

Project Nexus Workgroup Minutes

Wednesday 25 April 2012

at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Anne Jackson	(AJ)	SSE
Andy Miller	(AM)	Xoserve
Brian Durber	(BD)	E.ON UK
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
David Speake	(DS)	ES Pipelines
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Fiona Cottam	(FC)	Xoserve
Gethin Howard	(GH)	IPL
Katherine Porter	(KP)	EDF Energy
Lorna Lewin	(LL)	Shell Gas Direct
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Naomi Anderson*	(NA)	EDF Energy
Tabish Khan	(TK)	British Gas
Tim Davis	(TD)	Joint Office of Gas Transporters

* via teleconference link

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

Action NEX04/01: ESP 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: DS advised that the iGTs and GT had not yet met to discuss this matter.

Carried Forward

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 he had met with Xoserve and his internal legal colleagues and subsequently his external legal advisors to understand the framework requirements along with any iGT 039 Modification aspects and now anticipates being able to provide a legal view in time for the next meeting.

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: Opening, BF explained that to date no responses had been forthcoming.

FC advised that the proposed £20 million project cost figure excludes any 3rd party costs and shippers would need to identify their own respective benefits and costs. BD suggested that with regards to cost information, he had only seen this very high-level (£20 million) project cost figure and believes that he would require more detail around the constituent parts of the figure before being able to provide an informed view on his potential benefits and costs. Furthermore, whilst he can evaluate his system change associated (confidential) costs, he struggles to identify the possible sub elemental change costs and to understand what potential mechanisms are available to him to be able to assess the impacts and any potential benefits.

Responding, FC identified two main elements involved in the project cost considerations as being the base technological upgrade which would be funded by Transporter's capital allowance and the incremental change costs, for which a ballpark figure of £20m had previously been given. In short, Shippers should only identify their costs to upgrade their systems. They should not include any estimated costs from Xoserve for the incremental change, whether User Pays or any other mechanism, as this could result in double counting.

CC believes that the workgroup needs to separate costs into those associated with the initial one off central system set up and any ongoing costs and to also provide an indication of their potential system usage requirements and any associated costs therein.

The matter was debated in even more detail during discussions on item 2.2 Pre-Modification Consultation Process below.

Carried Forward

Action NEX04/04: Joint Office (BF) to arrange and/or confirm the dates and locations for the next round of meetings.

Update: BF advised that this action had been completed.

Closed

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, drawing attention to the 'Objectives for Today's meeting'.

BRD for iGT Agency Services review

Opening, AM advised that this is a broad brush BRD that not only captures iGT requirements, but also covers some Shipper related aspects as well. When asked, MD confirmed that the document includes a 'standard' glossary as found within the other BRDs.

Reviewing key aspects of the document in turn, parties discussed the meaning of 15.7 in the table in item 3.4.1 and whether it intends to review the complete processes, with FC advising that this was

originally raised as part of the Initial Requirements Register piece of work and the matter relates to 'matching' of charges at the meter point level, rather than how we allocate gas. AJ believed that this potentially relates to benefits that are yet to be identified.

AM advised that any additions to the table in item 3.4.3 would only be high-level descriptions of the impacts, as the meaningful details behind these would be managed under development of iGT Modification 039.

Moving on to consider item 4.1 - Industry Benefits, TK suggested that as item 4.1.1 is seen as a 'given', more detail would need teasing out over time. CW felt that this item not only has the potential to deliver transparency and consistency of data but also helps to identify cost allocation aspects. FC suggested that items 4.1.2 and 4.1.3 are the potential benefits associated to delivery of item 4.1.1. DS felt that 'beefing up' the list would assist parties to identify their respective benefits. AM advised that Xoserve would welcome any feedback on potential industry benefits.

In considering the 'In Scope' and 'Out of Scope' items, AM once again welcomed provision of feedback by parties.

In considering 6.2 – Dependencies, AM advised that other potential regulatory changes would need to be included in due course. He went on to add that the 'Risks & Issues' list would be updated as work progressed. DS enquired as to when the various risks and issues would be 'ticked off' the list. Responding, AM advised that some items would require iGT input, whilst some would require both iGT and Shipper input and others would simply need Nexus input to resolve, whilst items such as AQ would simply be supporting statements.

When asked whether or not there are any plans to ensure that industry wide engagement takes place, AM confirmed that Xoserve had already commenced active engagement with parties to get the message across.

AM then informed those present that some of the 'as-is' and 'to-be' process maps should be available for consideration at the 15/05/12 meeting.

Moving on to consider 8.3 – Supply Point Register aspects, AM confirmed that the source pressure related information indirectly reflects Transporter requirements as it is in essence an iGT / GT data item at CSEP and not Meter Point level. With regards to Supply Point data, we are not proposing any changes to the current iGT arrangements. GH pointed out that iGT Modification 0045 is looking at pressure requirements, whilst AR pointed out that the information is available, but only on request (i.e. it is not a 'push' provision).

AM advised that the item 8.4 – Asset details would be provided for via the standard RGMA flows, whilst 8.6 – CSEP Lifecycle is more of an iGT / GT matter that has been included in the BRD for completeness.

As far as Queries are concerned, AM anticipates that Xoserve could / would be providing an iGT query service in future.

Moving on to consider 8.11 – Invoicing, AM advised that if requested, Xoserve could provide an invoicing service. However, DS pointed out that presently the iGT's do not have a consensus view, with several

options still being considered (including consideration of control requirements along with pricing and formula provision aspects). AM suggested adding such an assumption into the document that could always be challenged at a later date – a view supported by those present. AJ also believed that iGT invoicing optionality aspects would also need due consideration.

In considering 8.13 – Termination and Insolvency (re Invoicing), AM suggested that this may also need to include consideration of changes of licence when these are ‘sold’ between iGT’s.

Looking at 8.14 Portfolio Information, DS enquired if the same provisions exist under the Uniform Network Code (UNC) regime as those that are present under the iGT UNC, and whether or not they would need to continue to be present going forward. MD confirmed that these were only required to keep Xoserve’s CSEPs database up to date, and would not be needed once all CSEP meter points were on a central system. DS Felt that perhaps a review of all reporting requirements would prove beneficial, especially if we propose a full and complete reporting provision in future.

Moving on to consider 10 – Non-Functional Business Requirements, AM advised that he expected that this would be a high-level only list.

AM then asked parties to review the document with a view to ascertaining whether or not what is outlined within the document is correct and whether in their opinion anything is missing.

MJ enquired if it was envisaged that we would also look to resolve some or all, of the issues surrounding nested CSEPs whilst EC also felt that consideration of AQ breaches (especially the responsibility aspects) would also be beneficial. Responding, FC felt that we would also need to consider whether or not we would need to utilise logical allocation caps in future, as currently NDM allocation works on the basis of the actual AQ’s (i.e. the physical AQ’s and all the physical sites) across a site with NO rejection mechanism. The meeting agreed that all CSEP M No. creations should continue to be accepted in the new world, even if they took the total CSEP AQ over the maximum scheme AQ. MD wondered if notification mechanism would also need considering and agreed to add a clause to clarify these points. FC suggested that in future CSEP flagging would be of paramount importance.

In considering how best to move this piece of work forward, MD advised that the deadline for completion of the iGT work area is end of July, so if any parties have any feedback, especially any potential benefits could they please provide these as a matter of urgency to the Joint Office via the enquiries@gasgovernance.co.uk email account.

2.1.2 Retrospective Updates

BRD for Retrospective Updates review

MD provided a brief update on progress to date, explaining that the baselined document had been published on the Joint Office web site at: <http://www.gasgovernance.co.uk/nexus/brd>, and so far no responses have been provided – close-out for responses is 01/05/12. She now expects to review and finally sign off the document at the 15/05/12 meeting.

2.2 Pre Modification Consultation Process

TD opened by informing parties that the Authority remains keen that there is an industry wide Project Nexus impact assessment undertaken at some point. He went on to remind those present that at the previous meeting parties discussed the issue of how best to identify potential costs and benefits and it should be noted that any potential iGT benefits and costs are not included in the proposed £20 million Nexus project cost - he is of the view that the iGTs seem to support a separate approach anyway.

TD then went on to provide an overview of the draft pre-modification consultation response template outlining that Xoserve had provided four groupings (A for package 3, B for package 4, C for package 5 & D for package 6) and invited views on their appropriateness. FC then provided an explanation of the logic behind these groupings whilst highlighting the potential timeline considerations – the main driver being a phased, rather than, ‘big bang’ approach to Nexus implementation. She asked parties to note that SMART Metering may necessitate some Supply Point Register changes prior to the implementation of Nexus and more detail on this can be found within the Executive Summary document. When asked, FC agreed that this could be seen as more closely related to the implementation plan aspects of the project, but suggested that it is also trying to ensure that we do not miss any cost and benefit elements.

TD went on to point out that the main aim is to be able to try to identify various inter-dependencies with a view to what specific aspects deliver what benefits and at what costs. CC suggested that we need to acknowledge that parties may have different staged implementation priorities which could / would impact upon their respective benefit v’s cost analysis and evaluations (i.e. should we advocate a full packaged, or a more fragmented approach). BD believes that parties views would be heavily influenced by whether they are domestic or I&C portfolio biased. Furthermore, he feels able to support a phased dovetailed approach although he would like to understand how much of the BRD’s delivered the core system requirements. His preference being for iGT Services, Rolling AQ (to be facilitated by Validation and DM Product 2). TD warned against an approach that could / would potentially break the packages down into too many smaller components. FC reminded parties that the whole reason d’être behind the Executive Summary is to try to provide more clarity around the nature of the proposed changes and the subsequent identification of any benefits and associated costs therein, with the proposed £20 million cost being related to the incremental changes identified – AR summarised the project as being an enhancement and addition to the existing (base case) data services, although he believes there would be benefit in trying to identify matters such as the ‘risk’ associated to the removal of RbD etc.

AR went on to provide a brief overview of the wholesale transportation data management charging provision, and at the same time questioned how funding under Option C is expected to work and what are the ‘real’ benefits behind improved granularity – parties need to understand the approach and associated risks, especially as the Transporters would not be picking up the whole tab for the proposed regime changes.

AJ believed that a lack of costing information would potentially force parties to simply request a ‘Rolls-Royce’ solution. Responding, FC advised that the £20 million figure was an initial ‘best guesstimate’ and Xoserve are currently undertaking a more detailed analysis exercise based around the BRD requirements which should hopefully provide more detailed cost information, including indications of whether breaking down the packages into sub-packages would work. TD suggested that at the end of the day, the issue surrounding costs boils down to how much parties would be happy to pay

over and above their own system change costs. Several parties continued to feel that they would need access to more detailed costing breakdown information before being in a position to be able to justify their cost benefits and consider whether or not they are truly able to fund their changes.

MJ asked whether or not, Xoserve could provide a percentage breakdown to help identify the various 'grouping elements' included within the £20 million cost figure. TD suggested that this would only work if parties provided a similar level of granularity within their benefit and cost analysis.

AM suggested that parties need to appreciate that the bulk of any benefits may be related to just a selection of the eight elements although there is always the issue of interdependencies to consider – it is impractical to have eight individual prices because there are not necessarily eight individual elements when interdependencies are taken into account. TD suggested that early indication of what elements parties would prefer would assist National Grid to align their new draft modifications to what is actually required and thereby ensure that benefits and costs are targeted accurately. Perhaps narrowing down which elements are supported would / could assist identification of requirements, benefits and costs.

TD then moved on to provide a brief overview of the nine draft National Grid modifications pointing out that the "Transitional issues ('cutover' requirements)" and "Systems implementation (Non-effective days, etc)" are not optional. AR advised that any feedback on potential regrouping suggestions would be welcomed, especially when the legal text preparation and the respective timeline delivery aspects are potentially very complicated. TD wondered if the industry consulted on these nine modifications (plus the two non optional ones) in due course, would parties be in a position to justify their benefits and costs. GH believed that excluding the iGT single service provision, any potential grouping / regrouping of these proposed modifications could / would have an impact upon the work being undertaken by the iGT Modification 039 Workgroup. CC believed that from an Impact Assessment point of view, it does not really matter whether you have one or eleven modifications – it is how you quantify the global benefits and costs that is possibly more important. TD remains slightly concerned that 'historically' the Authority has considered modifications on their own individual merits so separating these modifications could be an issue – in his view unless there are distinctly separate modifications, it would be preferable to undertake a single global consultation.

TD wondered if it might be better to seek feedback on the benefits and costs of the individual BRDs, or opt for a 'grouped' modifications approach. Looking at the options, FC suggested that you could consider undertaking modification 2 'Meter Reading including validation and estimates' without modification 4 'Periodic AQ (rolling AQ, SOQ, etc)', but not 4 without 2 and therein lies the issue. In light of this, should we go back and reconsider AQ validation requirements perhaps. AR felt that the situation presents a one-off opportunity to consider how best to repackage the various elements. FC suggested that if this is the case, you could consider breaking down modification 1 'Allocation (demand estimation, unallocated energy smearing, etc) and Settlement (product definition (4x models)' even further into its various (product aligned) sub-elements. However this runs the danger of reopening extensive debate once more.

In considering the *"Please indicate the net change you.....level of costs that you anticipate facing"* statement on page 5 of the Pre-Modification Consultation Response template, TD asked if parties believed that this was a realistic approach. Responding, both AJ and BD advised that they very

much doubted that they would have the resources to undertake such a request. BD went on to advise that whilst he can foresee being in a position to identify benefits (rolling AQ for instance), identifying his true costs is far more difficult.

CC advised that he would go away and consider what approach may prove the most beneficial in identifying and assessing potential costs and provide both an example and an Authority view at the next meeting. Whilst he is doing this, he would like parties to also go away and think about what groupings they believe would prove beneficial and try to identify their potential high-level benefits and costs associated to these.

Having already discussed the option for splitting out the iGT aspects, TD wondered what the added cost would be in ensuring that these could be reinstated into project Nexus at a later date, and what tangible benefits there may also be in doing so, should Xoserve go ahead and deliver Nexus minus the iGT aspects at this time. FC advised that from a data structure capability point of view, this could be accommodated before going on to point out that there may be a potential cost subsidy concern involved here – she would prefer to NOT be asked for two quotes (one for Nexus + iGT foundations, and one without). When asked, she confirmed that there are no iGT cost figures available at this time. TD suggested that in effect we have a ‘window of opportunity’ to consider iGT integration into Nexus delivery.

In acknowledging that care is needed to avoid potentially doubling up on any SMART benefits, TD referred to the benefits outlined within the consultation response template (as extracted from the BRDs) and asked parties to go away and think about these benefits and how best to incorporate these into a ‘grouped’ approach.

2.3 Transitional Arrangements

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

2.4 New Issues

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

3. Workgroup Approach and Plan

Topic Workgroup Timeline Tracking

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

Project Nexus Workplan

MD suggested that it may be prudent to review progress on the iGT work area at the 15/05/12 meeting.

Project Nexus Workgroup Outstanding Areas Log

Consideration deferred until the next meeting.

4. Any Other Business

The Way Forward

Parties briefly discussed what the next steps should be to continue progressing the project. It was agreed that new actions should be allocated to satisfy the following points:

- Authority approach;
- Parties to consider how packages would / could work;
- Parties to consider how best to split out various elements;

- Parties to identify benefits and costs, along with potential system usage predictions;
- Xoserve to look at providing more cost breakdown information alongside consideration of any project delivery sequencing issues and their potential impact upon the benefit and cost analysis, and finally
- Consultation to open June with responses submitted by July / August 2012.

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 NEX04/05: All parties to review the iGT BRD document with a view to ascertaining whether or not what is outlined within the document is correct and whether in their opinion anything is missing.

New Action NEX04/06: Ofgem (CC) to consider what approach may prove the most beneficial in identifying and assessing potential costs and provide both an example and an Authority view at the next meeting.

New Action NEX04/07: All parties to consider what groupings they believe would prove beneficial and try to identify their potential high-level benefits and costs associated to these.

New Action NEX04/08: All parties to consider the benefits outlined within the pre-modification consultation response template and think about these benefits and how best to incorporate these into a 'grouped' approach.

New Action NEX04/09: Xoserve to look at providing more cost breakdown information alongside consideration of any project delivery sequencing issues and their potential impact upon the benefit and cost analysis.

6. Diary Planning

Parties briefly discussed elsewhere in the meeting what suitable meeting dates should be arranged.

The following meetings are scheduled to take place:

Title	Date	Location
Project Nexus Workgroup	15/05/2012	National Grid Office, 31 Homer Road, Solihull. B91 3LT.
Project Nexus Workgroup	06/06/2012	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.	ESP Pipelines (DS)	Update to be provided in due course. Carried Forward
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. Carried Forward
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 to be provided in due course. Carried Forward
NEX04/04	03/04/12	4.2.4	To arrange and/or confirm the dates and locations for the next round of meetings.	Joint Office (BF)	Update provided. Closed
NEX04/05	25/04/12	2.1.1	To review the iGT BRD document with a view to ascertaining whether or not what is outlined within the document is correct and whether in their opinion anything is missing.	All	Update to be provided in due course.
NEX04/06	25/04/12	2.2	To consider what approach may prove the most beneficial in identifying and assessing potential costs and provide both an example and an Authority view at the next meeting.	Ofgem (CC)	Update to be provided in due course.
NEX04/07	25/04/12	2.2	To consider what groupings they believe would prove beneficial and try to identify their potential high-level benefits and costs	All	Update to be provided in due course.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			associated to these.		
NEX04/08	25/04/12	2.2	To consider the benefits outlined within the pre-modification consultation response template and think about these benefits and how best to incorporate these into a 'grouped' approach.	All	Update to be provided in due course.
NEX04/09	25/04/12	4.	To look at providing more cost breakdown information alongside consideration of any project delivery sequencing issues and their potential impact upon the benefit and cost analysis.	Xoserve (FC/MD)	Update to be provided in due course.