

**Project Nexus Workgroup Minutes**  
**Monday 24 and Tuesday 25 October 2011**  
**31 Homer Road, Solihull B91 3LT**

**Attendees (for both days unless otherwise indicated)**

Bob Fletcher (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper (25 <sup>th</sup> )	(AR)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
Cesar Coelho (24 <sup>th</sup> )	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
Dave Godwin	(DG)	Xoserve
David Speake	(DS)	ES Pipelines
Fiona Cottam (24 <sup>th</sup> )	(FC)	Xoserve
Gareth Evans (25 <sup>th</sup> )	(GE)	Waters Wye Associates
Grace Smith	(GS)	RWE npower
Graham Wood (25 <sup>th</sup> )	(GW)	British Gas
Joanna Ferguson (25 <sup>th</sup> )	(JF)	Northern Gas Networks
Joel Martin (25 <sup>th</sup> )	(JM)	Scotia Gas Networks
Karen Kennedy	(KK)	ScottishPower
Lorna Lewin	(LL)	Shell
Michele Downes (25 <sup>th</sup> )	(MD)	Xoserve
Naomi Anderson	(NA)	EDF Energy
Paul Russell	(PR)	RWE npower
Peter Thompson (24 <sup>th</sup> )	(PT)	Customer Representative
Phil Blakeman	(PB)	British Gas
Sharon Broadley	(SBr)	ScottishPower
Simon Trivella (25 <sup>th</sup> )	(ST)	Wales & West Utilities
Steve Mulinganie (24 <sup>th</sup> )*	(SM)	Gazprom
Steve Nunnington (25 <sup>th</sup> )	(SN)	Xoserve

\* via teleconference

**1. Introduction**

BF welcomed all to the meeting.

**1.1 Review of Minutes of previous meeting**

The minutes (04 October 2011) were approved.

**1.2 Review of Actions**

**NEX07/14:** Transporters to consider views on rolling AQ proposals (including BSSOQs) versus fixed SOQ requirements across market sectors and the potential impact on future transportation charges (including changing rate impacts).

**Update:** AR confirmed this had been discussed at the Distribution Networks Charging Methodology Forum (DNCFM). GW believed that timings still required discussion – October was not necessarily appropriate. April was

suggested, as this would align with the charging year and that it should be a stable number to reduce pricing volatility.

AR referred to the principle that the SOQ should not change as often as the AQ changes, in terms of setting prices. GW thought that the general preference was for once a year. ST observed that a mid-year price change was not very stable (from a Network point of view it could recalculate every month); the desire was for a fixed charging function based on SOQ, once a year.

BF noted the Shippers had expressed mixed views on how often the SOQ changes. ST referred to Ofgem's previously expressed concerns and believed an annual charge better aligned the DM and NDM regimes. SN suggested that an ability to change the SOQ could be accommodated, ie a rolling SOQ ability. ST questioned if this would be a charging methodology change.

CW quoted from the DNCMF Minutes, Section 3.2 (available at [www.gasgovernance.co.uk/dncmf/260911](http://www.gasgovernance.co.uk/dncmf/260911)). ST believed that the updating of a charging function field required consideration, as did cost. SN observed that it is easier for SOQ to follow AQ.

Noting the mixed views, SN proposed to amend the BRD to reflect suggestions/comments. **Closed**

**NEX08/01:** All to consider the (unintended) consequences of the rolling AQ affecting EUC bands, and the potential increase in the frequency of band transfer.

**Update:** ST observed it was not so much of an issue if the four products were in place. BD will provide further detail in a post-meeting note. **Closed**

**NEX08/02:** All to understand what the capacity commitment would be for the SOQ charging factor if it were fixed.

**Update:** ST stated that if it was a year, it would be a year; if 6 months, then 6 months. **Closed**

**NEX08/12:** Xoserve (FC/MD) in respect of Retrospective Updates: To develop a presentation (based upon discussion points) on how best to manage the data items listing (content, time expiry, new additions, amendments, etc) including consideration of ASP data, for consideration at the next meeting.

**Update:** Update due at 01/11/11 meeting. **Carried Forward**

**NEX08/13:** Xoserve (FC/MD) in respect of the Supply Point Register: To prepare example scenarios (including identification of root causes, what to do with erroneous reads, asset error related aspects, reconciliation neutrality and energy smearing, throughput and refund timelines and mechanisms, contractual timelines) and what possible business rules would be needed to support the process in the new world.

**Update:** Covered in the presentation. **Closed**

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**NEX09/09:** All DNs in respect of the Supply Point Register: Universal Single Meter Point Supply Points - DNs to look at alternative ways to link, decouple, and/or transfer Supply Points.

**Update:** ST believed this to be more of a SPA issue rather than a GT function. It was not a DN requirement, but there may be an administrative benefit to be able to group together. GE thought it was logical to be able to bundle together at the outset, but changes do happen and maintenance of data might be an issue. There might be differences between being able to group Supply Points in a confined location or widely distributed locations based on a single customer portfolio. ST observed that it would be the Shipper's responsibility to maintain a 'Supply Point Group'. GW suggested that any functionality should be optional for the Shipper to use. BD suggested Shippers could group however they like internally. GE pointed out that Shippers may not want their internal functionality replicated in the wider Supply Point regime, nor pay for this to be reflected in the wider systems. The concern is the risk of erroneous transfers when grouping sites. KK suggested they should be able to choose whether it should be by meter point or grouped.

ST asked if SPA flows would be used for change of Supplier. KK referred back to the principles agreed in the discussions of the previous day (24 October – see below). DS observed that the withdrawing Shipper has the grouping, and the incoming Shipper may not have a grouping. AR suggested that knowing/finding one MPRN could then give the rest of the grouping.

Summarising the views, BF concluded that it should be retained as an optional requirement in the BRD. **Closed**

**Action NEX09/10:** Joint Office (BF/MB) to ensure that Supply Point Register: Universal Single Meter Point Supply Points is included on the 25/10/11 meeting agenda.

**Update:** Completed. **Closed**

**NEX09/13:** All parties to consider their reconciliation communication - data communication requirements especially how data updates (asset changes etc.) would be managed.

**Update:** Due at meeting 01/11/11. **Carried Forward**

**NEX09/16:** Xoserve (FC/MD) to provide some worked examples for CSEP SSP reconciliation options A & B.

**Update:** Included in the Reconciliation presentation. **Closed**

**NEX09/18:** Xoserve (NS) to formulate a potential change to the AQ review process that could be effective prior to delivery of the full Nexus solution, while avoiding any significant adverse impact upon the Nexus project as a whole.

**Update:** Covered in presentation. **Closed**

**NEX09/19:** Xoserve & Transporters (SN/CW) to consider what transitional arrangements would be required to support a regime change from annual to rolling AQ.

**Update:** Further analysis is required. **Carried Forward**

**Action NEX09/20:** Joint Office (BF/MB) to ensure that further consideration of the AQ BRD is placed on the agenda for the 25/10/11 meeting.

**Update:** The BRD was included in the agenda. **Completed**

**Action NEX10/01:** Joint Office (BF/MB) to schedule in two new meetings during January 2012.

**Update:** Arrangements have been made and the meetings will be held on 10 and 24 January 2012 respectively, commencing at 10:30 in Conference Room 5 at 31 Homer Road, Solihull B91 3LT. **Closed**

**Action NEX10/02:** Xoserve (MD/DG) to consider whether or not an estimated read should be subjected to the market breaker tolerance test and what should be the outcome.

**Update:** Included in the Process diagram/map. **Closed**

**Action NEX10/03:** All parties to consider what potential role would be required to be undertaken by the AUGÉ in future, and what this role would include.

**Update:** Included in the Business Rules. **Closed**

## 2. Modification Workgroups

### 2.1 0380 – *Periodic Annual Quantity calculation*

Consideration deferred.

### 2.2 0377 – *Use of Daily Meter Reads*

Consideration deferred.

### 2.3 0359 – *Use of Market Sector Flag to determine Customer Status*

Consideration deferred.

### 2.4 0357 – *Enhanced Supply Point Administration Process*

Consideration deferred.

## 3. Workgroup Approach and Plan

### Topic Workgroup Timeline Tracking

FC provided a brief update, indicating the changes made to status since the last meeting.

### Project Nexus Workplan

FC provided a brief overview of the workplan, which has been updated since the previous meeting.

### Project Nexus Workgroup Outstanding Areas Log

Consideration deferred until the next meeting.

#### **4. Terms of Reference (issues and topics)**

No issues raised.

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

##### **5.1 High Level Workgroup Issues**

No issues raised.

##### **5.2 Further Consideration of Meter Reading Arrangements**

###### **5.2.1 Reconciliation and Invoicing**

###### PN UNC Workgroup Reconciliation topic presentation

Pointing out that there was only one further planned meeting on this topic, FC gave a brief presentation recapping on the progress made so far and drawing attention to the areas within the Business Requirements document that remained to be addressed and consensus achieved.

###### Workflow Process Map presentation

DG provided a brief overview of the proposed process flow map 'NXTB Produce Reconciliation Invoice'. Following a brief discussion minor adjustments were suggested to clarify some of the terms and steps and these were noted by DG.

###### PN UNC Workgroup presentation – Options for CSEP Reconciliation

FC outlined the background. Asked by CW for his views (from an iGT perspective), DS agreed that in his opinion, CSEP reconciliation should take place across the board, and he was promoting and arguing this point in discussion with the other iGTs. He hoped to obtain their approval in support of the aspiration to move to a single Supply Point repository. It was clear that remaining outside of this regime would entail much more work for iGTs than becoming a part of it. CW questioned if there were any licensing issues that might need to be addressed. CC responded that the iGTs had set up a Workgroup to facilitate an understanding of what is required. DS added that Nigel Nash (Ofgem) had observed that any governance issues should be easy to address once the iGTs' position had been agreed. Responding to BD, DS was fairly confident that no opposition to this move had been expressed by iGTs; rather it remained to draw attention to the potential disadvantages to iGTs and to understand what would naturally fit with Xoserve's activities. It was hoped that this could be agreed by the end of the year. PT thanked DS for his work in this area.

Returning to the presentation, FC pointed out that this had been developed without iGT input at the last meeting, and apologised in advance for any errors. The options had still to be considered as the iGTs' formal view had not yet been established and agreed. KK asked if there was a deadline that should be borne in mind. FC indicated that high level requirements/principles needed to be established by the end of January 2012, otherwise this might

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compromise the analysis and potentially impact the end date. CW believed that all parties should aspire to minimal changes. FC reiterated that, while this may not get any further than the drawing board, the contingency needed to be in place.

FC summarised the market position, explained the potential options identified (A-F) and the advantages/disadvantages of each option.

Option A was simple to do but was not the very best option.

Option B was a risk, as it was not necessarily cross-referenced to any other billing item.

KK made a point about Option C that it would be very difficult for Suppliers to read all meters on one day. FC agreed there was not much to recommend this option.

KK thought that Option D might help in the understanding of unidentified gas. FC had not found this option to be very practical and had therefore not explored in any great detail.

BD believed Option E might create additional Exit Zones. DS commented that LSPs were harder to reconcile for a wide variety of reasons, and more work was associated with this potentially. KK questioned if supplanting what exists in various fields be an issue; could an LMN be replaced with an actual meter point? DS added that removing LMNs would make life simpler. Why generate a new number when others exist? KK indicated a preference for this Option E above Option D.

Looking at Option F, PT raised questions relating to the DCC and what impacts its introduction might have on iGTs. FC pointed out that the DCC only ever communicates with Suppliers for meter reading purposes; it was the Supplier's responsibility to submit data to the appropriate Transporter.

Option A was illustrated in greater detail. FC pointed out that some products would expand/contract and the residue will therefore change as reconciliation takes place and the sectors expand and contract. It would work rather like the current regime with debits and credits.

Option B was also illustrated in greater detail.

FC recapped that Options A and B were favoured at the end of the last meeting because of the relatively low impact, and the similarity to current functionality, etc. These could be used as temporary fallbacks. PR indicated his support and would welcome some timescales from the iGTs as to which option might be worth considering. KK was concerned as to what would happen as additional sites come on stream and developments ramp up and AQ changes. Would there be reconciliation issues? Would meter points/aggregate AQs take into account that sites were new ones? FC responded that it was not an automatic reconciliation, but would be stand alone and separate, meter point by meter point. AQ reviews would take place – not necessarily reconciling back. It was not ideal, and there was a risk of another set of records that could potentially get out of line. KK pointed out concerns with timing issues, and parties having to make system changes, especially for iGTs. Further contingencies might be required. FC indicated that if it was known that a short timescale was proposed then a different option might be selected, than if it was known to be a more enduring one.

It was recognised that a contingency needs to be part of the BRD, but that further consideration was required depending on whether for the longer or shorter term.

It was PR's belief that definitions of long, medium, and short term were required from the iGTs in order to decide whether any option should be pursued.

FC stated that she will add the presentation to the appendix of the BRD and would seek to obtain consensus regarding Option A or B at the next meeting. Cost effective accuracy was the objective.

**Action NEX10/04: Options for CSEP Reconciliation - All to consider appropriate options for different time periods, and to indicate a preference between Options A and B.**

#### Business Requirements Definition (BRD) - Reconciliation

FC recapped on the changes made following the last meeting's discussions.

*Para 6.2* – FC pointed out that this might require an additional item relating to the dependency on a Single SPA Solution. BD observed that not all Transporters had the same requirements and agreed with CW's view that the single service provision was a messy, long winded, and protracted process.

*Para 6.3* was briefly discussed and would be slightly reworded.

PR referred back to the Process Maps and observed there was nothing in there as regards validation of the reconciliation? FC responded that meter reads are validated before they go into reconciliation; the two-step process should serve all processes (Settlement, Reconciliation, and AQ). This should avoid problems currently experienced, however it was acknowledged that there might always be some errors that could only be trapped later in the process.

FC stated that she will add the presentation to the appendix and would seek to obtain consensus regarding Option A or B at the next meeting. Cost effective accuracy was the objective.

*Para 8.9.3* was briefly discussed and FC will reword more appropriately to enable last minute detection of anything patently 'odd' (link back to the tables for reconciliations that were not read generated). KK suggested tolerances should be wide enough to protect the industry; higher charges could be attracted through the auto validation as previously suggested by some parties. She believed that the majority view did not support auto validation; a Shipper was responsible for its own validation. KK was also concerned regarding the inaccuracy of data - any adjustments could potentially impact the smearing. It could be quite disappointing if we ended up *not* reducing the risk. To allow poor data through and then have to retrieve the position is not what should be expected; validation should be performed at the outset. CW echoed KK's view.

*Para 8.13.7* still needs resolution.

*Para 8.14* was discussed. The smear would be different for different sectors. FC asked, should the smear happen unfettered, or should we be looking at an adjustment to the smear? CW believed the decision as to what was required rested with Shippers. BD observed

that the AUGE was effectively allocating gas where it should be, so it seems appropriate to return any dues via the AUGS. FC recapped on the reconciliation expansion/contraction details. It was suggested that the AUGE could be retained as an investigative body to identify/address improvements; or there could be an end of year review. PR explained how the charges were shared across the electricity market; it was similar, but there was no equivalent role to that of the AUGE – just the change in profile shape. BD commented that the losses in the electricity market are more scientific. CC questioned what level of detail should be included in the BRD relating to the AUGE as it is an existing process.

FC felt there was a need to know if it was just a case of mathematics and no intervention, or should intervention be planned for based on percentages or whole numbers; should a table be constructed to reference this? PR thought some independent assessment was required as there will always be a possibility that a party may query. CW asked if the reconciliation smearing pot was constrained to the UAG. FC said that all these measurement uncertainties are included. CW advised that the AUGS is published on 01 April; the AUGE identifies its sources, and references. FC queried, why is it not just mathematics, or last minute tweaking ahead of the year? PR suggested that something was required to be built in, to address what the AUGE comes up with, which will probably be different to usage; allocation may need to be calculated in a different way. BF suggested that as the AUGE is an existing process there should continue to be an AUGE unless a party raises a proposal not to have one. BD pointed out that the AUGE had only just been appointed and eventually smart meters for all may change the picture. Gas usage itself may drop dramatically; unidentified gas may increase in proportion at that point, so having to do this could not be discounted at present.

Moving on to consider system complexity, FC observed that RbD works on mathematics today; changes that the AUGE proposes will be all offline at present. How would this extra step be accommodated within the system? It needed more thought. BD suggested that a cost/benefit analysis exercise be carried out to get to an appropriate position where proper attribution can be made; the issue may get bigger. CC suggested allowing the AUGE to complete a couple of cycles and then review the position. CW added that, in a way, what the AUGE does will actually happen automatically in future, albeit slightly differently.

CW reiterated what currently happened in the AUGE process – an amount of energy is moved. PT pointed out that the sophistication is evident in the calculation carried out by the AUGE, and it is apportioned crudely. FC envisaged that the AUGE would remain and that an amount of energy will be moved, and proposed to include this in the Business Rules. Any change will therefore require a modification to be raised. The effects of the AUGS were then illustrated using a flipchart. PR observed it was more to do with the type of property, rather than the type of product; the AUGE plays more with percentages than with amounts of energy. The groupings required for the future needed to be established; market differentiation/segmentation may need to be more sophisticated and the system needs to be built accordingly to enable it to hold relevant data that can be more accurately and appropriately filtered. The cost/benefit of holding and maintain this sort of data required



consideration. At the moment only residential/non-residential data was used for analysis. The calculation could be made more accurate. It was pointed out that until different categories started to be measured they did not exist. How much flexibility was required at the outset? A lot may depend on the differences in cost between simplicity and increasing levels of complexity. FC asked what are the variables? Where is the change likely to be required? PR suggested looking at customer types and product types and combinations of both. FC pointed out there will be a fully populated market sector code.

Questions were asked relating to neutrality smear. To move to percentages would require greater sophistication to be built into the system. PR noted that even at the AUGÉ's current level there were still requirements to put into the system; invoicing may be done differently and need to reflect that? Every single invoice needs to carry the same level of detail capable of validation.

FC summarised: the AUGS may shift an amount of gas between sectors, or may apply percentages. PR suggested it was better to do percentages and request the AUGÉ to come up with this factor so that it can be applied across the markets sectors. FC pointed out that it still had to add up and not create any further problems (relating to uplift of volumes). PR then suggested looking at how electricity calculations were made.

*Para 9.2.2* – FC pointed out that the Workgroup preference for Option 1 had been recorded.

Concluding the review of the BRD, FC summarised that it had been agreed to add some information relating to the AUGÉ and AUGS, make some changes to validation, and for CSEPs to cross reference to the presentation material.

#### Next Steps

FC referred to the recent review window for Settlement, during which 4 responses had been received, and no 'new' parties had responded. She asked whether this needed to be repeated for Reconciliation as she would like to finish off this area of work on 22 November 2011.

There was a brief discussion relating to the inclusion of imperial/metric indicators (PT highlighted that it was the biggest issue in terms of inaccuracy). FC had pursued this at previous meetings and Shippers had stated that it was preferred not to make any changes in the file flows between Shippers and Transporters. FC confirmed that the responses expressed a preference for not changing file formats.

It was agreed that an updated version of the Business Requirements Document would be issued towards the end of the week for review/comment for a 10-day window. Comments could be collated and published in time for discussion on 22 November 2011, where the document could be finalised.

#### PN UNC Workgroup Invoicing topic presentation

FC outlined the objectives, approach and workplan. An extra column (Status) had been added to the Consultation Response table. Clarification on certain points was still awaited from GDF Suez, British Gas and RWE npower.

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The amended scope was agreed, and the current Invoicing principles were illustrated.

#### Workflow Process Map presentation

DG provided a brief overview of the proposed process flow map 'NX E2E 4. Invoice Shipper'. No comments were made.

#### Business Principles - Invoicing

FC drew attention to sections that required further consideration, ending with particular focus on the table in Section 8, which had been compiled from comments received so far.

*Table Items 1 and 2* – NA questioned if this was already happening via the SPAA process.

**Action NEX10/05: Invoicing/Section 8/Table (Items 1 and 2) - Check with SPAA and UK Link for progress and any identified gaps.**

*Table Item 3* – The three options listed were discussed. FC asked, what were the segmentation keys? How would these be flagged, stored, and maintained? Should it be a community agreed item? To what extent could this be enhanced to deliver Shippers' requirements? KK believed there was a need to concentrate on the fundamentals that every Shipper wants, and suggested offering the invoice to the Shipper so that the Shipper itself could segment it. PR suggested adding a SME flag to the Market Sector Flag (MSF or D/I indicator), which could be a relatively simple change; the Shipper would be able to define the SME. The Shipper supplies it to Xoserve and it could come back on the invoice as a flag. KK thought that would require a change to the file format – should the industry or the individual Supplier pick up charges for changes to formats? NA pointed out that segmentation could change from year to year. FC observed that holding new items or changing definitions would be under the remit of the SPAA group.

Views were sought on a preferred option. Options 2 and 3 were discounted. In respect of Option 1, it was commented that without knowing what the costs are it would be hard to know what would be required. PT suggested providing the supply meter points on an invoice to the Shipper and allowing the Shipper to split the invoice internally.

*Table Item 4* – FC queried if this item would negate Item 3. KK was of the view that nothing remains static and businesses vary their segmentations on a frequent basis. Shippers might like to reconsider Item 3. PR would like MSF to be at meter point level through invoicing received. Having ascertained there was no appetite for Options 2 or 3 (under *Table Item 3*), FC will remove these.

KK raised concerns regarding the interpretation of the definitions of flags if these were not industry agreed. CC queried the benefit of the central agent holding data only recognisable to a particular Shipper; meter point level was probably sufficient.

*Table Item 5* – PR queried what were the storage alternatives; if not via the IX a file format change might be required. KK indicated support for the ability to download the information. PR would like to

receive it via the IX but would not need to store it as increasing storage requirements could generate capacity issues. There would be a significant change in the amount of data being received on a monthly basis.

*Table Item 6* – FC pointed out that issues of complexity might arise for Shippers' systems. NA suggested that Shippers consider this item and any associated aspects and offer a view(s).

**Action NEX10/06: Invoicing/Section 8/Table (Item 6) - Shippers consider this Item and any associated aspects, and offer a view(s) at the next meeting on any benefits identified.**

In the meantime having noted comments and suggestions made so far, FC proposed to update the material as appropriate.

### 5.2.2 AQ and Supply Point Register

PN UNC Workgroup presentation - Options for mid-year AQ change

SN provided a brief overview of the presentation. Whilst Modification 0380 is the long-term solution for AQ, the following three options for an interim solution were under consideration and still under analysis:

- Use of extended AQ Appeal Process
- New managed AQ Correction Process
- AQ appeal mid year (April).

SN explained the enhanced AQ Appeals Process, which would include SSPs rather than limit it to LSPs.

Looking at the AQ Correction Process, Xoserve would effectively do the reconfirmations for Shippers and update the AQs (the numbers need to be managed by Xoserve).

Moving on to the Bi-annual AQ Review, this was a pre-Nexus solution; was it cost-effective, as it may only last a year? It was an unknown quantity, and would have a big impact on Xoserve systems and resources, and may also compromise the delivery of Modification 0380. Once the requirements of Modification 0380 are understood then further analysis can be carried out, work can be planned and an impact assessment can be carried out as appropriate.

KK was not keen on using the trial Calc methods. There were concerns about how to apply a fair restriction process, and KK would like to see some consideration of Modification 0292, and the extensions into the SSP world and how any constraints would be dealt with. Acknowledging there is a system capacity issue SN questioned whether this could be addressed by placing parameters on portfolio size. KK explained the current process from the Shipper perspective, and was concerned that there should be no limitations on the number of amendments that can be submitted.

When asked, SN believed the analysis for these options would take at least 3 months.

CW commented that Ofgem would need convincing of the efficiency, advantages and benefits of doing this.

DS added that work under the iGT Code is commencing with similar questions. Option 3 appears the most complex and is clearly constrained by system resource. KK commented that the trouble

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with the AQ Review is that it has to alter everything at one time and to do this twice a year involves far more work than that associated with extending an appeals window, for example.

It was suggested that Shippers should consider each of the options before discounting and confirm any preference to Xoserve.

SN confirmed that Xoserve would continue to look at the options, bearing in mind that the work will detract from the Modification 0380 solution, and will try to deliver this as the first phase of Nexus. Analysis on Modification 0380 still needs to be done and further questions answered; an interim solution can be looked at - Option 1 or 2?

GE believed that Shippers would be interested in Option 1 or 2 and would respond with comments on Option 3. Xoserve will carry on with its analysis.

SN commented that delivery of Modification 0380 without the accompanying Project Nexus solutions for settlement, meter reading and reconciliation, may prove significantly more expensive than a fully integrated solution. Therefore a full cost benefit analysis may be required for both options. A further modification might be required for delivery of an interim solution.

**Action NEX10/07: Options for mid-year AQ change - Consider each of the options and confirm any preference to Xoserve.**

#### PN UNC Workgroup presentation - AQ topic

MD provided a brief overview of the presentation, addressing objectives, approach, workplan and scope. CW suggested removing reference to Modifications 0292 and 0380, and adding Modification 0402 for further consideration.

The Business Issues raised earlier in the process were reviewed, and it was suggested that a complementary incentive on read performance and submission might be required. It was noted that there were two issues remaining that would require future resolution, subject to further information becoming available.

The next meeting on this topic was planned for 21 November 2011.

#### Workflow Process Map presentation

DG provided a brief overview of the proposed process flow map 'NX TB Calculate Monthly Rolling AQ'. It was noted there might be an issue relating to new sites and gaps in reads; estimates can affect the AQ picture. MD suggested using optimum read concept, or perhaps wait until 364 reads were available. DG suggested it could be treated as Product 4 (using an estimated end read) until such time as it had complied with Product 1 or 2. A discussion ensued, questioning why 364 reads were required, and the use of AQ for other purposes, and various other suggestions were considered.

MD concluded that the change of rule was: Default to the optimum read for Products 1 and 2 for all new sites, and can be based on an estimate.

GE then queried the rolling over of AQ if less than 1 and this was discussed. It was agreed that if less than 1 it should revert to 1. If a

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Shipper believes it will decrease it will not be a mandatory requirement to nominate into Product 1.

The map will be changed to reflect the outcomes of the discussions and a decision box will be added to clarify the time element.

#### Workflow Process Map presentation

DG provided a brief overview of the proposed process flow map 'NX TB Correct AQ'. It was suggested that the definition of 'D' be added to the map, or change to 'M-5'. MD commented that the process was designed for a small number of exceptions. GE expressed concern that, if for some reason, the submission of these exceptions caused the system to roll over and over. DS suggested the earlier the submission the better. GE asked if there should be a contingency. JF suggested that this might be required in case of a backlog, and should be shown as a box on the map.

The map will be amended to reflect the outcomes of the discussions and a decision box will be added to clarify the contingency element.

#### Business Requirements Definition (BRD) - AQ

MD indicated that this would be updated following today's discussions (Products 1 and 2). The next meeting is planned for 21 November 2011 and she proposed to issue an updated version, for comment, on Monday; responses to be submitted by 11 November 2011, so that a revised version can be published by 15/16 November in time for the next meeting.

AR suggested that a timeline for the next 12 months be compiled and agreed. Ofgem were attending in November and will be setting out their expectations with regard to costs and benefits and to gain an understanding why changes are appropriate. An impact assessment might be suggested.

It was confirmed that multiple modifications were envisaged – not compound modifications – to reduce the risk of delays to Nexus progress. Shippers indicated that alternates were likely to be raised in some areas, eg meter read validation and Supply Point Enquiry. It was observed that a host of alternates might create a climate of uncertainty. BF suggested that some monthly 'keeping in touch' teleconference meetings could be planned in to discuss any potential issues.

#### Rolling AQ Business Rules

MD gave a brief update. The Modification 0209 business rules are intended as a checklist to ensure all areas covered under Mod 0209 were captured. The spreadsheet is updated following each AQ meeting to reflect any changes. One area still outstanding is industry reports, which will not be covered until the modifications have made further progress. It was suggested that all should review, and comment to Xoserve if appropriate.

**Action NEX10/08: Rolling AQ Business Rules - Review, and comment to Xoserve if appropriate.**

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### ICoSS Letter

GE outlined the key points raised, which involved impact on customers, and pointed out that deaggregation of meter points will generate customer feedback. He suggested that more information on this should be publicised to increase the level of customer understanding.

BD questioned if the customer impact was focused on charging or administration. If pricing issues were addressed this should alleviate any customer concerns regarding any changes. AR confirmed that customers were not being required to carry out any engineering works; this was just attempting to consolidate a set of rules as to how this might work. GE believed the debate might have to be opened up to a wider audience to avoid any potential derailment.

### PN UNC Workgroup presentation – Supply Point Register Overview

MD provided a brief overview of the presentation, addressing objectives, approach and workplan. The scope still required agreement.

The Consultation Responses were reviewed, and attention was drawn to the following:

*IRR Ref 10.6* – CW clarified the UNC requirements. PR agreed to confirm requirements (10.6 of IRR) at the 21/11/2011 meeting from a User perspective on potential benefits and risks of multiple licences.

**Action NEX10/09: Supply Point Register/IRR Ref 10.6 - Provide a User view on the potential benefits and risks of multiple licences.**

*IRR Ref 10.13* – Withdrawn by Shell.

*IRR Ref 13.11* – It was suggested this should be more of an SPAA discussion and that MD should contact GDF Suez to clarify.

The scope was reviewed and issues were noted.

*Address Data* - The MPRN creation process was under discussion at the Distribution Workgroup and potentially a modification might be raised. This might filter down into broader Address issues. Also areas involving Sites & Meters may not be appropriate for inclusion within this scope.

*Asset Data* – CW had discussed this with Xoserve and potentially all that is required is a flag and a date to identify that a site has a check read obligation. If it is not a derived read this may need to be distinguished going forward. CW did not see changes to RGMA as falling under Nexus. JF pointed out that quality of data is a separate issue. Clean data may be required to underpin processes, but this was not to be addressed by Nexus. Other drivers should foster improvements in this area, which could be a transitional or implementation issue, and offer the opportunity to cleanse data.

*Unique Sites* – It was commented that circa 100 sites might also include those with a Firm/Interruptible split, which could be excluded. CW observed that individual allocation offline/attention by Xoserve was seen as a good thing (as each of these sites were unique in their own way and had different needs), notwithstanding the cost benefits of systematisation. GE would like to see these sites insulated from

all others. SN would like to see them on one database to increase administrative efficiency. ST suggested from a reporting perspective it would be useful to have these sites included, but the SPA applied processes might need to remain outside of the general run, with different processes in place to manage these sites. JF believed there would be small number left once the Firm/Interruptible sites had been removed.

Acknowledging there may be synergies for parts of the processes but not others, there were a range of related issues to address and further exploration was required between DNS and NTS. Differential treatment was still likely to be required.

*CSEPs* – Regarding the aspiration to move to a single service provision discussions were continuing involving Ofgem, and contingency arrangements were under consideration; options were under consideration in relation to the integration of processing iGT data. Transitional arrangements might be required, depending on the timing of various implementations.

ST commented that system requirements were to accommodate all SPs with functionality to flag which are/are not UNC related, so as to make distinct which processes should be applied/withheld. If this was a Nexus requirement then it should be included within scope. A modification might not materialise, because other governance arrangements might be invoked that address systems management.

*Prime & Subs* – CW referred to Ofgem's decision declaring National Grid as the owner of sub deduct arrangements and tasking it with the resolution of these arrangements. This is being addressed and may result in fundamental change, including engineering solutions, etc, so this may not be an issue going forward. It is still to be determined whether it should be in scope, and offline options will be explored as to the best way this should be handled. There are stand-alone issues and a potential for legacy sites, and the most economic and efficient way to deal with the residue is to be sought. An enduring solution will be needed.

*Liquid Petroleum Gas (LPG) Sites* – It was suggested these be treated the same as Unique Sites, but with the functionality to disapply certain processes.

*Market Differentiation* – CW saw no reason to approach this. GE observed that the number of differentiation triggers is minimal, but should remain for transportation charging processes. The concept of SSP and LSP should remain, but in terms of system build may not need to be flagged, unless it is easier for some other identified purpose. AQ drives SSP/LSP.

KK thought this was an opportunity to look at nomination/confirmation processes and see how this might be run going forward. AR questioned whether the confirmation process should be expanded - this might require some analysis and may be threshold driven. Are flags used for a reporting process?

GE asked if would be possible to review the work undertaken as part of market differentiation as he thought it would be useful to revisit this topic sooner rather than later.

GE referred to a previous spreadsheet produced in conjunction with MD, which identified the current & proposed market differentiation by process. MD agreed to review and update.

**Action NEX10/10: Supply Point Register/Scope/Market Differentiation - Xoserve (MD) to review and update Market Differentiation spreadsheet.**

*Provision of Consumption Data* – ST observed that the SMIP world was not relevant to the UNC, and this was about allowing a Shipper access to historical data. GE suggested it was premature to discuss here in light of other areas discussing this. ST suggested that the *ability* to do this must form the requirement for the present.

*Single Meter Supply Points* – GE thought this should be included in Nexus. ST outlined the background to this issue and indicated that, because of the current customer charge issues, Wales & West Utilities might raise a separate modification rather than waiting for the Nexus process. Consumer groups could be engaged and issues raised could then be tackled. The benefits of doing at any particular time will have to be assessed with good notice periods issued. The modification might be submitted in November or December, with a potential implementation for April 2014.

**5.3 Transitional Arrangements**

Not discussed.

**5.4 Issues logs (external and Project Nexus)**

Not discussed.

**5.5 Alignment of IRR requirements**

Not discussed.

**5.6 New Issues**

None raised.

**6. Any Other Business**

None raised.

**7. Workgroup Process**

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

The following new actions were discussed and assigned:

**Action NEX10/04: Options for CSEP Reconciliation - All to consider appropriate options for different time periods, and to indicate a preference between Options A and B.**

**Action NEX10/05: Invoicing/Section 8/Table (Items 1 and 2) - Check with SPAA and UK Link for progress and any identified gaps.**

**Action NEX10/06: Invoicing/Section 8/Table (Item 6) - Shippers consider this Item and any associated aspects, and offer a view(s) at the next meeting on any benefits identified.**

**Action NEX10/07: Options for mid-year AQ change - Consider each of the options and confirm any preference to Xoserve.**



**Action NEX10/08: Rolling AQ Business Rules - Review, and comment to Xoserve if appropriate.**

**Action NEX10/09: Supply Point Register/IRR Ref 10.6 - Provide a User view on the potential benefits and risks of multiple licences.**

**Action NEX10/10: Supply Point Register/Scope/Market Differentiation - Review and update Market Differentiation spreadsheet.**

**8. Diary Planning**

The following meetings are currently scheduled to take place:

<b>Title</b>	<b>Date</b>	<b>Location</b>
Project Nexus Workgroup	01 November 2011	31 Homer Road, Solihull B91 3LT
Project Nexus Workgroup	21 and 22 November 2011	31 Homer Road, Solihull B91 3LT
Project Nexus Workgroup	06 and 07 December 2011	31 Homer Road, Solihull B91 3LT
Project Nexus Workgroup	10 January 2012	31 Homer Road, Solihull B91 3LT
Project Nexus Workgroup	24 January 2012	31 Homer Road, Solihull B91 3LT

**Project Nexus - Action Log**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
NEX07/14	18/07/11	5.2	AQ: To consider views on rolling AQ proposals (inc. BSSOQs) v's fixed SOQ requirements across market sectors and the potential impact on future transportation charges (inc. changing rate impacts).	Transporters	<b>Closed</b>
NEX08/01	01/08/11	1.2	AQ: All to consider the (unintended) consequences of the rolling AQ affecting EUC bands, and the potential increase in the frequency of band transfer.	E.ON UK (SB/BD)	<b>Closed</b>

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX08/02	01/08/11	1.2	AQ: Understand what the capacity commitment would be for the SOQ charging factor if it were fixed.	ALL	<b>Closed</b>
NEX08/12	22/08/11	5.2.1	Retrospective Updates: To develop a presentation (based upon discussion points) on how best to manage the data items listing (content, time expiry, new additions, amendments, etc) including consideration of ASP data, for consideration at the next meeting.	Xoserve (FC/MD)	Update due at 01/11/11 meeting. <b>Carried Forward</b>
NEX08/13	23/08/11	5.2.2	Supply Point Register: To prepare example scenarios (including identification of root causes, what to do with erroneous reads, asset error related aspects, reconciliation neutrality and energy smearing, throughput and refund timelines and mechanisms, contractual timelines) and what possible business rules would be needed to support the process in the new world.	Xoserve (FC/MD)	<b>Closed</b>
NEX09/09	06/09/11	5.6.1	Supply Point Register: Universal Single Meter Point Supply Points - DNs to look at alternative ways to link, decouple, and/or transfer Supply Points.	All DNs	<b>Closed</b>
NEX09/10	06/09/11	5.2.1	Ensure that Supply Point Register: Universal Single Meter Point Supply Points is included on the 25/10/11 meeting agenda.	Joint Office (BF/MB)	<b>Closed</b>
NEX09/13	19/09/11	5.2.1	Retro Updates: To consider their reconciliation communication - data communication requirements especially how data updates (asset changes etc.) would be managed.	All	Update due at 01/11/11 meeting. <b>Carried Forward</b>

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
NEX09/16	19/09/11	5.2.1	Reconciliation: To provide some worked examples for CSEP SSP reconciliation options A & B.	Xoserve (FC/MD)	<b>Closed</b>
NEX09/18	20/09/11	5.2.2	AQ: Formulate a potential change to the AQ review process that could be effective prior to delivery of the full Nexus solution, while avoiding any significant adverse impact upon the Nexus project as a whole.	Xoserve (NS)	<b>Closed</b>
NEX09/19	20/09/11	5.2.2	AQ: To consider what transitional arrangements would be required to support a regime change from annual to rolling AQ.	Xoserve & Transporters (SN/CW)	Update to be provided in due course. <b>Carried Forward</b>
NEX09/20	20/09/11	5.2.2	To ensure that further consideration of the AQ BRD is placed on the agenda for the 25/10/11 meeting.	Joint Office (BF/MB)	<b>Closed</b>
NEX10/01	04/10/11	3.	To schedule in two new meetings during January 2012.	Joint Office (BF/MiB)	<b>Closed</b>
NEX10/02	04/10/11	5.2.1	To consider whether or not an estimated read should be subjected to the market breaker tolerance test and what should be the outcome.	Xoserve (MD/DG)	<b>Closed</b>
NEX10/03	04/10/11	5.2.1	To consider what potential role would be required to be undertaken by the AUGÉ in future, and to what this role would include.	All	<b>Closed</b>
NEX10/04	24/10/11	5.2.1	Options for CSEP Reconciliation: All to consider appropriate options for different time periods, and to indicate a preference between Options A and B.	ALL	Update due at 22/11/11 meeting
NEX10/05	24/10/11	5.2.1	Invoicing/Section 8/Table (Items 1 and 2) - Check with SPAA and UK Link for progress and any identified	Xoserve (FC/MD)	Update due at 22/11/11 meeting

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
			gaps.		
NEX10/06	24/10/11	5.2.1	Invoicing/Section 8/Table (Item 6) - Shippers to consider this Item and any associated aspects and offer a view(s) at the next meeting on any benefits identified.	All Shippers	Update due at 22/11/11 meeting
NEX10/07	25/10/11	5.2.2	Options for mid-year AQ change - Consider each of the options and confirm any preference to Xoserve.	All Shippers	Update due at 21/11/11 meeting
NEX10/08	25/10/11	5.2.2	Rolling AQ Business Rules - Review, and comment to Xoserve if appropriate.	ALL	Update due at 21/11/11 meeting
NEX10/09	25/10/11	5.2.2	Supply Point Register/IRR Ref 10.6 - Provide a User view on the potential benefits and risks of multiple licences.	RWE Npower (PR)	Pending
NEX10/10	25/10/11	5.2.2	Supply Point Register/Scope /Market Differentiation - Review and update Market Differentiation spreadsheet.	Xoserve (MD)	Update due at 21/11/11 meeting