

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Alison Neild	(AN)	Gazprom
Andy Miller	(AM)	Xoserve
Brendan Cooper*	(BC)	GdF Suez
Colette Baldwin	(CB)	E.ON UK
Ed Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Endre Merai	(EM)	RWE npower
Gareth Evans	(GE)	Waters Wye Associates
Huw Comerford	(HC)	Utilita
James Franklin*	(JF)	GdF Suez
James Rigby	(JR)	RWE npower
Jon Dixon	(JD)	Ofgem
Lee Jackson	(LJa)	Xoserve
Leigh Chapman	(LC)	first:utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Mark Perry	(MP)	Xoserve
Martin Connor	(MC)	National Grid NTS
Michelle Downes	(MD)	Xoserve
Mike Fensome*	(MF)	GdF Suez
Mike Munro	(MM)	SSE
Michael Paul	(MP)	Gazprom
Paul Hamilton	(PH)	SSE
Richard Franklin*	(RF)	Opus Energy
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/090914>

1. Introduction and Status Review

1.1. Review of Minutes

MJ requested that the minutes of the 11 August 2014 meeting be altered to include his request that any meeting materials are provided at least 5 business days prior to any meeting. Thereafter, the minutes of the previous meeting were accepted.

1.2. Review of Actions

NEX08/01: Xoserve (MD) to double check the accuracy of the four statements relating to the current Backstop Date processes.

Update: MD explained that this would be covered under item 3.0 below and that she would also republish the previous information. **Closed**

NEX08/02: Xoserve (MD) to check which file (format) the AQ Backstop Date is issued in, when in the process and what information is included.

Update: MD explained that this data is not issued in any of the current AQ reports. MD advised that the data is held by Xoserve and can be provided if required. MD clarified that post Project Nexus go-live date, the information is included within the AQ reports. **Closed**

NEX08/03: Xoserve (MD/FC) to look to provide 'as-is' compared to the 'to-be' process flow examples including how backstop scenarios and dates would be impacted and any associated timelines (inc. assessment of potential volumes based on today's figures).

Update: MD explained that this information had been included within a recent presentation made at the 19 August UKLIEF meeting.¹ **Closed**

NEX08/04: Xoserve (MD) to confirm whether or not, there are any other invoicing legacy (file) formats parties would need to be aware of.

Update: MD explained that the answer remains unknown at this time, whilst AM advised that the matter would be part of the more detailed system design work considerations although it may be some time before a more meaningful update could be provided. **Carried Forward**

NEX08/05: British Gas (SC) to rerun the modelling software utilising the newly proposed tolerance values and provide feedback on the results at the next meeting.

Update: Please refer to item 3.3 below. **Closed**

NEX08/06: Shippers to check proposed tolerance values on a sample of their respective Meter Points and provide a view on the values.

Update: In response to information provided by both E.ON and GdF Suez, EL advised that she would be discussing the matter in more detail with colleagues in due course. **Closed**

NEX08/07: Xoserve (MD) to investigate the potential systems impacts of possibly introducing another (inner) tolerance band (0 – 20,000kWh).

Update: Having investigated the request, MD confirmed that another (inner) tolerance could be accommodated without impacting upon system design. It was agreed to 'link' this to new action NEX09/03. **Carried Forward**

NEX08/08: Xoserve (MD) & National Grid Distribution (CW) to consider how nomination referrals (especially the SSP sectors) would/could be managed going forwards.

Update: MD explained that following offline discussions between Xoserve and National Grid Distribution it is envisaged that any nomination referrals could/would be either managed via supply point, or data enquiry or nomination routes. **Closed**

¹ A copy of the ULIEF presentation is available to view &/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/uklief/2014>

NEX08/09: Xoserve (MD) to consider whether or not the SAP “idoc” files could/would be published alongside the file formats.

Update: MD advised that whilst it is theoretically possible for two SAP systems to ‘talk’ to each other via “idoc”, the way the system has (currently) been set up it cannot be done.

CS suggested that this is more about build parameters, rather than specific file level issues (i.e. the design components ‘mirroring’ across two or more SAP systems). AM suggested that where parties wish to progress the matter further, they should contact Xoserve directly to discuss. **Closed**

1.3. Pre Modification Discussions (10mins/item)

No new items for discussion.

2. Workgroups

2.1 0473/0473A – Project Nexus – Allocation of Unidentified Gas

(Report due to Panel on 18 September 2014) – Papers at:

<http://www.gasgovernance.co.uk/0473>

3. Issues and topics for discussion

3.1 NDM Demand Estimation Methodology (*UNC related document*) update

In providing a brief update on the latest round of changes made to the document, MP advised that the changes (v6.0) had been approved at the 18 August DESC meeting. AM added that if a UNC modification is needed to give effect to the changes, National Grid Distribution would give the matter due consideration and whatever needs to be done will be actioned.

3.2 Analysis of the Xoserve Read Validation Proposal – presentation by E.ON

CB provided an overview of the presentation.

In response to a question on the split between large and smaller supply points, CB indicated that whilst she does not have the exact figures, no sites have been deliberately excluded from the (WAALP Adjusted) sample data.

In considering the market breaker slides, CB suggested that it would be less than satisfactory to use the override flag for 26% of 5.4 million readings.

Looking specifically at the ‘Low Expectation Conclusions’, SM enquired how many of the 26% (overrides) would be expected to disappear when the process goes live to which CB responded by indicating that slide 8 shows circa 81% of the 6.25% to be ‘resolved’ utilising the E.ON proposal.

SC also suggested that whatever AQ correction process / option is adopted it is essential to ensure that it is not impacted by timeouts. MD pointed out that any reads would have to go through the appropriate validation process(es).

In discussions on the AQs that are held back by Xoserve because they appear to significantly vary from the expected consumption shippers wanted to understand this population further.

Action NEX09/01: Xoserve (AM/MD) to provide portfolios to each shipper of the AQs (SSP and LSP) that were suspended from the AQ process by Xoserve.

3.3 Analysis on Revised Meter Reading Validation Tolerances proposed by Xoserve for Project Nexus – presentation by British Gas

SC provided a brief overview of the presentation.

In considering the 'Results from revised proposed tolerances' slide, SC pointed out that all upper tolerance failures could be addressed via the override mechanism before asking for views on whether the circa 141k average tolerance failures per month for the UK was an acceptable figure – there were no major concerns raised as this is seen as a significant reduction from the previous circa 390k failures.

Moving on to look at the 'Comment on the revised proposed tolerances' slide, MD pointed out that the 600% indicated within point 3 has not yet been formally approved. SM suggested that in his opinion the values appear to be near enough and adding a further 0 – 20,000 tolerance band would only improve matters. MD then reminded parties that the BRD currently states that further analysis was needed so we may need to consider updating the document and she would be discussing this with the Joint Office in due course.

LJ pointed out that at some point suitable governance arrangements would be needed for amending the tolerances etc., and that this could possibly be undertaken via either UNCC and/or UKLC approval mechanisms.

When moving on to consider the 'Additional Analysis on market breaker tolerances' slide, SC apologised that the figures appear to be based on Xoserve's original figures and not the revised ones, although it is the principle / concept that is important. When SM questioned whether or not a market breaker test would actually be needed for the 0 – 20,000 band, MD warned that there are potential reconciliation relate impacts. It was then suggested that perhaps a rule for instances where a party breaches the 21,000 level would be beneficial – in essence, anything below an AQ of 21,000 is deemed to be 'open season rights' and it then boils down to what the Workgroup (industry) wants to do with the above 21,000 figure that needs considering with perhaps the adoption of a new market breaker rule. Some parties also wondered if downward trends should/would invoke a market breaker rule. AM warned against confusing monthly reads and class definitions whilst SM went on to suggest that on a rolling AQ basis it is the threshold crossers that might cause the real concerns.

In considering the link to consumption, MD highlighted that multiplying consumption by CV gives you the energy to enable parties to assess the market breaker trigger. AM then enquired if there would be benefit in Xoserve looking to provide a profile for an AQ tolerance band with a range of 0 – 75,000 (to assist in assessing the proposed new (inner) tolerance band for 0 – 20,000).

Action NEX09/02: Xoserve (AM/MD) to provide a profile for an AQ tolerance band with a range of 0 – 75,000 (to assist in assessing the proposed new (inner) tolerance band for 0 – 20,000).

3.4 Nexus AQ Backstop Dates – presentation by British Gas

SC provided a brief overview of the presentation.

During discussions SC indicated that as far as British Gas was concerned option 3 is not seen as being a viable option. SM went further and suggested that any of the proposed four options should be seen as being complimentary to a thorough data cleansing exercise.

Continuing the debate, LJ indicated that as far as the 250TWh figures for LSP to SSP crossers validation mechanisms are concerned, the crux of the matter relates to when you draw the line – i.e. April or October.

In accepting the backstop proposals in principle, SM remained concerned that potentially the industry is going to utilise rolling AQ supporting reads without adequate validation (inc. market breaker triggers) being undertaken (excluding backstop aspects) bearing in mind that from December onwards parties are potentially 'locked in' to using the same data for the following 12 months.

Discussions then centred on Shippers being able to 'warrant' their reads before submitting them into the system and whether this could/would be beneficial. It was felt that this could prove helpful, but only where when a warrant fails, the Shipper concerned is penalised. MD once again reminded those present that there are potential reconciliation related impacts of undertaking such an arrangement, whilst AM pointed out that we cannot be selective by meter point and is of the view that the Workgroup had previously acknowledged the potential LSP related risks.

LJa pointed out that the analysis was based on 2013 figures and that the 2014 figures would not be available for approximately 6 to 8 weeks from now. AM advised that he would also look to providing Shippers with their respective USRV supporting information. SM suggested that it boils down to having an assurance that parties are not exposing themselves to the effects of spurious data.

3.5 Project Nexus Workgroup

MD provided an overview of the presentation during which the initial discussion focused on how a class 4 prime with a class 3 sub meter set up would work for reconciliation. AM agreed to a new action to provide a worked up example of the reconciliation process.

In considering the 'Prime and Sub sites cont.' slide, those parties present agreed to the principle of the three main bullets.

Moving on to examine the 'Confirmed in Error (Mod 517)' slide, MD noted that this simply relates to sites where no asset is attached. She then asked people to note that reimbursements would be automatic and responsibility for provision of accurate site data remains as now. Once again, those parties present agreed with the proposals.

As far as address updates are concerned, MD confirmed that any wrong addresses in the current system would be corrected and placed in the correct LDZ and exit zone as part of the migration into Nexus. As a result of this a revised 'Offer' containing new transportation rates would be issued to the Shipper. Those parties present agreed the proposals.

Looking at the 'AQ Correction' slide, EL confirmed that a new file format would be utilised before those present indicated that they support the proposal for a (3 month) limit for new business activities.

Whilst AM believes that the read replacement proposals improve on the UNC modification 0434 provisions, some concerns were voiced around the read replacement proposals with SM believing that there appears to be an apparent lack of validation on potential legacy data (in essence a perverse incentive), to which MD responding by pointing out that this would only apply for reads submitted by the Shipper during their ownership. She reminded everyone that transfer read mechanisms are there to protect the incoming / outgoing Shippers and that in short, the potential risk exposure does not change in either a pre or post Nexus world.

Additional concerns relating to erroneous high reads potentially locking parties out under the rolling AQ regime were also mentioned especially when there is to be no limit to replacing transfer reads in the post Nexus world. When asked, MD confirmed that retrospective updating of asset details forms part of the 0434 proposals, although it should be noted that only the current Shipper would be able to update the previous Shipper's details.

In the end some parties requested additional time to consider the read replacement proposals.

Moving on to consider the 'Fixed AQ & SOQ' slide, it was pointed out that the October to April (2016) date addresses Transporters concerns (previously voiced in DNCFM/DCMF meetings) and only applies for the initial 6 month period and thereafter it will revert back to a April to April process. SM suggested that whilst less than ideal, as a one-off exercise it works.

Some concerns were voiced as to whether or not the legal text for UNC modification 0432 actually satisfies the intent of the modification, with views remaining opposed on this one. Concluding a new action was placed on the Joint Office to highlight the concerns raised at the next DNCFM/DCMF meeting and seek an explanatory note from the Transporters along with some possible scenarios. Whilst agreeing that the matter needs airing, JD questioned whether Nexus is the appropriate forum.

Action NEX09/03: Xoserve (AM) to provide an example of how a Class 4 prime with a Class 3 sub meter would actually work with regards to reconciliation.

Action NEX09/04: Joint Office (LJ/MB) to place an item on the next DNCFM agenda to highlight (Nexus) concerns to Transporters and seek a response and possible scenario examples.

3.6 Project Nexus Workgroup – Extension of Modification 0434 to permit retrospective updates pre-dating Project Nexus Go Live Date

MD provided a brief overview of the presentation.

During a brief discussion the proposal for the ability to update Supply Meter Point and asset data to be restricted from a 'Line in the Sand' date was agreed by all parties present. MD also pointed out that SSP adjustments would be from 01 October 2015.

When asked, those in attendance did not object to Xoserve drafting a supporting UNC modification whilst the industry still debates the matter. AM explained that the aim is to provide a draft modification for consideration at the next meeting.

3.7 Project Nexus Workgroup: Gas Nominations & Allocations

MD provided a brief overview of the presentation explaining that this is meant as an early 'heads up' rather than any final proposal. It is expected that further detail will drop out of the detailed design work considerations.

When asked whether or not the information provided on the 'Background' slide really relates to a post Nexus event, MD advised that this is not the case and it is intended as both a pre and post Nexus matter and utilise factors such as the RbD methodology etc.

As far as unidentified gas being calculated daily for both nomination and allocation and thereafter shared daily to Shippers in accordance with prevailing arrangements are concerned, Xoserve undertook a new action to provide a short presentation showing how this works..

In considering the 'Allocated LDZ Unidentified Gas' slide, MD pointed out that the new meter i.d. would reside in Gemini and that Shippers would be notified of a new i.d. via the UK Link system, rather than Gemini – the finer points around how this will be developed are to be teased out in due course.

Action NEX09/05: Xoserve (MD) to provide a short presentation showing how unidentified gas is treated at nomination and allocation stages.

3.8 Indicative Transition Topic Schedule

EL explained that the schedule had been updated to include the next three meeting topics.

4. Any Other Business

None.

5. Diary Planning

The following meetings are scheduled to take place during 2014:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 07 October	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed
10:30 Tuesday 04 November	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed
10:30 Tuesday 09 December	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX08/01	11/08/14	3.2	To double check the accuracy of the four statements relating to the current Backstop Date processes.	Xoserve (MD)	Update provided. Closed
NEX08/02	11/08/14	3.2	To check which file (format) the AQ Backstop Date is issued in, when in the process and what information is included.	Xoserve (MD)	Update provided. Closed
NEX08/03	11/08/14	3.2	To look to provide a 'as-is' compared to the 'to-be' process flow examples including how backstop scenarios and dates would be impacted and any associated timelines (inc. assessment of potential volumes based on today's figures).	Xoserve (FC/MD)	Update provided. Closed
NEX08/04	11/08/14	3.4	To confirm whether or not, there are any other invoicing legacy (file) formats parties would need to be aware of.	Xoserve (MD)	Update to be provided. Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX08/05	11/08/14	3.5	To rerun the modelling software utilising the newly proposed tolerance values and provide feedback on the results at the next meeting.	British Gas (SC)	Update provided. Closed
NEX08/06	11/08/14	3.5	To check proposed tolerance values on a sample of their respective Meter Points and provide a view on the values.	Shippers	Update provided. Closed
NEX08/07	11/08/14	3.5	To investigate the potential systems impacts of possibly introducing another (inner) tolerance band (0 – 20,000kWh).	Xoserve (MD)	Update to be provided. Carried Forward
NEX08/08	11/08/14	3.6	To consider how nomination referrals (especially the SSP sectors) would/could be managed going forwards.	Xoserve (MD) & National Grid Distribution (CW)	Update provided. Closed
NEX08/09	11/08/14	4.2	To consider whether or not the SAP “idoc” files could/would be published alongside the file formats.	Xoserve (MD)	Update provided. Closed
NEX09/01	09/09/14	3.2	To provide portfolios to each Shipper of the AQs (SSP and LSP) that were suspended from the AQ process by Xoserve.	Xoserve (AM/MD)	Update to be provided.
NEX09/02	09/09/14	3.3	To provide a profile for an AQ tolerance band with a range of 0 – 75,000 (to assist in assessing the proposed new (inner) tolerance band for 0 – 20,000).	Xoserve (AM/MD)	Update to be provided.
NEX09/03	09/09/14	3.5	To provide an example of how a Class 4 prime with a Class 3 sub meter would actually work with regards to reconciliation.	Xoserve (AM)	Update to be provided.
NEX09/04	09/09/14	3.5	To place an item on the next DNCMF agenda to highlight (Nexus) concerns to Transporters and seek a response and possible	Joint Office (LJ/MB)	Update to be provided.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			scenario examples.		
NEX09/05	09/09/14	3.7	To provide a short presentation showing how unidentified gas is treated at nomination and allocation stages.	Xoserve (MD)	Update to be provided.