

Project Nexus Workgroup Minutes

Tuesday 01 November 2011

at the National Grid Office, 31 Homer Road, Solihull.

Attendees

Bob Fletcher (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Chris Booton	(CB)	RWE npower
Chris Warner	(CW)	National Grid Distribution
David Godwin	(DG)	Xoserve
Elaine Carr*	(EC)	ScottishPower
Fiona Cottam	(FC)	Xoserve
Grace Smith	(GS)	RWE npower
Karen Kennedy*	(KK)	ScottishPower
Lorna Lewin	(LL)	Shell
Michele Downes	(MD)	Xoserve
Naomi Anderson*	(NA)	EDF Energy
Phil Blakeman	(PB)	British Gas
Sallyann Blackett	(SB)	E.ON UK

* denotes via teleconference link

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

BF advised that there were no minutes ready for approval at this meeting.

1.2 Review of Actions

Action 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: MD advised that this would be covered under the Retrospective Updates BRD discussions later in the meeting. Please refer to item 5.2.2 below.

Closed

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

Update: MD advised that feedback had been provided during the various meetings and that once again this would be covered under further BRD development discussions. Please refer to item 5.2.2 below.

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

Please note: this item was taken out of sequence during the course of the meeting.

Topic Workgroup Timeline Tracking

Consideration deferred until the next meeting.

Project Nexus Workplan

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

FC is hoping that any AQ and Reconciliation responses/comments are available and ready for them to be considered at the 21&22/11/11 meetings.

FC advised that she now intends to write out to all former Non Functionality IRR respondents to ascertain their current views prior to discussions taking place at the 21/11/11 meeting.

When asked, parties agreed to an additional Supply Point Register meeting on 07/12/11 to complete any outstanding work areas.

Parties then discussed the possible adoption of some additional 2012 teleconference meetings to identify, discuss and address any potential issues that may arise going forward. A new action was placed against the Joint Office (BF/MiB) to arrange monthly teleconference meetings, commencing at the end of February 2012.

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 Settlement

PN UNC Workgroup Settlement topic presentation

MD provided a brief overview of the presentation.

When asked about the broader consideration of UNC Modifications (existing and new), BF suggested that timeline constraints would necessitate focusing on preparing the respective reports. However, consideration of these modifications could be placed on a future meeting agenda, enabling the Proposer to state their views and thoughts on how best to progress matters.

Workflow Process Map presentations

DG provided a brief overview of the various proposed process flow maps drawing attention to key elements within each where appropriate.

PN UNC Workgroup Settlement Issues presentation

MD provided a brief overview of the presentation.

In considering the 'Outstanding Issues' slide, CW pointed out for the avoidance of doubt that under the current Code regime, an LSP >293,000 kWh is a mandatory monthly read site.

Moving on to consider the 'Issue: Read Submission Targets' slide, debate ranged around whether or not it would be beneficial to split Product 3 and 4 lines, as suggested. CW suggested that a future SMART world maybe better served by the split lines approach. In the end, a consensus was reached that there is value in breaking down Product lines 3 and 4 into SSP and LSP. However, SB remained uncertain of the value of this as her (E.ON) systems, would not be able to distinguish between the two sets of criteria.

Looking at the percentage ranges (to remain in [] brackets in the BRD for the time being) for all the lines, parties discussed various levels and the BRD would now be amended to reflect opinions. However, it should be noted that these figures would not be hardcoded into the future system, thereby allowing easier amendment should it be needed over the course of time.

CW noted that the Must Read Frequency provides a 'backstop' for the various target percentages.

FC pointed out that currently there is no concept of being excluded from a product line if a party fails to provide sufficient reads. Furthermore, there are no cost driver details provided in the BRD based on the differences between the product lines and these would need to be developed in due course.

In considering the 'Issue: Read Submission Frequency' slide, parties discussed provision of suitable read period requirements before agreeing that the BRD would need to be clear on re-designation requirements.

Parties also considered whether or not these timescales could be replaced by a (re) election style approach, which would better match Ofgem's aspirations. In the end it was agreed to amend the BRD to reflect discussions.

Looking at the 'Issue: Must Read' slide, parties discussed whether or not SSPs in Product 3 should be subjected to a Must Read for failing to provide a read within 4 months. SB felt that where a party selects product 3, then they must be held to account on the must read frequency trigger. Consensus was to leave the must read provisions as is. FC pointed out that CW's previous point that under the current Code regime, an LSP >293,000 kWh is a mandatory monthly read site makes this slide largely redundant.

Moving on to consider the 'Issue: Check Read' slide, FC advised that this matter would be discussed in more detail under the SPA banner. CW pointed out that for the avoidance of doubt there is no resynchronisation at a must read. In the end it was agreed to amend the suggested check read frequencies to:

Product 3 – 12 months;

Product 4 monthly read – 12 months, and

Product 4 annual read – 24 months.

The BRD would now be amended to reflect discussions.

BRD for Meter Read Submission and Processing and Settlement Arrangements for All Gas Meter Points (v0.9) Review

MD provided a brief overview of the document explaining that it had been amended in response to formal comments received during the review period and discussions at the previous Nexus meeting.

Considering item 2.5 Benefits, FC advised that currently these are high level only but would need more development and detail around financial benefits etc. when the time to raise modifications approached.

In considering what role, if any, Xoserve should have in identifying financial benefits alongside parties, SB advised that whilst she would be happy to discuss commercially sensitive aspects with Ofgem directly she would be more concerned about any (derived) information being potentially shared (indirectly or otherwise) with other parties. However, she would consider providing hypothetical billing information if that helped. PB suggested that provision of a benefits submission template, supported by some form of guidance document maybe helpful. Consensus was that whilst the provision of benefits information (financial or otherwise) is possible, extreme care would be needed to protect commercial positions. CW pointed out that provision of such benefit analysis would/could ultimately influence Ofgem's decision for Nexus.

It was agreed that so far, any identified benefits are 'soft' in nature – improve this, change that, mitigate against this, etc.

FC went on to advise that so far there is no approved Nexus expenditure project and she anticipates that Xoserve and Ofgem would be discussing Ofgem's benefits aspirations in due course. BF wondered if a Regulatory Impact Assessment would be beneficial. In response, FC suggested that her only concern would be the time taken to complete such an exercise potentially impacting on the delivery of Nexus.

Moving on to discuss read validation tolerances, and specifically the market breaker aspects, NA reiterated the EDF Energy view that they would like to see an option to opt out of (some aspects of the) read validation tolerance tests (including market breakers) as a means of avoiding undertaking multiple validation tests. She went on to enquire if any analysis had been undertaken to examine the effect of the proposed read validation tolerances and market breakers on the market place. CW responded by advising that, until a clearer view is provided by Ofgem, (especially when new UNC Modifications are subsequently raised), it is difficult to predict their impact.

When asked, NA indicated that EDF Energy would prefer if Xoserve did NOT undertake any validation but rather accept a Shippers guarantee (after they had undertaken their own internal validation) that the reads are correct. SB remained concerned about the potential for other parties to be able to be impacted by the actions or lack of validation by another.

NA went on to add that whilst acknowledging the need for some form of market breaker safety net, EDF Energy would prefer development

of a self validation and incentive regime supported by a similar model and role undertaken by the electricity validation authorisation board.

BF suggested that the consensus amongst those present did not support EDF Energy's suggested alternative proposal(s) – this was agreed. CW wondered if there would be any merit in EDF Energy seeking a view on their alternative proposal(s) from Ofgem, to which NA agreed she would.

In trying to identify a possible 'middle ground' it was suggested that maybe the DCC could undertake validations earlier in the process. FC believed that the DCC is envisaged as simply a conduit for information provision, especially at the go live stage, and would not be in a position to accommodate validation requirements. SB also believed that filter failure aspects would not be sufficiently catered for under the EDF Energy proposed alternative solution.

BF reminded parties that the BRD would now be 'finalised' and reissued (published on the Joint Office web site) as a baselined output. He also reminded those present that this undertaking is possibly a baseline precursor to raising a formal UNC modification, or set of modifications in due course.

When asked, FC felt that it would be appropriate to record within the BRD that one party (EDF Energy) does not support the consensus approach.

In concluding, NA agreed to a new action to undertake analysis to examine the effect of the proposed read validation tolerances and market breakers on the market place and thereafter, seek a view on their alternative proposal(s) from Ofgem.

In concluding, BF agreed to undertake a new action to create a specific folder on the Joint Office Project Nexus web site pages to accommodate publication of the provisional documents (BRDs etc.)

5.2.2 Retrospective Updates

Project Nexus Workgroup Retrospective Updates presentation

MD provided a brief overview of the presentation advising that the scope is as agreed at the previous meeting.

Workflow Process Map presentations

DG provided a brief overview of the various proposed process flow maps drawing attention to key elements within each where appropriate.

When CB pointed out that on the 'NX AI Manage Retrospective Data Change' process flow map the Ad-hoc and RCS Reconciliation aspects appear to have been missed, DG agreed to update the map.

When CB raised the same question for the 'NX AI Manage Retrospective Read Replacement' process flow map FC pointed out that in this instance it would always be a consumption adjustment.

BRD for Retrospective Updates (v0.1) Review

MD provided a brief overview of the document explaining that the document format was similar to all other BRDs except that the assumptions have now been split by 'Project & Process Assumptions'.

Looking at item 3.3 Change Drivers and Business Goals, SB suggested that one goal is the correction of the supply point register

history to facilitate provision of accurate AQs. CW questioned the real benefits here as he struggles with regard to any retrospective requirements as these seem to be a potentially horrendously complex and costly. He sees this (retrospective updates) as an area where benefits are difficult to identify. SB suggested that care would be needed to avoid penalising parties who are trying to rectify historic data errors. Furthermore, in a fully SMART world there would still be the potential for errors.

Moving on to consider 8.1 Data Items, MD pointed out that the table is based on previous discussions and is a 'strawman' at this point and so will be subject to further change as discussions progress.

A detailed debate followed looking closely into the roles of both the current and previous shipper. Concerns were voiced around impacts of changes made by the current shipper upon the previous shipper (and visa versa) and how costs would be passed between parties, especially customers of a shipper who no longer supplies gas to them. Questions were asked as to whether or not it is common for both shippers to be unable to agree on proposed changes (Inter Shipper Disputes). FC indicated that it had previously been agreed that some form of Shipper Agreed Reads Process would be required going forward. The current principle being, that only those reads that are 'owned' by a shipper, can be changed by the shipper. SB suggested that it is when finances are involved that complexity 'kicks in'.

Reconciliation mechanisms remain a major concern also.

It was noted that there are both legal and contractual elements to consider and there are significant conceptual processes to take into account as well.

Summarising, FC noted the following suggested amendments/points for consideration in the BRD:

- remove the ability to undertake an automatic transfer reading change;
- remove all automatic adjustment for asset information;
- where reads are concerned, retain the ability to adjust the read, irrespective of 'ownership';
- record that resolution of table 8.1 items may negate the need for a consumption adjustment process, and
- record that no retrospective AQ issues are envisaged (as we are utilising prevailing consumptions), subject to further filter failure considerations.

FC advised that the BRD and in particular the table in item 8.1 would be amended in line with discussions in time for further consideration at the 06/12/11 meeting. She also pointed out that should no consensus be reached at the meeting, the status quo would apply.

When asked, parties agreed to an additional Retrospective Updates meeting on 10/01/12. Whilst another meeting was suggested for 24/01/12 it was discounted on the grounds that it would be extremely tight for completing the final reports.

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

Not discussed.

6. AOB

None.

7. Workgroup Process

7.1 Agree actions to be completed ahead of the next meeting

The following new actions were discussed and assigned:

Action NEX11/03: Joint Office (BF/MiB) to arrange monthly teleconference meetings, commencing at the end of February 2012 to address any outstanding or new issues that make come to light going forward.

Action NEX11/02: EDF Energy (NA) to undertake analysis to examine the effect of the proposed read validation tolerances and market breakers on the market place and thereafter, seek a view on their alternative proposal(s) from Ofgem.

Action NEX11/03: Joint Office (BF) to create a specific folder on the Joint Office Project Nexus web site pages to accommodate publication of the provisional documents (BRDs etc.)

8. Diary Planning

The following meetings are scheduled to take place during November/December 2011:

Title	Date	Location
Project Nexus Workgroup	21 & 22/11/2011	NG Office, 31 Homer Road, Solihull.
Project Nexus Workgroup	06 & 07/12/2011	NG Office, 31 Homer Road, Solihull.

Appendix 1

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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 provided. Closed
NEX09/13	19/09/11	5.2.1	Retrospective Updates: To consider their reconciliation communication - data communication requirements especially how data updates (asset changes etc.) would be managed.	All	Update provided. Closed
NEX11/01	01/11/11	3.	To arrange monthly teleconference meetings, commencing at the end of February 2012 to address any outstanding or new issues that make come to light going forward.	Joint Office (BF/MiB)	Update to be provided in due course.
NEX11/02	01/11/11	5.2.1	To undertake analysis to examine the effect of the proposed read validation tolerances and market breakers on the market place and thereafter, seek a view on their alternative proposal(s) from Ofgem.	EDF Energy (NA)	Update to be provided in due course.
NEX11/03	01/11/11	5.2.1	To create a specific folder on the Joint Office Project Nexus web site pages to accommodate publication of the provisional documents (BRDs etc.)	Joint Office (BF)	Update to be provided in due course.