

Project Nexus
Project Nexus Workgroup Minutes
Monday 18 July 2011

at the National Grid Office, 31 Homer Road, Solihull. B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
Cesar Coelho	(CC)	Ofgem
Chris Warner	(CW)	National Grid Distribution
David Goodwin	(DG)	Xoserve
Jonathan Wisdom	(JW)	RWE npower
Karen Kennedy	(KK)	ScottishPower
Lorna Lewin	(LL)	Shell
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Nick Wye	(NW)	Waters Wye Associates
Phil Blakeman	(PB)	British Gas
Sean McGoldrick	(SMc)	National Grid NTS
Steve Nunnington	(SN)	Xoserve

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting 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 drew attention to recent discussions that centred on addressing reconciliation scaling smearing issues across the whole portfolio and more specifically what (average) charge rates should/could be applied. In the end, it was agreed to close this action and raise a new action on Xoserve to provide a brief presentation of what options (for future inclusion within the BRD) are feasible.

Closed

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

Update: JW suggested that this relates to the DCC business process design.

Closed

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: MD suggested that this action is being resolved under BRD discussions and 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 Ofgem would be meeting with the iGTs next week and he would provide an update at the next meeting.

Carried Forward

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

Update: MD advised that under previous BRD discussions, it had been assumed that the requirements and timescales would remain 'as-is', but acknowledged that details could/would become clearer over time.

Closed

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

Update: SN advised that he had reviewed the timetable and was happy that the proposed dates are effectively set. However, he pointed out that the content (agendas) of the future meetings maybe changed to accommodate requirements.

Closed

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).

Update: BF advised that this had been placed on the agenda for consideration at the 29/07/11 DESC meeting, although it should be noted that DESC do not plan to meet again until November should the action be carried over.

Carried Forward

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.

Update: In the absence of the action owner and with possible detriment to the project delivery as a whole, it was agreed that the action should be amended to read as 'ALL' parties to consider. In response to concerns about the potential impact upon the DNs CAPEX, AR reminded parties that SOQs are a charging parameter rather than a planning one. Thereafter, a new action was placed upon CW to seek a view of the potential impacts from the National Grid Pricing team in time for consideration at the next meeting.

Carried Forward

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.

Update: Please see item 5.2 below.

Closed

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.

Update: Please see item 5.2 below.

Closed

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.

Update: MD advised that this would be covered under ongoing Settlement BRD considerations at the August meeting.

Carried Forward

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.

Update: MD advised that this would be covered under ongoing Settlement BRD considerations at the August meeting.

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. BF advised that an updated modification had not been provided at this time.

Carried Forward

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: BF suggested, and those present agreed that this action was superseded by actions NEX07/02 & 03.

Closed

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

2. Modification Workgroups

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

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

Project Nexus Workplan

SN advised that Reconciliation had been reset to **AMBER** to reflect the fact that it is behind schedule. Furthermore, parties are advised that the 02/08/11 meeting would be considering Settlement (inc. AMR) and Reconciliation whilst the 03/08/11 meeting is expected to consider AQ and Supply Point Register. He went on to inform those present that at last weeks PNAG meeting aspects of the 'in built' contingency allowance were considered – the preference being to avoid undue delay associated with 'rolling over' items for consideration at a later date.

Topic Workgroup Timeline Tracking

In providing an overview of the timeline tracking plan, SN drew attention to the revised **RED** status for Settlement which reflects concerns surrounding the delay in progressing in this area.

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 Meter Reading Arrangements

PN UNC Workgroup (AQ topic) presentation

MD provided a brief overview of the presentation stating that the main aim is to resolve the three outstanding issues from the 1st meeting (please refer to slide 6). The other items on this slide had now been integrated within the revised BRD.

Moving on to examine slide 8 – Objectives for Today's Meeting, MD suggested that a line-by-line review of the Modification 0209 "Rolling AQ" business rules may prove beneficial and to this end, Xoserve had

undertaken a preliminary review – please refer to later in this section for further details.

To-Be Process Flowmap presentation and review

DG provided a brief on screen review of the two (2) to-be process maps. MD pointed out that each process reflects the points raised at the previous meeting.

Considering the NXTB Validate Meter Read process flow map, DG suggested that box 6 would help to define the majority of settlement requirements including an override flag facility (similar in concept to the current filter failure provisions).

Moving on to the NXTB Calculate Monthly Rolling AQ process, MD pointed out that the ‘nitty gritty’ detail surrounding steps 2, 3 & 4 would be discussed during further development of the BRD. When asked, SN confirmed that it is not the intention to provide notifications for all of a Shippers portfolio, only those where a revised AQ had been calculated. The Workgroup agreed further detail was required prior to approval of the process flows.

BRD for Annual Quantity presentation

MD provided a brief overview of this new (draft v0.1) BRD, explaining that this follows the format of previous BRDs.

During a brief review of the document the following key points were discussed/debated:

- 5.1 In Scope – BSSOQ is included but does not necessarily mean that it will change only that it will be considered. Considering Primes & Sub requirements, SN suggested that ‘subs’ should not really be an issue, but primes could be – MD agreed to undertake an action to investigate and report back at the next meeting;
- 6.4 Issues – SN suggested that adoption of an appropriate settlement regime and read validation would help to mitigate against any potential of inflated AQ risks;
- 6.6 Design Considerations – it was noted that for process 1 sites the SOQ (nomination) changes maybe variable, whilst for processes 2, 3 & 4 they are fixed;
- 8.1 Meter Reads – would be updated to reflect discussions;
- 8.3 Consumption Periods – would now be cross-referenced against UNC Modification 0209 “Rolling AQ”;
- 8.4.1 – would be amended to take into account ‘market breaker’ considerations;
- 8.6 Appeals – appeals process is similar to the current BTU form process, which has a 200% threshold. Future Theft of Gas requirements will need considering in due course. This area will be discussed in more detail at the next meeting;
- 8.7 Thresholds – would be updated to reflect discussions, and
- 8.8.2 – SOQ calculation criteria consideration deferred until a later date.

Concluding discussions, it was suggested that consideration of asset data cleansing and erroneous AQ impacts would/could prove beneficial. It was noted that the next occasion scheduled to develop this BRD further (including consideration of consumption periods based on 0209 analysis) is the 03/08/11 meeting.

To conclude, a new action was placed on ALL parties to review the various drivers and business goals in time for discussion at the next meeting.

Mod 0209 “Rolling AQ” Business Rules (v1.0) and Validation Rules (v1.0) presentation and review

An onscreen line-by-line review was undertaken concentrating on Xoserve’s initial comments.

Most notable amongst the many discussion points being:

- ref item 16, conclusion was to utilise actual reads for all end reads although further CV considerations maybe required in due course as there are market balancing impacts involved;
- ref items 24.1, 24.2 & 25, a new action was placed against Xoserve (MD/SN) to double check where the two target dates of 50 and 42 weeks respectively originated along with their impact on Supply Point isolations during these periods;
- ref item 36, a new action was placed against Xoserve (MD/SN) to further develop the BTU form process for consideration at the next meeting;
- ref item 46, it was agreed that a new business rule stipulating a threshold trigger of three (3) consecutive calculations or one (1) year whichever is the sooner – a new action was placed on ALL parties to consider the trigger requirements in time for discussion at the next meeting;
- the recommended removal of items 47 & 48 by those present;
- ref items 49 & 50, following discussions about the potential volatility impact of ‘moving’ SOQs on Transporter’s revenue considerations, a new action was placed against Transporters to consider parties views on rolling AQ proposals (inc. BSSOQs) v’s fixed SOQ requirements across all market sectors and the potential impact on future transportation charges (as the matter not only relates to SOQ changes but also impacts changing rates etc.);
- ref items 51 & 52, a new action was placed against Xoserve (MD) to cross check the original Modification 0209 WAR requirements and report back at the next meeting;
- agreement that item 3(b) on slide 5 is a duplicate and can therefore be removed;
- Application of backstop date relates to when the last **Seasonal Normal Demand (SND)** is calculated;
- the reconnection items (c) & (d) would be ‘covered’ under ongoing validation considerations;
- item (n) should remain;
- Xoserve (MD) to double check item (q) in the historic documentation;
- item 4 relates to Modification 0640 threshold crossover provisions. A new action was placed against Xoserve (MD) to consider potential Modification 0640 impacts on AQ calculation threshold cross over points;
- the items are not required as these are ‘covered’ under the Meter Read Validation considerations;
- it was suggested that development of a form of hierarchical validation priority listing for rejection notices maybe beneficial in the longer term

(i.e. rejection on consumption grounds would potentially be low in the pecking order), and finally

- identification of an appropriate 'Market Breaker' rule and associated threshold trigger would be beneficial.

Concluding the review so far, a new action was placed against ALL parties to consider identification of an appropriate 'market breaker' rule and associated threshold, and its potential impact on the various market sectors in time for discussion at the next meeting. Additionally, a new action was placed against Xoserve (SN) to provide a breakdown of the Annual AQ file for consideration at the next meeting.

Project Nexus Outstanding Areas Log presentation

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

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

Ofgem Smarter Markets Team Update

CC advised that a new team had been set up within Ofgem to look at the SMART metering arena (inc. items such as policy setting etc.) and the group have requested that Project Nexus pays particular attention to the impact that Daily Meter Reading would have on energy cost allocation as well as consideration of daily settlement proposals (ref. UNC Modification 0377) including identification of supporting cost benefit analysis. In response, it was noted that 'tensions' exist between the immediate and longer-term (Authority) aspirations and Nexus delivery requirements.

Finally, Ofgem are keen that all Nexus related modifications include consideration of the wider market impacts and do not simply focus on the Xoserve/Shipper aspects.

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 NEX07/08: National Grid Distribution (CW) to seek a view from his Pricing team colleagues on the potential effects a static SOQ but rolling AQ would have on WAR bands & EUCs (ref: NEX07/03).

New Action NEX07/09: Xoserve (MD) to investigate the effect that moving to a monthly regime would have on any Primes & Subs considerations.

New Action NEX07/10: All parties to consider in respect of the BRD what drivers and business goals are appropriate.

New Action NEX07/11: Xoserve (MD) to double check the origins of the 50 & 42 week consumption period windows and their potential impact on Supply Point isolations during these periods.

New Action NEX07/12: Xoserve (MD/SN) to seek to further develop the (existing) BTU form process suitable for future application.

New Action NEX07/13: All parties to consider the suggestion for AQ Effective Day threshold (trigger point) requirements of three (3) consecutive calculations or one (1) year whichever is the sooner.

New Action NEX07/14: Transporters 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).

New Action NEX07/15: Xoserve (MD) to cross check the original UNC Modification 0209 WAR requirements.

New Action NEX07/16: Xoserve (MD) to consider potential NC Modification 0640 impacts on the AQ calculation threshold cross over points.

New Action NEX07/17: All parties to consider the identification of an appropriate 'market breaker' rule and associated threshold and its potential impact on the various market sectors.

New Action NEX07/18: Xoserve (SN) to provide a breakdown of the Annual AQ file(s).

8. Diary Planning

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

Title	Date	Location
Project Nexus Workgroup	02 & 03/08/2011	NG Office, 31 Homer Road, Solihull.
Project Nexus Workgroup	22 & 23/08/2011	NG Office, 31 Homer Road, Solihull.
Project Nexus Workgroup	06/09/2011	NG Office, 31 Homer Road, Solihull.
Project Nexus Workgroup	19 & 20/09/2011	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. Carried Forward
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 provided. Closed
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 provided. Closed
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. Carried Forward
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 provided. Closed
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. Carried Forward
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. Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX06/06	21/06/11	5.2.2	Consider what 'line in the sands' requirements and timescales would be appropriate.	Transporters	Update provided. Closed
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 provided. Closed
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 in due course. Carried Forward
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) All	Update to be provided in due course. Carried Forward
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 provided. Closed
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 provided. Closed
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 the viability of the tolerance levels with examples taken from their respective portfolios and provide feedback on their findings.	All	Update to be provided in due course. Carried Forward
NEX07/07	05/07/11	5.3	To consider whether or not a new Allocations/Nominations	All	Update to be provided in

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			Regime is required in future, or stick with the current regime going forward.		due course. Carried Forward
NEX07/08	18/07/11	1.2	To seek a view from his Pricing team colleagues on the potential effects a static SOQ but rolling AQ would have on WAR bands & EUCs (ref: NEX07/03).	National Grid Distribution (CW)	Update to be provided in due course.
NEX07/09	18/07/11	5.2	To investigate the effect that moving to a monthly regime would have on any Primes & Subs considerations.	Xoserve (MD)	Update to be provided in due course.
NEX07/10	18/07/11	5.2	To consider in respect of the BRD what drivers and business goals are appropriate.	All	Update to be provided in due course.
NEX07/11	18/07/11	5.2	To double check the origins of the 50 & 42 week consumption period windows and their potential impact on Supply Point isolations during these periods.	Xoserve (MD)	Update to be provided in due course.
NEX07/12	18/07/11	5.2	Seek to further develop the (existing) BTU form process suitable for future application.	Xoserve (MD/SN)	Update to be provided in due course.
NEX07/13	18/07/11	5.2	To consider the suggestion for AQ Effective Day threshold (trigger point) requirements of three (3) consecutive calculations or one (1) year whichever is the sooner.	All	Update to be provided in due course.
NEX07/14	18/07/11	5.2	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	Update to be provided in due course.
NEX07/15	18/07/11	5.2	To cross check the original UNC Modification 0209 WAR requirements.	Xoserve (MD)	Update to be provided in due course.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEX07/16	18/07/11	5.2	To consider potential NC Modification 0640 impacts on the AQ calculation threshold cross over points.	Xoserve (MD)	Update to be provided in due course.
NEX07/17	18/07/11	5.2	To consider the identification of an appropriate 'market breaker' rule and associated threshold and its potential impact on the various market sectors.	All	Update to be provided in due course.
NEX07/18	18/07/11	5.2	To provide a breakdown of the Annual AQ file(s).	Xoserve (SN)	Update to be provided in due course.
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. Carried Forward
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 provided. Closed
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. Carried Forward