

## Project Nexus Workgroup Minutes

Wednesday 13 June 2012

at 31 Homer Road, Solihull B91 3LT

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Anne Jackson	(AJ)	SSE
Andy Miller	(AM)	Xoserve
Chris Warner	(CW)	National Grid Distribution
David Speake*	(DS)	ES Pipelines
Edward Hunter	(EH)	RWE npower
Elaine Carr*	(EC)	ScottishPower
Imtiaz Kayani	(IK)	E.ON UK
Linda Whitcroft	(LW)	Xoserve
Lorna Lewin	(LL)	Dong Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Nigel Nash	(NN)	Ofgem
Paul Orsler	(PO)	Xoserve
Rachel Martin	(RM)	Xoserve
Steve Mullinganie	(SM)	Gazprom
Tim Davis	(TD)	Joint Office

\* via teleconference

### 1. Introduction

BF welcomed all to the meeting.

#### 1.1 Review of Minutes

NN explained that the term 'Counterfactuals' as discussed at the previous meeting refers to what you would do, if you did not implement the business changes identified in Project Nexus. Thereafter, the minutes of the previous meeting were accepted.

#### 1.2 Review of Actions

**Action NEX04/01:** ES Pipelines (DS) to discuss possible DCC access control and Green Deal requirements with both the iGTs and the GTs with a view to co-ordinating the various Nexus (overlap) work areas.

**Update:** AM advised that the iGTs and GTs had met to discuss the matter and concluded that they do not anticipate any problems.

**Closed**

**Action NEX04/02:** National Grid Distribution (CW) to seek a legal view as to whether or not iGT (CSEP) Meter Points should be considered within implementation of a UNC modification.

**Update:** CW advised that a meeting of the iGT Modification 039 Workgroup (focusing on contractual framework aspects) is scheduled to take place next week. Thereafter, he intends to provide suitable feedback to this Workgroup.

**Carried Forward**

**Action NEX04/03:** All parties to consider whether the proposed pre-modification consultation and suggested BRD grouping approaches are suitable and thereafter, identify their potential costs and benefits (subject to final agreement on the approach).

**Update:** BF explained that the pre-consultation approach had been discussed in detail at the previous meeting and would once again be debated in more detail during discussions under item 2.2.

**Closed**

**Action NEX05/01:** Xoserve (FC) to investigate what (counterfactual) elements are included (or not) within Xoserve's original £20 million cost figure.

**Update:** MD advised that the matter had been discussed within Xoserve which confirmed that the 'original' £20 million cost represents a high level only incremental view of the project costs (excluding iGT aspects).

Asked if the (£20 million) figure related to a like-for-like re-platforming, AM responded by advising that the estimate is not based on a 'pick and mix' approach. In the event that Nexus delivery does not go ahead, Xoserve would anticipate still re-platforming the current UKLink system in-line with anticipated utilisation, as based on the best available information at the time of making the decision. (i.e. the system would 'match' requirements, neither falling short of, or exceeding them by being over engineered). AM then went on to provide a brief resume of the original UKLink system design approach – in essence we are looking at a total package based solution rather than a more detailed (unbundled) approach. SM wondered whether this aligned with Ofgem's expectations.

AJ voiced her concerns that consideration of the Change of Supplier (CoS) process requirements and anticipated SPA timescale changes relating to CoS, are excluded from Project Nexus. Responding, AM advised that whilst not directly included as part of delivering Nexus, Xoserve are looking to include 'other' industry development and requirements as part of the wider systems delivery (which just happens to include Nexus), and all elements would be integral to any UKLink system re-build. However, as the SPA timescales are uncertain at this time, these would need to be catered for at a later date as additional bolt-on elements to the new platform. When asked, MD confirmed that agents locational aspects had also been considered.

**Closed**

**Action NEX05/02:** Ofgem (CC) to seek a view within Ofgem on what would constitute a suitable level of detail for information which is to be provided by the industry during the consultation process and to also provide a draft set of related questions for consideration at the next meeting.

**Update:** In the absence of CC, NN advised that this action would be covered within his presentation under item 2.2 below.

**Closed**

**Action NEX05/03:** All parties to consider the issues around not getting a read on the transfer date (as currently proposed within the settlement BRD) and to provide their views at the next meeting.

**Update:** MD advised that this action would be covered within the Xoserve presentation under item 2.1.1 and/or 2.4 below.

SM advised that Gazprom are still considering potential issues around not getting a read on the transfer date and he would welcome more clarity

around this matter. MD agreed to provide more information after the meeting.

### **Carried Forward**

On a general note, SM enquired how, or if, it would be possible in future to replace an actual read (which is subsequently identified as being erroneous) with another actual read within the 5 day window. Responding, MD advised that Xoserve is currently undertaking further analysis around various aspects of file level validation, which may in due course result in provision of an extra level of validation. An update would be provided in due course.

## **2. Issues and topics for discussion**

### **2.1 High Level Workgroup Issues**

#### **2.1.1 iGT Agent Services**

##### PN UNC Workgroup iGT Services presentation

MD provided a brief overview of the presentation, whilst pointing out that the scope diagram on slide 3 was agreed at a previous meeting.

##### CSEP Creation Process Flow Map

AM provided a brief overview of the flow map focusing attention on three key elements, namely the 'GT Provide Offtake Pressure and Capacity' step (the point at which the CSEP project number is created), the iGT 'Initiate CSEP activation' step and finally the iGT 'Process Installed Meter Details' step. Taking each in turn:

- GT Provide Offtake Pressure and Capacity (CSEP project number creation)

AM advised that Xoserve have discussed and agreed this step with the GTs and iGTs. When asked, he indicated that he did not believe that this would impact upon capacity considerations as sufficient flexibility had already been built in – a view supported by DS.

- iGT Initiate CSEP activation

AM indicated that this enables MPRNs to be recorded against their respective CSEP registration.

- iGT Process Installed Meter Details

AM advised that currently an LMN could comprise of one or more meter points and going forward, this would no longer apply.

AM then went on to suggest that the aspiration is to try to align both the GT and iGT MPRN and registration requirements. CW pointed out that UNC Modification 0410/0410A "Responsibility for gas off-taken at Unregistered Sites following New Network Connections" could/would potentially impact upon future arrangements.

AM suggested that for the purposes of continuing to develop the BRD, Xoserve would look to highlight that some solution in this area is required, but that it currently cannot be delivered.

Asked whether or not the proposed approach had any potential SPA impacts, especially in light of the fact that a 'common' process has been deemed preferable, AM replied by advising that at the initial (1<sup>st</sup>) registration phase two different processes would still apply (one for the GTs and one for the iGTs), however, once the initial registration had taken place, a common process would then apply.

When asked, AM/MD agreed to add a new table within the appropriate section of the BRD that would highlight the process differences between the GT and iGT systems.

#### BRD for iGT Agency Services (v0.3) review

MD provided a brief update around the changes undertaken to the document (v0.2) since the last meeting. Discussions then focused in the main, on the following items.

In looking at 6.1 Assumptions, it was agreed that it should indicate that MPRNs and subsequent capacity could change. MD pointed out that it is possible to have more than one 'nested' CSEP.

MD went on to advise that the figures would be added into section 6.8 Volumes, in due course.

In considering 8.1 General Requirement, MD agreed to add a caveat highlighting the potentially different initial GT/iGT registration processes.

Moving on to consider 8.3 CSEP Project Set-Up, CW indicated that he was intrigued to see how energy (consumption) aspects would be catered for when the role of the lead iGT remains uncertain. It was suggested that in the absence of a lot of historic information around this area, the expectation is for the GTs to discuss requirements with the lead iGT to seek to resolve any potential issues – in essence this should be less of a worry for shippers as it relates more to information provision considerations. He went on to add that in his opinion sometime in the future consideration of items such as max AQ would be needed to be undertaken by the GTs/iGTs. SM wondered whether or not establishing a sub-group to consider the matter along with nomination implications etc., would prove beneficial. MD then agreed to expand the BRD to include the points raised.

In considering 8.5 MPRN Set-Up – Domestic, it was agreed to add a new item for capturing supplier i.d.s for ICC DELTA requirement purposes, whilst AJ voiced concern around potential MAM (direct/indirect) access impacts, especially notification of when the meter is fitted. In discussing whether or not there would be any problems associated with a meter being fitted by a party other than the iGT, both AM and DS felt that the process would still work, as they envisage that a CD JOB file would be provided to shippers – DS confirmed that the iGTs have reservations around 3<sup>rd</sup> parties fitting the meters. Asked if providing the iGT meter fitting related information to a shipper via an 'All JOB' file format would suffice, AJ suggested that subject to no competition law issues, it would. However, she believes it would be better if this was in the form of a 'non solicited ON JOB' file – a view shared by others at the meeting.

It was agreed to expand the title for 8.6 MPRN Set-Up – I&C to also include non iGT initiated domestic MPRNs. With regard to paragraph 8.6.2, DS pointed out that whilst there is no automatic registration, the iGT would act as the shipper agent as the shipper itself is always carrying out the (initial) registration. AM added that Xoserve would be building the system to only allow acceptance of a shipper registration for I&C sites. SM sees the main issues as relating to empowerment and auto registration considerations. AM/MD agreed to add a caveat to 8.6.4 to differentiate for LSP / I&C aspects.

When asked, AM did not believe that there would be any potential aggregation issues.

Moving on, AJ enquired how the auto registration information in both her own (internal) system and Xoserve's systems would be aligned going forward, to which AM responded by advising that Xoserve envisage that they would provide MPRN and 'ON JOB' file information via electronic transfer in future, rather than the current (multiple) individual iGT information provision.

When asked how any address amendments (post initial registration) would be handled in future (barring in mind that this is currently a GT obligation), AM suggested that he expects this to be similar to current arrangements – via the existing amended address route. AM agreed to add further clarity around this matter within the BRD. DS reminded parties that the address related information flow is two-way. AJ advised that she would be discussing the matter in more detail with her colleagues in due course.

Looking at 8.8 Must Reads, AM/MD agreed to add additional clarity around potential SSP exclusions.

Looking at 8.10 CSEP Lifecycle, MD agreed to add a clarification statement around auto registered MPRN removability.

Moving on to consider 8.11 Queries, AM envisaged that the iGTs would also be able to submit queries although this could/would require some additional iGT codes to facilitate – DS advised that the iGTs are not precious over which process is adopted/followed (iGT or UNC) whilst AM reminded parties that there is no such thing as iGT metering queries. When asked, MD agreed to provide a list of the codes.

Looking at 8.13 iGT Invoicing, in response to a question about adoption of possible common and consistent invoice charges, DS responded by suggesting that paragraph 8.13.5 already covers this and in his view we may need to retain subtly different templates going forward.

Looking at 8.15 GT invoicing to the CSEP, AM provided a brief summary of the processes involved, before suggesting that the methodologies would remain largely unchanged.

In closing, MD advised that she would amend the document in-line with discussions with a view to considering and possibly signing off the BRD at the July meeting.

### **2.1.2 Retrospective Updates**

#### BRD for Retrospective Updates review

MD advised that the document was now baselined and published and to date no responses/comments had been received.

## **2.2 Pre Modification Consultation Process**

### Project Nexus – Approach to modelling costs and benefits presentation

NN provided a brief overview of the presentation.

Looking at the set-up/system costs, NN suggested that these should also include consideration of imposed vs optional costs and agreement over the data necessary to support the cost vs benefit analysis is also needed.

In considering the distributional impacts, NN indicated that Ofgem would welcome views around advantaged/disadvantaged parties.

When considering the 'Distributional effects – For decision' slide, NN confirmed that Ofgem are looking for the described criteria to be included within the Final Modification Report at some point in the future.

#### Raising UNC Modification(s) Timing discussion

Parties discussed the value of raising the Nexus UNC modification(s) now rather than later (post completion of all BRD and Xoserve analysis stages, including energy smearing and unallocated gas considerations etc.) with diametric views being proposed – some parties are keen to look to avoid the raising of alternative modifications wherever possible, as they see this as potentially poor governance, whilst others see this possibility as a 'natural' consequence of appropriate governance.

TD took the opportunity to remind those present of the basis for the pre-consultation process and AM agreed that any Xoserve ongoing work should not be seen as a barrier to commencing the pre-consultation stage or subsequently raising modifications. CW remained concerned about the timing of National Grid's raising of any Nexus modification(s) and the potential for multiple alternative modifications being subsequently raised. In response, AM felt that Xoserve had sufficient information available now, supported by the pre-consultation responses, to be reasonably comfortable that National Grid could raise their modifications sooner rather than later – the consensus was that it would not be necessary to await the completion of the business rules (based on the BRDs) before commencing work on the draft modification(s).

NN suggested that there are four key areas to consider, namely the Xoserve BRDs, National Grid's draft modification(s), the pre-consultation responses including cost vs benefit analysis and any shipper system impacts. He went on to add that Ofgem need confidence from the pre-consultation process, that the industry is happy with the requirements as defined within the respective BRD's, and that no major differences, or alternative solutions are proposed.

Asked when National Grid envisage raising their draft modification(s), CW responded by indicating that their original expectation had been sometime in Q4 2012. He reiterated his view that a single modification would be far too complex and that raising multiple modifications aligned to the proposed product lines is a better option. Furthermore, he believes that resolution of the issues around the funding arrangements would be needed in time for inclusion in any Workgroup Report. In recognising the potential 2015 Nexus delivery prediction, SM remains keen that progress is made now so as not to impact on the proposed delivery timescale. Additionally, he believes that the pre-consultation process could provide an early indication of possible take up levels, costs and benefits etc. When asked whether or not Ofgem could provide a level of certainty around the delivery aspects of Project Nexus and any subsequent 'bolt-on' requirements, NN suggested that this would not be possible as Ofgem cannot exclude consideration of any potential alternative modifications.

Asked when it is envisaged when the pre-consultation stage would finish, TD suggested sometime in August 2012 is the most likely time, although he would question both how this could influence the timing of the raising of a modification and, more importantly, whether multiple modifications is the correct approach – whilst parties could be offered a full solution, they may if they prefer, choose what aspects they would like to take-up the options on,

along with consideration of funding (including whether or not it is a User Pays approach). SM indicated that he would still prefer to adopt a 'single' modification approach, especially when bearing in mind that we have just approved the £11 billion SMART metering program, which has the potential to deliver significant industry benefits, therefore it could be argued that Nexus is small change compared to this. He is also of the view that it is very difficult to avoid the 'rogue party effect' when someone with potentially differing views gets involved in the later stages of debate. CW remained of the view that Nexus is a 'special case' and that conducting the pre-consultation process as a feeder into drafting the modification(s) is the preferred route.

Asked whether or not, there are any Nexus change plans available, MD confirmed that there were and she would provide a copy to the Joint Office for publication after the meeting. AM pointed out that iGT provisions such as initial registration etc, would be included within the Nexus project. Asked whether or not Xoserve are on schedule with regard to the overall project timeline, AM advised that they (Xoserve) are moving forward on the expectation of building a (UKLink) replacement system.

TD summarised discussions by identifying that it had been agreed to undertake a 'quick and dirty' pre-consultation and to provide cost v's benefits analysis at a high level to identify initial industry views and drive out any issues before the modification process, and whether or not we need to dig any deeper and look at possibly breaking down costs vs benefit analysis even further – an approach supported by those present.

It was felt that Ofgem could review the results to check for any 'red flags' and any relevant information could then be provided to Xoserve, such as potential volumes etc.

The following timetable was suggested as a guide:

- feedback on draft pre-consultation document by end of (29<sup>th</sup>) June 2012;
- Ofgem to consider feedback provided and flag any concerns;
- formally issue pre-consultation document for responses by 3<sup>rd</sup> September, or two months after publication, whichever is the later, and
- raise UNC Modification(s).

An action was then placed against all parties to review the updated pre-consultation document, and where possible, provide a high level indication of potential take-up and identify any potential migration issues they may have in time for discussion at the July meeting.

### **2.3 Transitional Arrangements**

BF advised that there were no items to consider at this time.

### **2.4 New Issues**

#### Project Nexus Market Shares presentation

LW provided a brief review of the graph, confirming that analysis is based on AQ and not energy.

Examining the results in more detail, LW pointed out that for the 0 – 0.25 ranges, the majority of results (in reality) are closer to the 0.1 end of the scale.

#### PN UNC Reconciliation Issues presentation

LW provided a brief review of the presentation.

Following debate on the various aspects of the presentation where some parties felt it necessary to discuss with their colleagues before providing a view, it was agreed to place an action against all parties to review the document and provide their views on the most appropriate reconciliation scaling adjustment, market share and transition from RbD to meter point reconciliation approaches and finally the reconciliation invoice creation options.

**3. Workgroup Approach and Plan**

Project Nexus Workplan

MD provided a quick summary and indicated that she would add a new meeting for (07<sup>th</sup>) August.

Topic Workgroup Timeline Tracking

MD advised that there had been no significant changes to the document since the last meeting.

Project Nexus Workgroup Outstanding Areas Log

Consideration deferred until the next meeting.

**4. Any Other Business**

Project Nexus Indicative Project Plan Update

MD advised that a copy of the plan would be provided to the Joint Office in time for consideration at the 03 July meeting.

**5. Workgroup Process**

**5.1 Agree actions to be completed ahead of the next meeting**

The following new actions were discussed and assigned:

**New Action NEX06/01: All parties to review the updated pre-consultation document (v0.4), and where possible, provide a high level indication of potential take-up and identify any potential migration issues they may have in time for discussion at the July meeting.**

**New Action NEX06/02: All parties to review the Reconciliation Issues presentation and provide their views on the most appropriate reconciliation scaling adjustment, market share and transition from RbD to meter point reconciliation approaches and finally the reconciliation invoice creation options.**

**6. Diary Planning**

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup	03/07/2012	Teleconference.
Project Nexus Workgroup	07/08/2012	Teleconference.



## Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX04/01	03/04/12	4.1.1	To discuss possible DCC access control and Green Deal requirements with both the iGTs and the GTs with a view to co-ordinating the various Nexus (overlap) work areas.	ES Pipelines (DS)	Update provided. <b>Closed</b>
NEX04/02	03/04/12	4.2.4	To seek a legal view as to whether or not iGT (CSEP) Meter Points should be considered within implementation of a UNC modification.	National Grid Distribution (CW)	Update to be provided in due course. <b>Carried Forward</b>
NEX04/03	03/04/12	4.2.4	To consider whether the proposed pre modification consultation and suggested BRD grouping approaches are suitable and thereafter, identify their potential costs and benefits (subject to final agreement on the approach).	All parties	Update provided. <b>Closed</b>
NEX05/01	15/05/12	2.2	To investigate what (counterfactual) elements are included (or not) within Xoserve's original £20 million cost figure.	Xoserve (FC)	Update provided. <b>Closed</b>
NEX05/02	15/05/12	2.2	To seek a view within Ofgem on what would constitute a suitable level of detail for information which is to be provided by the industry during the consultation process and to also provide a draft set of related questions for consideration at the next meeting.	Ofgem (CC)	Update provided. <b>Closed</b>
NEX05/03	15/05/12	4.	To consider the issues around not getting a read on the transfer date (as currently proposed within the settlement BRD) and to provide their views at the next meeting.	All	Update to be provided in due course. <b>Carried Forward</b>

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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX06/01	13/06/12	2.2	To review the updated pre-consultation document (v0.4), and where possible, provide a high level indication of potential take-up and identify any potential migration issues they may have in time for discussion at the July meeting.	All	Update to be provided in due course.
NEX06/02	13/06/12	2.4	To review the Reconciliation Issues presentation and provide their views on the most appropriate reconciliation scaling adjustment, market share and transition from RbD to meter point reconciliation approaches and finally the reconciliation invoice creation options.	All	Update to be provided in due course.