

**Project Nexus Workgroup Minutes**  
**Tuesday 23 December 2014**  
**via teleconference**

**Attendees**

|                             |      |                            |
|-----------------------------|------|----------------------------|
| Bob Fletcher (Chair)        | (BF) | Joint Office               |
| Mike Berrisford (Secretary) | (MB) | Joint Office               |
| 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                    |
| Isla Phillips               | (IP) | Spark Energy               |
| James Hill                  | (JH) | EDF Energy                 |
| Leigh Chapman               | (LC) | first:utility              |
| Lorna Lewin                 | (LL) | DONG Energy                |
| Mark Jones                  | (MJ) | SSE                        |
| Michelle Downes             | (MD) | Xoserve                    |
| Mike Fensome                | (MF) | npower                     |
| Richard Pomroy              | (RP) | Wales & West Utilities     |
| Steve Mulinganie            | (SM) | Gazprom                    |
| Sue Cropper                 | (SC) | British Gas                |

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/nexus/231214>

**1. Introduction**

BF opened the meeting by explaining that it had been convened to focus attention on resolving the outstanding Backstop and Read Validation concerns and issues.

**2. Issues and topics for discussion****2.1 AQ Backstop Date Requirements**

In reviewing the National Grid Distribution update email for Project Nexus (post meeting with Denton's legal team, including C Wood) that was issued by the Joint Office on behalf of CW on 12 December 2014, CW explained the approach behind the raising of future Project Transitional modifications.

When asked, CW advised that the approach taken to the five potential transition modifications is simply seeking to roughly align with the enduring Project Nexus modifications that have already been approved by Ofgem (i.e. 0432 and 0434 etc.). CW then agreed to try to get Denton's to come and talk through the (draft) legal text for these proposed transitional modifications, although he did warn that availability of key Denton personnel might prevent this happening.

CW then suggested that in his opinion, proposed modification number 4, 'Project Nexus – Miscellaneous transition' was the most likely 'place holder' under which to address the non-effective system date requirements. When asked, EL advised

that further clarity around the non-effective system dates would be provided in due course.

Modification number 5 remains in italics as it is subject to change and is there primarily as a 'sweep up' facility for addressing various issues. (i.e. legal text typo's, cross reference issues, Code alignment issues at the point of inserting any transitional modification related legal text and any (late) system build related issues).

## 2.2 Project Nexus – AQ Transition

CW advised that during his discussions with Charles Wood of Denton's, Charles had strongly advised that there is NOT A DO NOTHING OPTION, as in his legal view, there must be transitional legal text provisions in place in the period between the current regime provisions ending and the new Project Nexus provisions 'kicking in'. Furthermore, C Wood also believes that Business Rules would need to be clearly defined upon which to develop any transitional modification's legal text. As a starting point, the 'Nexus – AQ transition' document published on the Joint Office web site prior to the meeting outlines C Wood's initial thoughts on the legal text for each possible option – Denton's are committed to providing the legal text to support any of the options.

Moving on, CW suggested that a clear Workgroup consensus is highly unlikely, so the Workgroup participants should look to identifying a suitable way forwards. This has already been highlighted to Ofgem, including the likelihood of alternative modifications being raised by various interested/impacted parties.

Discussions then centred on whether or not National Grid Distribution should commit to raising a modification based around their 'default' option 2, during which CW advised that they (NGD) are not comfortable with the concept of them raising a modification, or modifications at this time. CW explained that C Wood has strongly recommended that a transitional modification looking at how we calculate AQs through the transitional period was needed, as calculating AQs via the backstop mechanism is inappropriate. When challenged as to whether this infers that the current Project Nexus modifications legal text is/are not 'fit for purpose', CW reminded those present that it has always been stated that the industry would need a transitional modification to accommodate AQ requirements going forwards.

When asked if the definition for 'meter readings' was an issue, CW indicated that this was news to him, as he was under the impression that it was the AQ backstop matters that are the issue, although he is aware that C Wood is looking to cover off aspects such as validation during the development of the transitional modifications legal text.

Some parties had a subtly different view, believing that there are two areas of consideration, namely backstop and valid reads post backstop discussions and that these two issues should remain separate. CB suggested that the Workgroup may have never envisaged not having validated reads available to use. SM suggested rather than simply keep having these circular discussions, Shippers should just go ahead and raise a modification and the industry could then decide.

In attempting to summarise the discussions to date, BF suggested that in the absence of a clear Workgroup consensus, those present prefer to see National Grid Distribution raise an initial transitional modification based around their option 2 default, whereupon other parties can then consider raising any alternative modifications to this original one. Responding, CW suggested that whilst happy to consider the proposed approach, he remains of the view that once we have some initial legal text around the 'default' modification, the majority of industry concerns should die away.

CW indicated that he would look to raise the AQ transitional modification in time for consideration at the February 2015 Panel meeting. BF suggested that if a draft copy could be provided sooner, the Workgroup could consider it prior to formal submission to the Panel.

### 3. Any Other Business

#### 3.1 Xoserve Outstanding Action NEX1109 - Meter Reading Validation update

When asked for a progress update, MD advised that work is underway on converting the table values from percentage to kWh and that a communication update is hopefully going to be issued tomorrow.

### 4. Diary Planning

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

The 2015 Workgroup meetings will take place as follows:

| Time/Date                  | Venue                            | Workgroup Programme   |
|----------------------------|----------------------------------|---|
| 10:30 Tuesday 20 January   | 31 Homer Road, Solihull, B91 3LT | Backstop & Read Validation considerations<br>Consideration of draft AQ Transitional Modification (if ready) |
| 10:00 Thursday 10 February | 31 Homer Road, Solihull, B91 3LT | Consideration of draft AQ Transitional Modification (if ready)  |
| 10:00 Thursday 10 March    | 31 Homer Road, Solihull, B91 3LT | To be confirmed.  |