

Project Nexus
High Level SP Reconciliation 3 Workgroup Minutes
Tuesday 27 April 2010
31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Helen Cuin (Secretary)	(HC)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Chris Warner	(CW)	National Grid Distribution
Fiona Cottam	(FC)	xoserve
Gareth Evans	(GE)	Waters Wye Associates
Jennifer Boraston	(JB)	RWE npower
Joanna Ferguson	(JF)	Northern Gas Networks
Karen Kennedy	(KK)	ScottishPower
Lisa Harris	(LH)	Shell Gas Direct
Mark Jones	(MJ)	Scottish & Southern Energy
Michele Downes	(MD)	xoserve
Peter Thompson	(PT)	Consultant/Customer Rep
Richard Street	(RS)	Corona Energy
Sallyann Blackett	(SB)	E.ON UK
Sean McGoldrick	(SMG)	National Grid Transmission
Shirley Wheeler	(SW)	xoserve
Stefan Leedham	(SL)	EDF Energy
Steve Mulliganie	(SM)	Gazprom

1. Review of Minutes & Actions

1.1 Minutes from the previous meeting

The minutes from the 29 March 2010 meeting were approved.

1.2 Review of Actions from previous meetings

Action SP003: xoserve (FC/SW) to develop high-level principles for consideration at the next meeting.

Action Update: Complete.

Action SP004: xoserve (FC) to investigate LSP sites in EUC Band 2 which have not had a reading taken in the last 12 months.

Action Update: FC provided an update compared to the figures for the retained networks 2008, the re-run report indicated that the number of sites without reads had increased, about 9% of sites had not been read. **Complete.**

Action SP005: Joint Office (BF) to raise the profile of the transitional arrangements concerns at the next Project Nexus Workstream meeting.

Action Update: BF confirmed that this was raised at the Project Nexus Workstream. **Complete.**

2. Scope & Deliverables

Copies of all the presentation materials are available at:
<http://www.gasgovernance.co.uk/nexus/270410>.

2.1. Business Rules

This item was included within Agenda item 3.0

2.2. Alignment of IRR requirements

FC provided a presentation on the IRR responses to make sure all the original issues had been considered in the process.

It was agreed that all IRR responses had been addressed.

It was agreed that all Reconciliation Issues Raised at the Workgroup had been addressed. There were two items under NDM Reconciliation and one item under DM Reconciliation, which needed further consideration and these have been highlighted in the Workgroup report for further discussion in the detailed Workgroups.

PT believed that where there was a desire to remove RbD, it would be prudent if Shippers considered improving data accuracy prior to the roll out of SMART metering. The group discussed data cleansing and the consensus was there was little benefit undertaking a costly data cleansing exercise for data, which would be superseded following installation of SMART meters. SB explained that individual reconciliation would encourage meter reads to enable close out.

3. Workgroup Report

BF reviewed the SP Reconciliation Workgroup Report reviewing all sections:

Hierarchy of Principles

FC provided an update on the preferred and fallback allocation and reconciliation options. She explained that you only need daily reconciliation for exceptions; the Workgroup Report provided a list of example exceptions.

It was noted that the allocation option diagram needs realigning as some text boxes were not visible on page 4.

It was also noted that the last "Alternative" box on page 4 needed to be updated to read "Fallback" and the last box changed to "All daily consumptions are available on a periodic basis".

RS expressed concern about the functionality of the preferred and alternative/fallback positions. He suggested that these should only be optional fallback positions if the preferred route is not available due to site issues. He didn't wish to see the alternative/fallback becoming a norm, they should not be considered alternative options for system design. PT suggested the use of decision boxes to illustrate the decision process for selecting alternatives in the process.

Treatment of Unallocated Energy

FC confirmed the agreed principle for reconciliation, as reconciliation is undertaken the un-allocated energy will be adjusted until the reconciliation period is closed.

AR asked about the close out of reconciliation, FC explained close-out periods would be defined as part of detailed requirements, and that reconciliation might be left open for 18/24 months, and certainly no more than the current 4/5 years.

It was acknowledged that Portfolio size would be the basis of the reconciliation process for unallocated energy.

Close-Out of Reconciliation

FC confirmed the current 4/5 year basis is likely to be shorter and that after the close out point no further reconciliation can be processed.

Application of Billing Tolerances

FC explained the principle of roll over of tolerances so that small amounts are not billed but rolled over until the amount reaches a pre-set level an example of this was provided. It was explained that the kWh would be billed prior to close-out. It was also noted that reconciliation was an exception process.

RS was concerned about the complexity and associated costs and whether an alternative solution may be available at a lesser cost. SW confirmed that further analysis needs to be undertaken and it was agreed that the principle would be subject to demonstration of business benefits.

RS expressed concern about holding onto information and tracking it with the aim to address it later rather than closing out the invoices straight away.

SL highlighted past problems with small invoices and system constraints preventing small invoices being suppressed. It was recognised that the value of the individual items may be small but the invoice total may not be.

GE questioned tolerance breaches over a period of time perhaps due to a change of use or a customer change.

RS was concerned about Shipper system development and the monitoring of differences for delayed reconciliation. It was envisaged that Shipper and Customer data could be actual positions but the Transporters may have a different position due to the application of the tolerance.

SM believed that the application of tolerances may not be the preferred solution, he believed that this should be a fall back solution rather than the preferred solution.

It was suggested that the proposal needs further analysis and consideration of other solutions.

Reconciliation Filter Failures

FC explained the current suppression.

CW questioned if SRVs will exist in the future. He envisaged that SRVs would not exist and that there will only be USRVs. It was agreed to remove the reference to USRVs and SRVs, using a more generic title.

SM suggested that a change in behaviour might impact the check tolerances. It was noted that data errors should reduce and that the tolerances may need to be tightened as a safe guard.

Transitional Arrangements

FC explained that the Transitional Arrangements should be discussed further once the options have been determined. It was suggested that a sufficient population of SMART meters were required to justify the move to a full meter point reconciliation solution. It was agreed that the Project Nexus roll out needs to be considered along with system roll out and appropriate transitional requirements.

SL questioned the system build to accommodate daily meter readings when the Meter Reading Workgroup could recommend weekly or monthly options.

PT suggested that the critical point might be the systems ability to cope with non-SMART meters. RS explained that the existing systems deal with non-SMART meters and that the challenge is managing the transition and switching over to a system that can manage SMART meters. It was suggested by some that the systems should be designed to manage SMART meters from day 1 so “critical mass” should be considered zero.

SL questioned the interaction of RbD and new allocation process. FC suggested that RbD could be used to pick up misallocated energy during a transition period where meter point reconciliation had been introduced, but before allocation processes had been changed.

Treatment of CSEP Sites

An assumption had been made that CSEP sites will be treated identically to directly connected sites.

RS believed there was an opportunity to include CSEP sites within the build. CS suggested this would be dependent on iGTs' willingness to participate. RS believed that it would be difficult to include iGTs at a later date unless the functionality is built in from first principle. FC believed the iGT requirements from a reconciliation perspective would need to be considered, however RS suggested that Shippers and Suppliers could lead the requirements for a UNC approach and raise these points in the iGT code.

SW suggested approaching Ofgem as governance and funding has been a stumbling block for iGTs. CW believed in the context of reconciliation, consideration should be given to how iGTs fit in and how the misallocated energy is managed. It was agreed to raise a

topic at the Project Nexus Workstream as a separate workgroup may need to be established.

The Workgroup Report was finalised.

4. Workgroup Process

No further meetings were planned.

5. Diary Planning

The following meetings are scheduled to take place during May 2010:

Title	Date	Location
AMR 3 Workgroup	12 May 10	ENA, 52 Horseferry Road, London.
Workstream	19 May 10	Venue tbc
AMR 4 Workgroup	26 May 10	31 Homer Road, Solihull

6. AOB

None.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SP003	29.03.10	2.1	Develop some high-level principles for consideration at the next meeting.	xoserve (FC/SW)	Complete.
SP004	29.03.10	2.4	Investigate LSP sites in EUC Band 2 which have not had a reading taken in the last 12 months.	xoserve (FC)	Complete.
SP005	29.03.10	3.1	Raise the profile of the transitional arrangements concerns at the next Project Nexus Workstream meeting.	Joint Office (BF)	Complete.