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**UNC Workgroup 0473 Minutes**  
**Project Nexus – Allocation of Unidentified Gas**  
**Wednesday 19 March 2014**  
**at 31 Homer Road, Solihull B91 3LT**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Ben Trasler	(BT)	Opus
Bryan Hale*	(BH)	EDF Energy
Carl Whitehouse	(CWh)	First-utility
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Eleanor Laurence*	(EL)	EDF Energy
Elaine Carr	(EC)	ScottishPower
Emma Lyndon	(EL)	Xoserve
Emma Smith	(ES)	Xoserve
Fiona Cottam	(FC)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Graham Wood	(GW)	British Gas
Huw Comerford	(HC)	Utilita
James Hill	(JHi)	EDF Energy
James Rigby	(JR)	RWE npower
Kathryn Allen	(KA)	RWE npower
Leigh Chapman	(LC)	first-utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Michele Downes	(MD)	Xoserve
Sue Cropper	(SC)	British Gas

\* via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0473/190314](http://www.gasgovernance.co.uk/0473/190314)

The Workgroup Report is due to the Panel on 19 June 2014

**1. Review of Minutes and Actions**

**1.1. Review of Minutes**

During a brief discussion FC proposed some amendments to the 05 February minutes<sup>1</sup>. Thereafter, the minutes of the previous meeting were accepted.

**1.2. Review of Actions**

**0473 01/01:** Gazprom (SM) AUGE Guidelines to be provided for review by the Workgroup.

**Update:** BF advised that a change marked version of the AUGE Guidelines had been published prior to this meeting. **Closed**

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<sup>1</sup> Post meeting note: a revised version (v2.0) of the 05 February 2014 meeting minutes have subsequently been published.

**0473 02/01:** Gazprom (SM) to review the guidelines and look to RED line the document prior to circulation in marked up mode for comments.

**Update:** As per action 0473 01/01 above. **Closed**

**0473 02/02:** All to review the guidelines and provide their comments/suggested changes by no later than close of play on 21 February 2014.

**Update:** GE advised that no responses had been forthcoming. **Closed**

**0473 02/03:** Gazprom (SM) and Waters Wye Associates (GE) to consider the (transitional) year 1 (2015 which is a 6 month process year) and thereafter year 2 (2016 which is a 12 month process year) process (methodology and table provision) timeline dates in light of the proposed pre and post Nexus AUG process changes.

**Update:** GE explained that he was not willing to consider transitional arrangements until there was certainty around the Project Nexus implementation date (i.e. post a Modification 0491 decision). **Closed**

## 2. Review of AUGE Guidelines

In providing a brief overview of the recent amendments to the document, GE explained that the proposal is based around a single consultation process.

During the discussion, BF made on-screen changes to the document in line with the points/concerns being raised by those present. A summary of the key discussion areas follows:

### 1. Definitions

As far as the “**Allocation of Unidentified Gas Statement (AUGS)**” was concerned, it was suggested that as there is already a Code defined term proposed under UNC Modification 0432 ‘Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation Reform’, a simple cross reference would be preferable.

### 2. The Guidelines

It was suggested that the word ‘materiality’ be replaced by ‘weighting’.

### 3. Responsibility under the tender process for the position of AUGE

GE indicated that he is keen for any views around this section to be provided asap.

In noting that there may be value in asking the UNCC to set up a more focused sub-committee, BF provided a quick resume of the current (UNCC) process before suggesting that a sub-committee could look at the process aspects, whilst the UNCC retain the actually voting rights on any proposed changes.

It was also suggested that perhaps a feedback loop to the UNCC which identifies how decisions were made and the underlying factors behind them might prove beneficial.

In considering the possible adoption of a ‘fixed term’ for tendering lengths, FC felt that this is more of a contractual consideration and that care would be needed to avoid unduly impacting upon the specific contractual aspects (i.e. confidentiality issues and considerations, plus where the actual control resides etc.). GE indicated that he is not proposing to look at the contractual details until the Xoserve role (i.e. board overview etc.) have been clearly identified.

**Action 0473 03/01: All parties to consider what role and responsibilities may be for the UNCC and any proposed sub-committee going forward.**

### 4. Tendering process

Discussion centred on the proposed dates, with FC noting that if 4.1.1 is referring to 1<sup>st</sup> April 2014, then the timelines are extremely tight. MD suggested that ‘Meter Point class’ should really read as ‘Supply Point Class’ and then went on to remind parties that modification

0432 splits Classes 2, 3 and 4 into two, based on AQ size – it was agreed further consideration may be required at some point.

It was suggested that there could / would be value in having some form of mechanism to allow corrections of any potential AUGE errors (i.e. a query style, post consultation process), especially during the transition period. Responding, GE suggested that the potential risk of significant errors has reduced greatly over time whilst pointing out that a form of query process would in fact continue to exist going forwards.

In briefly considering the potential timeline impacts (inc. the 18 month lag) on the AUGE table of the proposed Project Nexus go-live date, FC explained how the roll-over process is envisaged to take place whilst BF advised parties that UNC Modification 0491 'Change implementation date of Project Nexus to 1<sup>st</sup> April 2016 is expected to go to the Authority for a decision after the 07 April Panel meeting and thereafter, the Authority would have until 15 May in which to make its decision before it compromised Xoserve procurement event for system developers. It was agreed that further consideration might be required once a decision on Modification 0491 is known.

As far as paragraph 4.1.10 is concerned, BF suggested that if an industry expert could not come up with a decision, how would we expect the UNCC to do so. Responding, GE acknowledged that the proposal as it stands may not work in year 1 of the new process and might be better considered under transitional considerations. GW suggested that some additional words around compressed transitional processes and arrangements might be in order.

**Action 0473 03/02: Xoserve (FC) to consider the proposed timeline tendering related impacts and provide a view at the next meeting.**

#### 5. Generic Terms of Reference for Appointed AUGE

As far as paragraph 5.1.10 was concerned, it was suggested that it might be necessary to identify the exact query process elements (i.e. when it starts or ends etc.).

#### 6. Responsibilities for the creation of the AUGS

FC pointed out that the 'AUGE year' is currently defined in the UNC and wondered therefore, whether or not, it should also be identified in section 1 of this document.

#### 7. Creation of AUGS Document

FC suggested that there might be some issues around the 'age of data' impacts in the proposed process timelines and that some 'tensions' exist and that it would also be prudent to take into account the Christmas break impacts as well. Responding, GE indicated that he would take these points into account when considering amending the dates and decoupling the tendering related timeline(s). GW wondered if we needed an additional statement to clarify the consultation and the following process related dates.

FC once again voiced her real concerns relating to the proposed timelines, especially the aspects relating to the AUGE appointment in September and the potential 3 month lead time to assimilate data and progressing it through the methodology. In her view, a 6 month allowance in the 1<sup>st</sup> year of operation (i.e. the standing start) would be more appropriate – GE agreed to consider. It was concluded that this is not simply a 1<sup>st</sup> year issue, but is in fact, an enduring one, which may pop up from time to time.

In concluding the discussions some parties believed that there is potential value in having some form of shipper oversight mechanism.

BF suggested that it may be prudent to consider the provision of two pieces (forms) of legal text – one version for pre and one version for post the Project Nexus implementation date.

**Action 0473 03/03: Waters Wye Associates (GE) to amend the guidelines document to reflect the discussion points raised including changes to the tendering process timescales and assessment of potential UNC related impacts (especially as this modification is expected to precede the Project Nexus go-live date).**

**3. Discussion**

It was agreed that this had been sufficiently covered under item 2 above.

**4. Any Other Business**

None.

**5. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

The following meetings are scheduled to take place during 2014:

Time/Date	Venue	Workgroup Programme
10:30 Wednesday 02 April	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Ongoing discussions
10:30 Tuesday 15 April	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Ongoing discussions
10:30 Monday 12 May	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Review of draft legal text and draft Workgroup Report
10:30 Wednesday 04 June	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	Sign off legal text and complete Workgroup Report

**Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 01/01	08/01/14	3.	AUGE Guidelines to be provided for review by the Workgroup.	Gazprom (SM)	<b>Closed</b>
0473 02/01	05/02/14	1.	To review the guidelines and look to RED line the document prior to circulation in marked up mode for comments.	Gazprom (SM)	<b>Closed</b>
0473 02/02	05/02/14	1.	To review the guidelines and provide their comments/suggested changes by no later than close of play on 21 February 2014.	All	<b>Closed</b>

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 02/03	05/02/14		To consider the (transitional) year 1 (2015 which is a 6 month process year) and thereafter year 2 (2016 which is a 12 month process year) process (methodology and table provision) timeline dates in light of the proposed pre and post Nexus AUG process changes.	Gazprom (SM) and Waters Wye Associates (GE)	<b>Closed</b>
0473 03/01	19/03/14	2.	To consider what role and responsibilities may be for the UNCC and any proposed sub-committee going forward.	All parties	<b>Pending</b>
0473 03/02	19/03/14	2.	To consider the proposed timeline tendering related impacts and provide a view at the next meeting.	Xoserve (FC)	<b>Pending</b>
0473 03/03	19/03/14	2.	To amend the guidelines document to reflect the discussion points raised including changes to the tendering process timescales and assessment of potential UNC related impacts (especially as this modification is expected to precede the Project Nexus go-live date).	Waters Wye Associates (GE)	<b>Pending</b>