

**Project Nexus**  
**Project Nexus Workgroup Minutes**  
**Tuesday 05 July 2011**

at the ENA, Dean Bradley House, 52 Horseferry Road, London. SW1P 2AF

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
David Goodwin	(DG)	Xoserve
Elaine Carr	(EC)	ScottishPower
Karen Kennedy	(KK)	ScottishPower
Lisa Waters	(LW)	Waters Wye Associates
Lorna Lewin	(LL)	Shell
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Phil Blakeman	(PB)	British Gas
Phil Broom	(PBr)	GDF Suez
Sean McGoldrick	(SMc)	National Grid NTS
Steve Nunnington	(SN)	Xoserve

**1. Introduction**

BF welcomed all to the meeting.

**1.1 Review of Minutes**

The 0380 Workgroup and Nexus Workgroup minutes for the 20 & 21 June meetings were approved.

**1.2 Review of (consolidated) actions**

**Action NEX0046:** National Grid Distribution (CW) to investigate the statistical information relating to identification of the root causes of derived / un-derived drift, and impact of failed reads (to understand the risk of associated to their errors) and establish an initial definition for what is meant by a 'derived reading'.

**Update:** CW advised work remains ongoing with Onstream and an update would be provided in due course.

**Carried Forward**

**Action NEX0053:** National Grid Distribution (CW) to investigate how best to apply an appropriate charge in future and what any possible transitional impacts there maybe.

**Update:** CW would give the matter further consideration (after referencing the 01/06/11 meeting minutes) and report back in due course.

**Carried Forward**

**Action NEX0055:** All to revisit the Shipper & Regime Transfer Scenarios when either new DCC information is forthcoming or we meet in August (whichever is the sooner).

**Update:** To be considered at the next meeting.

**Carried Forward**

**Action NEX06/01:** Gazprom (SM) to speak to the SMD group and ascertain their view on the future potential treatment of drift in the AMR market.

**Update:** In the absence of the action owner, consideration was deferred.

**Carried Forward**

**Action NEX06/02:** Transporters to consider what potential solutions for the future treatment of drift would be in the best interests of the industry.

**Update:** CW suggested that it was too early to provide a view in the current changing market and the action should remain for ongoing consideration.

**Carried Forward**

**Action NEX06/03:** All parties to review the tolerance levels provided in the (BRD) tables and provide alternative suggestions, where appropriate.

**Update:** When asked, MD confirmed that no feedback had been provided and consideration would continue under the BRD development.

**Closed**

**Action NEX06/04:** British Gas (GW) to consider and provide a set of business requirements (inc. the viability of) a bulk read upload facility.

**Update:** In the absence of the action owner, consideration was deferred.

**Carried Forward**

**Action NEX06/05:** Ofgem (CC) to provide an update on Ofgem's work looking at the SMART rollout impacts on the iGTs.

**Update:** CC advised that whilst colleagues within Ofgem had discussed this matter, no clear view was available at this time and an update would be provided in due course.

**Carried Forward**

**Action NEX06/06:** Transporters to consider what 'line in the sands' requirements and timescales would be appropriate.

**Update:** CW advised that the Transporters do not have a 'hard and fast' viewpoint on this matter at this time, and as a consequence the action should remain for ongoing consideration.

**Carried Forward**

**Action WG0377 05/01:** First Utility (GE) to update the modification based on the comments received within the Workgroup.

**Update:** To be considered at the next meeting of Workgroup 0377.

**Carried Forward**

**Action WG0380 06/01:** National Grid Distribution (CW) & Xoserve (MD) to consider validation and read acceptance proposals in respect of the four (4) proposed process options.

**Update:** CW advised that this business rule related issue would be discussed further as part of the ongoing BRD developments.

**Closed**

**Action WG0380 06/02:** Xoserve (MD) to amend the Issues Log to record concerns surrounding the frequency of meter readings in an individual meter point reconciliation based solution.

**Update:** MD advised that an updated Issues Log had been published prior to the meeting.

**Closed**

**Action WG0380 06/03:** Transporters (CW/AR) to provide a view on AQ/SOQ issues and timing aspects ready for consideration at the next meeting.

**Update:** CW advised that this outstanding action relates to the frequency of amending SOQs and other capacity related aspects. Work is ongoing with Ofgem and their view is required before an update could be provided, hopefully at the next meeting.

**Carried Forward**

**Action WG0380 06/04:** E.ON (SB) to look into the impact of weather correction on the daily read and submitted sites: AQ calculated monthly (last 365 reads) requirement and ascertain if it actually makes a difference.

**Update:** In the absence of the action owner, consideration was deferred.

**Carried Forward**

**Action WG0380 06/05:** Xoserve (MD/SN) to realign the Rolling AQ and Validation Rules listing document to the four (4) proposed process options (as defined within the BRD).

**Update:** MD advised that an update would be provided in a presentation later in this meeting.

**Closed**

## 2. Modification Workgroups

*Copies of the various presentation materials are available to view &/or download from the Joint Office of Gas Transporters web site.*

BF reminded parties that it had been agreed previously that the respective Business Rule developments would be undertaken at the Project Nexus level before being cascaded down to their respective Workgroups, for possible further development where appropriate.

### 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.

*\* denotes a status update only.*

## 3. Workgroup Approach and Plan

### Topic Workgroup Timeline Tracking

In providing an overview of the timeline tracking plan, SN drew attention to a proposed change to the current meeting date arrangements (reference the **RED** status), for the Settlement meeting.

It is proposed to reschedule the 19/07/11 meeting to now take place on 02/08/11. When asked, SN agreed to undertake a new action to review and confirm the remaining 2011 Project nexus meeting dates at the next meeting.

#### Project Nexus Workplan

SN advised that the workplan would now be amended to reflect the agreed meeting date change identified above.

MD advised that the main areas for consideration at the 18/07/11 meeting would now include a more detailed consideration of the AQ requirements, including Business Rule development (subject to addressing some, or all of the outstanding issues at today's meeting).

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

Not covered.

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

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

No new issues for discussion.

##### **5.2 Further Consideration of AQ Requirements**

###### PN UNC Workgroup (AQ topic) presentation

MD provided a brief overview of the presentation stating that the main aim at this meeting being to resolve the outstanding issues and identify the various preferred solution options.

It was noted that the 'Scope of AQ Determinations' had been agreed at the previous meeting.

The discussion focused mainly on the issues surrounding the proposal to maintain a static SOQ based approach and whether or not, a rolling monthly AQ regime would be required to reside alongside meter point reconciliation.

Transporters believe that moving to a monthly (rolling) SOQ, in line with AQ proposals would jeopardise charging stability, especially when SOQs are not a true indicator of capacity – that role being reserved for SHQs. Furthermore, it is their view that retaining a fixed capacity (SOQ) based solution better reflects the respective Network structures and the real issue revolves around more accurate energy allocation. This was not necessarily a unanimously supported view, with some parties believing that there could be concerns around inaccurate capacity costs if a fixed SOQ approach was adopted. Others felt that a rolling (monthly) SOQ approach could provide protection from revenue step changes whilst also providing enhanced information provisions. Additionally, concerns were voiced around the potential impacts that a static SOQ could/would have on the winter load factor ratios possibly resulting in skewed (lower) winter load allocations.

Transporters went on to point out that if Users are seeking to reduce the SOQ element of the Transportation Charges, by adoption of a rolling (monthly) SOQ regime, this could potentially lead to the Transporters having to adjust their prices on a more frequent basis to ensure that they recover their allowed revenues. In their view, retaining one 'fixed' variable (SOQ capacity) helps to avoid potential charging instability. In the end, an action was placed on the Joint Office (BF) to seek a view from the DESC (expert) members on the potential impacts of adopting a fixed SOQ but rolling (monthly) AQ regime on the winter load factor ratios (i.e. should SOQ be calculated on an annual basis etc.).

PBr raised concerns regarding the effects a static SOQ would have on WAR bands. Discussion took place regarding the effects a static SOQ but rolling

AQ could have on WAR bands & EUC's. AR was not convinced this would effect the energy allocated. PBr agreed to take an action to carry out analysis and report back his findings at the next meeting.

Moving on to consider the 'Options for a Rolling AQ', after a brief discussion the consensus view was that a monthly process using the last read loaded before 'AQ Close Out' would be the preferred option. CW suggested that UNC Modification 0209 business rules could be utilised as a good starting point for further consideration of the matter at the next meeting.

Examining the table on slide 8, CC voiced Ofgems' concerns surrounding provision of periodic reads by Users of process 4. They believe that there are potential risks associated with Users NOT providing reads on days with high system demand in an endeavour to both avoid potential SAP related charges and manipulate their usage profiles. One suggestion to counteract this concern, and provide a level of protection against such actions, was the establishment of some form of read submission criteria.

Moving on to consider the 'Strawman for a Rolling AQ process in the new Regime – Assumptions' slide 10, SN advised that whether or not the latest/replaced read could be utilised for retrospective updates would be the subject of a more detailed (future) retrospective updates discussion. CW reminded parties that there would be an appeals process to manage manifest errors. SN also advised that it was highly unlikely that any proposed validation process would be a 'gold plated' solution, as prescribed by UNC modification 0209. AR also suggested that a process maybe required to address how we deal with 'out of kilter' Aqs in future.

Moving on once again to consider the 'Strawman for Processes 1 sites: Daily Metered Time Critical' slide 11, it was felt that option 2 was the preferred approach. Additionally, it was felt that one process (system solution) to cover all of the four (4) process options, would be of most benefit.

Moving on to consider the 'Strawman for Processes 2 sites: Daily Metered not Time Critical' slide 12, and specifically the SOQ & SHQ options it was felt that 'derived by the GT annually' was preferable to the 'Nominated by the Shipper annually' option as there were concerns that the latter option would/could introduce inefficiencies. Should any parties have a concern relating to the selected option please feel free to contact Xoserve (SN) to discuss.

Looking at the 'Strawman for Processes 3 sites: Batched daily Readings' slide 13, it was noted that where UNC modification 0209 proposes 9 months the suggested [12 months] provides for a 'fuller' summer / winter view to be obtained.

When asked, parties indicated that they are happy with the 'Strawman for Processes 4 sites: Periodic Reads slide 14 proposals.

Looking at the 'AQ Validations' slide 15, SM pointed out that the rejection tolerances should read as + or – and not as shown < >. SN suggested that consideration of the potential 'industry breaker' impacts would be needed in due course.

Finally, moving on to consider the 'Appeals process' slide 16, MD noted that should it be deemed that NO form of AQ validation is required in future then Option 1 would/could be the quicker of the two options. Consensus was reached that both options would be needed in future.

#### As-Is Process Flowmap presentation

DG provided a brief on screen review of the four (4) as-is process maps. It was noted that subject to a final decision on the future validation

requirements both the 'AQ Review Amendments' and 'AQ Review Appeal' would be subject to either change or deletion. Other than the previous statements, those present signed off the process flow maps as presented.

MD suggested that if all four (4) proposed process options are going to be aligned to a monthly AQ requirement, consideration of this would need to be undertaken and completed at the 18/07/11 meeting. CW added that he believed that the business rules should also be revised for consideration alongside the UNC modification 0209 business rules at the 18/07/11 meeting.

Two new actions were placed on Xoserve (MD/DG), namely to produce 'To-Be' process flow maps (based on the meetings discussions) and to revise both the business rules and BRD in time for consideration at the next meeting.

### **5.3 Further Consideration of Settlement Requirements**

#### BRD for Meter Read Submissions and Processing and Settlement Arrangements for All Gas Meter Points presentation

MD provided a brief overview of changes made to the BRD since the last meeting, commencing at item 5.13, Shipper Read Validation on page 25.

During discussions around the proposed example tolerance tables a new action was placed on parties to test the viability of the tolerance levels set in the tables with examples taken from their own respective portfolios and to provide feedback on their findings at the next meeting.

In considering item 5.14 GT Read Validation it was suggested that as a minimum, this could be set up to 'match' the Shipper validation criteria.

In closing, SN pointed out that in the absence of any new ideas or feedback on new or amended tolerance levels, those presented within the tables now would become the 'default' settings.

#### Project Nexus Outstanding Areas Log presentation

MD provided a very brief overview of the presentation and provided a verbal update on the status of (ID) items 15 through to 21 before advising that the log would be updated in time for the next meeting.

#### PN UNC Workgroup (Settlement topic) – Allocations/Nominations Overview presentation

SN provided a brief overview of the presentation suggesting that one of the main issues relates to NDM Gas Nominations and how you end up with User Daily Quantity Outputs (UDQOs).

Moving on to consider the future allocation aspects on slide 5, LW questioned the logic of including DMs in the smearing of the remaining energy at LDZ portfolio level. In response, AR suggested that this would/could avoid the 'passing the hot potato around the industry' syndrome where no one is keen to take ownership of the issue. However, unallocated energy needed to be allocated and previous discussions had agreed this should be across the industry.

Debating the future nominations considerations on slide 6, MJ voiced concern over the potential impacts from a Shipper submitting a grossly inaccurate nomination, being passed on to the whole industry.

SN suggested that based on discussions, it is highly likely that we would opt to retain the current regime going forward, especially as there seemed to be little economic benefit to changing anyway.

Summarising the discussion, the consensus was in support of the GT's continuing to undertake the Gas Flow Nominations for NDM sites.

A new action was placed on all parties to consider whether or not they would wish to introduce a new Allocations/Nominations regime in future, or stick with the current regime going forward.

#### **5.4 Transitional Arrangements**

Not discussed.

#### **5.5 Issues logs (external and Project Nexus)**

Not discussed.

#### **5.6 Alignment of IRR requirements**

Not discussed.

#### **5.7 New Issues**

Not discussed.

### **6. AOB**

No new items raised.

### **7. Workgroup Process**

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

The following new actions were discussed and assigned:

**New Action NEX07/01: Xoserve (SN) to consider the current Topic Workplan Timeline Tracking meeting date provisions and advise on any potential changes going forward.**

**New Action NEX07/02: Joint Office (BF) to seek the (expert) view of the DESC members on the potential impacts of adopting a 'fixed' SOQ, but rolling (monthly) AQ regime on the winter load factor ratios (i.e. should SOQ be calculated on an annual basis).**

**New Action NEX07/03: GDF Suez (PBr) to analyse the potential effects a static SOQ but rolling AQ could have on WAR bands & EUC's in time for consideration at the next meeting.**

**New Action NEX07/04: Xoserve (MD/DG) to prepare and present 'To-Be' process flow maps (based on discussions at the 05/07/11 meeting) in time for consideration at the next meeting.**

**New Action NEX07/05: Xoserve (MD) to revise both the business rules and BRD (based on discussions at the 05/07/11 meeting) in time for consideration at the next meeting.**

**New Action NEX07/06: All parties to utilise the tolerance levels provided in the BRD (v0.5) tables under item 5.13 Shipper Read Validation, test the viability of the tolerance levels with examples taken from their respective portfolios and provide feedback on their findings.**

**New Action NEX07/07: All parties to consider whether or not a new Allocations/Nominations Regime is required in future, or stick with the current regime going forward.**

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**8. Diary Planning**

The following meetings are scheduled to take place during July/August 2011:

<b>Title</b>	<b>Date</b>	<b>Location</b>
Project Nexus Workgroup	18/07/2011	NG Office, 31 Homer Road, Solihull.
Project Nexus Workgroup	02 & 03/03/2011	NG Office, 31 Homer Road, Solihull.



## Appendix 1

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX0046	24/05/11	1.2	To investigate the statistical information relating to identification of the root causes of derived / un-derived drift, and impact of failed reads (to understand the risk of associated to their errors) and establish an initial definition for what is meant by a 'derived reading'.	National Grid Distribution (CW)	Update to be provided in due course. <b>Carried Forward</b>
NEX0053	01/06/11	2.1	Investigate how best to apply an appropriate charge in future and what any possible transitional impacts there maybe.	National Grid Distribution (CW)	Update to be provided in due course. <b>Carried Forward</b>
NEX0055	01/06/11	2.1	Revisit the Shipper & Regime Transfer Scenarios when either new DCC information is forthcoming or we meet in August (whichever is the sooner).	All	Update to be provided in due course. <b>Carried Forward</b>
NEX06/01	21/06/11	1.2	Speak to the SMD group and ascertain their view on the future potential treatment of drift in the AMR market.	Gazprom (SM)	Update to be provided in due course. <b>Carried Forward</b>
NEX06/02	21/06/11	1.2	Consider what potential solutions for the future treatment of drift would be in the best interests of the industry.	Transporters	Update to be provided in due course. <b>Carried Forward</b>
NEX06/03	21/06/11	5.2.1	Review the tolerance levels provided in the (BRD) tables and provide alternative suggestions, where appropriate.	All parties	Update provided. <b>Closed</b>
NEX06/04	21/06/11	5.2.1	Consider and provide a set of business requirements (inc. the viability of) a bulk read upload facility.	British Gas (GW)	Update to be provided in due course. <b>Carried Forward</b>

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX06/05	21/06/11	5.2.2	Provide an update on Ofgem's work looking at the SMART rollout impacts on the iGTs.	Ofgem (CC)	Update to be provided in due course. <b>Carried Forward</b>
NEX06/06	21/06/11	5.2.2	Consider what 'line in the sands' requirements and timescales would be appropriate.	Transporters	Update to be provided in due course. <b>Carried Forward</b>
NEX07/01	05/07/11	3.	Consider the current Topic Workplan Timeline Tracking meeting date provisions and advise on any potential changes going forward.	Xoserve (SN)	Update to be provided.
NEX07/02	05/07/11	5.2	Seek the (expert) view of the DESC members on the potential impacts of adopting a 'fixed' SOQ, but rolling (monthly) AQ regime on the winter load factor ratios (i.e. should SOQ be calculated on an annual basis).	Joint Office (BF)	Update to be provided.
NEX07/03	05/07/11	5.2	To analyse the potential effects a static SOQ but rolling AQ could have on WAR bands & EUC's in time for consideration at the next meeting.	GDF Suez (PBr)	Update to be provided.
NEX07/04	05/07/11	5.2	Prepare and present 'To-Be' process flow maps (based on discussions at the 05/07/11 meeting) in time for consideration at the next meeting.	Xoserve (MD/DG)	Update to be provided.
NEX07/05	05/07/11	5.2	Revise both the business rules and BRD (based on discussions at the 05/07/11 meeting) in time for consideration at the next meeting.	Xoserve (MD)	Update to be provided.
NEX07/06	05/07/11	5.3	Utilising the tolerance levels provided in the BRD (v0.5) tables under item 5.13 Shipper Read Validation, test	All	Update to be provided.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			the viability of the tolerance levels with examples taken from their respective portfolios and provide feedback on their findings.		
NEX07/07	05/07/11	5.3	To consider whether or not a new Allocations/Nominations Regime is required in future, or stick with the current regime going forward.	All	Update to be provided.
WG0377 05/01	24/05/11	3.0	Update the modification based on the comments received within the Workgroup.	First Utility (GE)	Update to be provided in due course. <b>Carried Forward</b>
WG0380 06/01	20/06/11	4.1	Consider validation and read acceptance proposals in respect of the four (4) proposed process options.	National Grid Distribution (CW) & Xoserve (MD)	Item discussed during the review of the BRD. <b>Closed</b>
WG0380 06/02	20/06/11	4.1	Amend the Issue Log to record concerns surrounding the frequency of meter readings in an individual meter point reconciliation based solution.	Xoserve (MD)	Update provided. <b>Closed</b>
WG0380 06/03	20/06/11	4.1	To provide a view on AQ/SOQ issues and timing aspects ready for consideration at the next meeting.	Transporters (CW/AR)	Update to be provided in due course. <b>Carried Forward</b>
WG0380 06/04	20/06/11	4.1	Look into the impact of weather correction on the daily read and submitted sites: AQ calculated monthly (last 365 reads) requirement and ascertain if it actually makes a difference.	E.ON (SB)	Update to be provided in due course. <b>Carried Forward</b>
WG0380 06/05	20/06/11	4.2	Realign the Rolling AQ and Validation Rules listing document to the four (4) proposed process options (as defined within the BRD).	Xoserve (MD/SN)	Update provided. <b>Closed</b>