. 0511: Introduction of an Enduring Solution for managing Advanced Meters in central systems post Nexus

(Report to Panel 15 January 2015) – Papers at:  
<http://www.gasgovernance.co.uk/0511>

### 2.2. 0515S: Resolution timescales for SRVs and USRVs following Project Nexus Implementation

(Report to Panel 15 January 2015) – Papers at:  
<http://www.gasgovernance.co.uk/0515>

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<sup>1</sup> Post meeting note: it has been confirmed that the matter has been discussed at DESC and the outcome recorded within the minutes of the 15 October and 17 November meetings as published at <http://www.gasgovernance.co.uk/desc/151014> and <http://www.gasgovernance.co.uk/desc/171114>.

### 3. Issues and topics for discussion

#### 3.1. Project Nexus Transitional Arrangements

CW opened by explaining that he is seeking to move consideration of the transitional aspects for Project Nexus forward and in order to facilitate this he would be meeting with both the Denton's legal team (C Wood and D Tennant) and Xoserve representatives on 10 December.

To support the process National Grid Distribution is developing draft UNC Modifications and discussion around their respective legal text requirements would also be undertaken at the meeting – the expectation being that Denton's would provide some indicative legal text similar to the approach followed for UNC Modifications 0432 and 0434. Following an initial view, Denton's have identified some potential areas of concerns relating to items such as cutover, reconciliation, RbD demise and enduring AQ proposals. CW advised that C Wood has expressed a provisional opinion that in the absence of transitional terms, AQ meter reads may only be deemed as valid having gone through a controlled framework and this therefore invokes a need for some transitional arrangements (i.e. how to manage reads provided prior to 01 October 2015 would need to be included within consideration of a new transitional modification). CW then explained that his preference would be to raise an AQ related transitional arrangements related modification, but accepts that in the absence of a clear agreement, industry participants could consider raising specific AQ related modifications to mirror their views. SM then pointed out that Gazprom have some major concerns around the potential legality aspects (inc. the backstop selection solution and read validation mechanisms) which may see them raise an alternative to any (new) transitional AQ related modification should the Workgroup be unable to reach a clear consensus view on these sensitive matters.

In briefly discussing the timings associated with the raising of any new transitional arrangements related modifications, CW suggested that he would like them to be considered at the January 2015 Panel meeting at which point BF pointed out that the next scheduled Project Nexus meeting is after that meeting.

**New Action NEX1106: National Grid Distribution (CW) to provide clarity around what would be expected to happen to legacy read utilisation in the event that the proposed transitional arrangements did not work.**

#### 3.2 AQ Backstop Date presentation – Updated 6<sup>th</sup> November 2014

Opening MD explained that the presentation had been amended to now include a new Option 5 (npower's new option).

Looking at Option 1, MJ advised that this was to some degree SSE's preferred option whilst CB advised that E.ON had already built in validation into their systems that would support this option. MD advised that there would be little or no impact on seasonal normal values associated with the option.

MD then advised that should the Workgroup be unable to reach a consensus on a preferred option, Option 2 would become the default position as this is reflected in the current system build.

A detailed debate then focused around Option 3 during which CW advised that he would be broaching the subject as to whether or not we actually need a backstop date with Denton's when they meet to discuss matters. MD reminded everyone present that UNC Modification 0432 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' includes the concept of a backstop date whilst also confirming that any AQ provided during an AQ Review would invoke a backstop. SM felt that as long as there are suitable validation processes in place, this would / could be the preferred option for Gazprom. Having said that, he remains concerned about the potential commercial risk

exposure associated to reads that have not undergone a suitable validation process – in short, that was the main reason for adopting the AQ Review process in the first place.

Moving on, npower believes that there is a (industry) misconception around amendment proportions during the amendment phase of the AQ Review and added that their internal review had revealed that the actual proportions are relatively small which brings into question whether or not such a level of detailed focus on the matter is really needed.

MJ voiced his concern that having a backstop date does not necessarily protect parties' interests, as it does not prevent amendments after the date (i.e. potentially no AQ Review involvement). Some parties refuted Xoserve's claim that they are unable to build a system to cope (i.e. one that is able to flag reads that fail validation to thereafter exclude these from the Rolling AQ process in a new world). Responding, MD once again explained that this is not simply a system design constraint but is related to wider system impacts (i.e. reconciliation related impacts associated with suspended / non suspended reads etc.). Furthermore, she asked people to note that it is not a case of Xoserve not wishing to do something, it is related to both resource and time constraint issues. KK voiced her concern that the expectations placed upon Xoserve's ability to deliver the solution may be unreasonable, as they (Xoserve) may not have all the pertinent (Shipper) data to hand anyway. HC also noted that Shipper end dates are not necessarily the same as a backstop date.

In considering Option 4B, MD remarked that this employs subtly different dates to those of Option 4A.

Focus then moved on to considering npower's new Option 5 proposals, KK provided an explanation behind the rationale for this option advising that it provides sufficient history (circa 18 month's worth) to support the Rolling AQ process (i.e. optimal number of reads without the need to go back 3 years). Several parties voiced their concerns around the potential impacts upon the AQ challenge and validation process along with a potential shortening of the AQ read window. Others also believe that the option could also potentially impact on previous work in this area undertaken throughout 2014, especially once October 2015 comes around. The question of whether or not we actually need a backstop date when we already have the 'Market Breaker' facility was once again muted.

It was also pointed out that DESC AQ analysis seems to indicate that we are looking at a small proportion of site and that it is the energy aspects that are the important element to consider. Responding, KK suggested that in npower's view the focus should remain on read validation and reconciliation requirements. MD then quoted the DESC threshold crosser analysis to provide a 'feel' for the potential size of the problem. SM reiterated his concerns around the potential 'knock on' effect of erroneous AQ's (in aggregate) would / could have on the smearing factors whilst also pointing out that so far DESC have not provided a view on the suitable AQ dates appertaining to the potential disconnect between the key October and December process decision points.

In attempting to sum up the discussions, BF suggested that a clear Workgroup consensus on these matters (Option 3) seems unlikely, at which point CW advised that he is still expecting to raise a UNC Modification following discussion with Dentons (inc. consideration of how best to transition from current to future Code provisions) and went on to suggest that should any party have strong opposing views they could always raise an alternative. MD suggested that in light of discussions, Xoserve might need to re-evaluate the system build proposals (inc. a status update on what is currently being built v's the legal view on what is being built). SM once again stated that whilst Gazprom favours a validation of data based solution, in the absence of such, he would support going with the

October 2015 option. Some parties remained of the view that their respective legal teams believe that the work and decisions being undertaken could potentially change the definition for reads which could have compliance related impacts.

BF advised that any new modifications that are seeking to be considered at the January 2015 UNC Panel would need to be formally raised no later than 02 January.

**New Action NEX1107: Xoserve (MD) to provide a plain English clarification and examples relating to the process relationship of R1/R2 and A1/A2 read usage.**

**New Action NEX1108: Transporters to provide a legal view based on what is being built (in terms of the system) and how this could potentially impact upon any contractual aspects (i.e. any legacy system impacts etc.).**

### 3.3 Meter Read Validation presentation – Updated following 4<sup>th</sup> November 2014 meeting

During a review of the amended presentation attention focused mainly on the two proposed tolerance tables for DM (classes 1 & 2) and NDM (classes 3 & 4) Supply Meter Points.

In considering the NDM tolerances, KK indicated that npower remains concerned about the potential impact on the larger domestic sites now that the SSP threshold bands have been split out. She also highlighted that the values in column 3 (Tolerances where read will be accepted) have changed from previous iterations. SM advised that Gazprom's analysis indicates that any impacts are more related to the smoothing aspects.

BF took the opportunity to remind everyone present that the underlying principle is that Shippers should always validate their reads prior to submission to Xoserve.

When asked whether or not Class 3 batch reads would be validated against the previous days reads, or the previous batch of reads, MD confirmed they are validated against the previous days reads supported by a logical progression for any subsequent failures – Xoserve also send confirmation of the latest reads back to Users. MJ indicated that he remains slightly concerned around the advocated 'open season' approach and thinks that the tolerance ranges for classes 3 & 4 potentially do not work – the consensus amongst Workgroup members is that the percentage value for tolerances does not work and that these should be expressed in terms of kWh values. The Workgroup consensus suggests there is value in revisiting the original (pre updated) tolerance values and apply the kWh values and see where that leads. When asked, parties suggested applying the same value change to the class 1 & 2 tolerance table.

At this point KK enquired whether or not Workgroup members would support more reads through the tolerance acceptance, rather than the market breaker route. BF observed that the Workgroup would also need to consider what needs to be done should they advocate changing the values (i.e. do we need to revisit the BRD's as it is the governance of any BRD amendments that is the key consideration).

**New Action NEX1109: Xoserve (MD) to re-evaluate and amend the tolerance values for both the DM (classes 1 & 2) and NDM (classes 3 & 4) Supply Meter Points to kWh from percentages including a change to the (class 3 & 4) AQ band range from the current 0 – 15,000 to read as 0 – 20,000.**

## 4. Any Other Business

### 4.1 Non Functional Considerations

A brief discussion took place focusing on SSE's questions relating to the Project Nexus Non Functional considerations with special attention being focused on the future default format for File Formats – will it be XML or QSV or both?

Another area of note related to the rolling AQ v's capacity information provisions within the date enquiry suite.

MD advised that governance of any changes to the Non Functional BRD would be through the Workgroup.

**New Action NEX1110: Xoserve (MD) to provide an update against SSE's Non Functional Considerations questions at a subsequent meeting.**

#### 4.2 Nexus Requirements Clarification Log review

MD provided a brief review of the updated items during which those present approved Xoserve's suggested approaches during which an action was placed on Xoserve to make sure that the December UKLC are made aware of the Workgroup recommendation to retain the Spec Calc facility going forward.

The following areas were discussed and agreed:

REQ26 – Duplicates: Proposal to retain current process was approved;

REQ27 – Retrospective Address Update: Proposal that financial adjustments would not be applied retrospectively where an update resulted in a change in the LDZ, the update would be effective for D+2 days from receipt of the update;

REQ28 – CV Updates after Exit Close Out: Proposal that financial adjustments would not be applied where a CV change was received after Exit Close Out. MD confirmed that a CV change after GFD+5 had never happened, and

REQ29 – Spec Calc: Requested that the service should be retained although concerns raised on the need for it.

In considering the twostream proposal, MD confirmed that this is definitely NOT a Primes & Subs model (i.e. it is only one meter point comprised of two meters and can only involve a single Shipper) and that there are no potential read related issues. She added that Xoserve would be looking to identify such installations and speak with any affected Shippers/Suppliers in due course.

When asked, MD suggested that these changes should be captured within the Business Rules documentation to avoid having to amend the Baselined BRD's.

**New Action NEX1111: Xoserve (MD) to ensure that the December UKLC are made aware of the Project Nexus Workgroup recommendation to retain the Spec Calc facility going forward.**

#### 4.3 Governance of BRD Changes v's Code Legal Text Provision

The discussion centred around how potential changes to the BRD's should be managed going forward and how Shippers are now utilising the current BRD's as part of their own system design and build processes. Some parties wondered whether a high-level ancillary document style approach would be beneficial whilst BF pointed out that as far as the Code is concerned, any changes to the current BRD's, are deemed to be a post implementation issue which would be better served by being managed through the formal UKLIEF, as any new system requirements would be managed via the transitional modifications route.

Following further debate, the Workgroup consensus settled on amending the current Baselined BRD's with provision of some form of high-level summary of change document. BF suggested that the potential 'missing link' associated with this approach would involve identification of a suitable transparent change tracking process.

**New Action NEX1112: Xoserve (MD) to look to increment any affected Baselined BRD's to a new version and supported by a suitable high-level summary of change document.**

#### 4.4 Transitional Invoice(s)

MD gave a commitment to ensure that these would be published alongside the minutes.

#### 5. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 23 December	Teleconference meeting only.	Backstop & Read Validation considerations – <i>post Dentons discussion and recommendations</i>

#### Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX0905	09/09/14	3.7	To provide a short presentation showing how unidentified gas is treated at nomination and allocation stages.	Xoserve (MD)	<b>Carried Forward</b>
NEX1002	07/10/14	3.2	To consider the potential timing mismatch of WAR Band derivations and the impact on fixed SOQs.	DESC	<b>Carried Forward</b>
NEX1101	04/11/14	3.1	To republish the original options including the variations and the new option discussed on 04 November before the December meeting.	Xoserve (MD)	<b>Closed</b>
NEX1102	04/11/14	3.2	To issue an update document regarding the proposed change via the Joint Office.	Xoserve (MD)	<b>Closed</b>
NEX1103	04/11/14	3.2	To revise the slide pack and send to the Joint Office for publication on the December meeting page on the web site and for inclusion on the December agenda.	Xoserve (MD)	<b>Closed</b>
NEX1104	04/11/14	3.3	To confirm the outcome of discussions on file format with regard to Transmission sites.	Xoserve	<b>Carried Forward</b>
NEX1105	04/11/14	3.5	To update the presentation to aid	Xoserve	<b>Carried</b>

**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
			clarity, provide further information and to give consideration to the Shippers operating normally during the transition period with Xoserve holding the information and inputting it when the new system goes live.	(AMi)	<b>Forward</b>
NEX1106	09/12/14	3.1	To provide clarity around what would be expected to happen to legacy read utilisation in the event that the proposed transitional arrangements did not work.	National Grid Distribution (CW)	<b>Pending</b>
NEX1107	09/12/14	3.2	To provide a plain English clarification and examples relating to the process relationship of R1/R2 and A1/A2 read usage.	Xoserve (MD)	<b>Pending</b>
NEX1108	09/12/14	3.2	To provide a legal view based on what is being built (in terms of the system) and how this could potentially impact upon any contractual aspects (i.e. any legacy system impacts etc.).	Transporters	<b>Pending</b>
NEX1109	09/12/14	3.3	To re-evaluate and amend the tolerance values for both the DM (classes 1 & 2) and NDM (classes 3 & 4) Supply Meter Points to kWh from percentages including a change to the (class 3 & 4) AQ band range from the current 0 – 15,000 to read as 0 – 20,000.	Xoserve (MD)	<b>Pending</b>
NEX1110	09/12/14	4.1	To provide an update against SSE's Non Functional Considerations questions at a subsequent meeting.	Xoserve (MD)	<b>Pending</b>
NEX1111	09/12/14	4.2	To ensure that the December UKLC are made aware of the Project Nexus Workgroup recommendation to retain the Spec Calc facility going forward.	Xoserve (MD)	<b>Pending</b>
NEX1112	09/12/14	4.3	To look to increment any affected Baseline BRD's to a	Xoserve	<b>Pending</b>



**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
			new version and supported by a suitable high-level summary of change document.	(MD)	