
Project Nexus Market Differentiation Workgroup Minutes

Tuesday 14 July 2009

31 Homer Road, Solihull

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
Chris Hill	(CH)	RWE Npower
Elaine Carr	(EC)	Scottish Power
Gareth Evans	(GE)	Waterswye
Joanna Ferguson	(JF)	Northern Gas Networks
Joel Martin	(JM)	Scotia Gas Networks
Lisa Harris	(LH)	Shell Gas Direct
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	xoserve
Sean McGoldrick	(SM)	National Grid NTS
Shirley Wheeler	(SW)	xoserve
Stefan Leedham	(SL)	EDF Energy
Steve Mulliganie	(SMu)	Onshore Consulting
Steve Nunnington	(SN)	xoserve

Apologies

Simon Trivella	Wales & West Utilities
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1. Introduction

BF welcomed all to the meeting of the Workgroup. All materials relating to the Workgroup will be published on the Joint Office website at <http://www.gasgovernance.com/Code/Workstreams/nexus/>.

2. Minutes of last meeting and actions arising

2.1 Review of minutes

The minutes of the 24 June meeting were accepted.

2.2 Review of actions

Action NEMD0001: Prepare discussion materials to set out the issues raised in consultation responses. **Update:** BF informed members that one (1) set of materials had been prepared by Gazprom and would be considered under item 2.0 below.

Chair (BF) asked, and members agreed to close the action.

Action NEMD0001: Closed

3. Consultation respondents to present and elaborate on comments

3.1 Gazprom Project Nexus Market Differentiation Formal Market Separation presentation

Onshore Consulting (SMu) provided an overview of the Project Nexus Market Differentiation Formal Market Separation presentation on behalf of Gazprom.

Opening, he explained that the presentation is pitched at a conceptual level suggesting that the market is already moving towards provision of more detailed and granulated information which now presents an ideal opportunity to embrace the introduction of new technologies such as Smart Metering and AMR. Additionally, it should not go unnoticed that the metering profile year commences in 2010 for which the public sector part of the market is already planning for.

During extensive discussions members considered related areas such as possible expansion of EUC bands, data cleansing provisions, the utilisation of D & I system flags, Transporter and Shipper Licence obligations, Uniform Network Code compliance issues, consideration of any Transportation regime impacts, the current lack of clarity surrounding future smart metering licence requirements, the possible demise of the utilisation of the guideline consumption figure, possible timing issues surrounding the RbD demise and benefits associated with the possible development of high level UNC rules to supplement licence obligations.

It was acknowledged that whilst data accuracy remains a 'key' aspect in the efficient and effective management of emergency incidents in-line with the Gas Safety (Management) Regulations (GSMR), there are far wider ranging meter read asset data related aspects to consider.

Members concluded that the role of this workgroup is to consider the more strategic aspects associated with market differentiation and to identify and establish high level principles which will then cascade down to the other topic workgroups. However, concerns remained over how best to define and validate domestic and I&C, with members agreeing that strong and concise guidelines will be essential in assisting other Project Nexus Workgroup consideration of these matters.

There then followed a brief resume from SN of the responses as published on the xoserve web site.

3.2 xoserve Project Nexus Market Differentiation Topic Workgroup presentation

SN provided a brief overview of the xoserve presentation pointing out that it does not seek to propose a solution, but simply looks to identify possible issues.

Once again members discussed issues such as data quality and cleansing, the suitability of a market sector flag approach (as proposed by Gazprom) and where it should/should not apply – it was agreed that this should be considered within the various interdependent workgroups, the time delay associated with the introduction of smart metering and AMR, the ultimate cleaning of the data, the continued protection of the Transporter's revenue stream, tensions surrounding the timing of the rollout of smart metering and Project Nexus. Members' views differed on the potential benefits of domestic line by line reconciliation and in advocating the split market flag approach.

Transporter representatives remained unconvinced from a transportation process perspective, that the proposed changes would yield improvements and could not therefore lend their support.

Summarising, members remained unable to reach agreement on which approach would be preferable but did agree that one way forward could be the identification and application of high level objectives set for the other workgroups to consider the appropriateness of utilisation of D&I flags within their specific areas. To some degree, it would be similar to asking the workgroups to undertake a risk assessment associated with adopting a mandatory DNI flag based approach to market differentiation.

4. Review & baseline current process areas that would be affected

In light of the above discussions, xoserve agreed to undertake an action to investigate matters further and provide additional information relating to the AQ market sector confirmation date/shipper split and review the segregated AQ processes whilst cross referencing these to the nexus workgroup processes to identify any potential holes (missed processes).

New Action NEMD0002: xoserve (SW) to undertake detailed AQ Market Sector Flag analysis to identify confirmation date/shipper split.

New Action NEMD0003: xoserve (SW) to prepare a draft scope document for consideration by the Workgroup at the 04 August meeting.

New Action NEMD0004: xoserve (SW) to prepare the workgroup report for presentation to the Project Nexus Workstream meeting on 23 July 2009.

5. Define problem areas against processes

Covered under previous discussions.

6. Diary Planning for Workgroup

BF reminded members that all proposed meeting dates were on the JO web site events diary and a separate spreadsheet had also been published.

It was agreed to cancel the next days meeting (Wednesday 15 July 09) and to meet again, on a face to face basis, on Tuesday 04 August 2009.

7. AOB

None raised.

Action Table – 14 July 2009

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
NEMD 0001	24.06.09	3.	Prepare discussion materials to set out the issues raised in consultation responses	Consultation Respondee	Update provided. Closed
NEMD 0002	14.07.09	4.	Undertake detailed AQ Market Sector Flag analysis to identify confirmation date/shipper split.	xoserve (SW)	Update due at 04 August meeting.
NEMD 0003	14.07.09	4.	Prepare a draft scope document for consideration by the Workgroup at the 04 August meeting.	xoserve (SW)	Update due at 04 August meeting.
NEMD 0004	14.07.09	4.	Prepare the workgroup report for presentation to the Project Nexus Workstream meeting on 23 July 2009.	xoserve (SW)	Report due by 16/07/09.