

UNC Workgroup 0473 Minutes
Project Nexus – Allocation of Unidentified Gas
Wednesday 04 June 2014
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrew Margan	(AMa)	British Gas
Andy Miller	(AM)	Xoserve
Brendan Cooper*	(BC)	GDF Suez
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Addison	(DA)	Xoserve
Edward Hunter	(EH)	RWE npower
Elaine Carr	(EC)	ScottishPower
Gareth Evans	(GE)	Waters Wye Associates
Huw Comerford	(HC)	utilita
James Hardy*	(JHa)	Wingas
James Hill	(JHi)	EDF Energy
James Rigby	(JR)	RWE npower
Jeremy Guard	(JG)	first:utility
Leigh Chapman	(LC)	first:utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Mike Fensome*	(MF)	GDF Suez
Steve Mulliganie	(SM)	Gazprom
Steve Russell	(SR)	RWE npower
Sue Cropper	(SC)	British Gas

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0473/040614>

The Workgroup Report is due to the Panel on 18 September 2014

1. Review of Minutes and Actions

1.1. Review of Minutes

The minutes of the previous meeting were accepted.

1.2. Review of Actions

0473 05/01: Waters Wye Associates (GE) to look to amend the interim values in the proposed AUG Table (based on EUC banding breakdown) and provide (by close of play on Friday 16 May at the latest) in sufficient time for consideration prior to the 04 June meeting.

Update: GE explained that he had provided a post meeting note following the 12 May meeting, outlining what they consider to be the Class 2 options. During a quick onscreen review of the document, GE pointed out that upstream shrinkage had not been included even though the AUGE had previously made some assumptions in this area.

During the discussions it was also noted that similar debates are ongoing within the equivalent Electricity side (who have indicated support for a similar approach) and GE indicated that he would be happy to provide a link to the EDF Energy document so that people can read it for themselves.

When some concerns were raised about the potential for generation of 'de-socialised' costs, GE reminded those present that his proposals are time limited to 2016 with a 1 year transition period. Supporting this, SM also pointed out that the independent AUGE is able to judge the market and take into account various factors in doing so. He then reiterated his desire for the modification (0473) to go to Panel, and therefore Ofgem, at the earliest opportunity. BF pointed out that the inclusion of 0473A considerations within the Workgroup and the subsequent development of a joint 0473/0473A Workgroup Report had potential implications on the timescales for 0473 completion. GE highlighted his concern that the longer it takes for 0473/0473A to progress, the longer the potential interim transitional position issue may be. **Closed**

0473 05/02: *Ref action 0473 05/01* - All parties to provide their views on the amended interim values in the proposed AUG Table (including views on the EUC banding splits) by close of play on Friday 23 May at the latest, for consideration at the 04 June meeting.

Update: Please refer to the above discussions on action 0473 05/01. **Closed**

Action 0473 06/01: Waters Wye Associates (GE) to provide a link to the EDF Energy Electricity Report and thereafter all parties to review the document and provide their views, where appropriate.

2. Consideration of Amended Terms of Reference (0473 / 0473A)

Consideration deferred.

3. Review of AUGE Guidelines

GE provided an overview of the latest round of changes undertaken on the document during the more general discussions under item 3 below and focused attention on Section 9 Transition Provisions, during which AM suggested that the table showing a column for EUC Band 2-9 is sufficient to ensure that this gives effect to the supporting modification legal text.

4. Completion of Workgroup Report (*inc. legal text sign off*)

4.1 UNC Modification 0473 Changes Update

GE provided a brief overview of the latest round of changes undertaken to the modification (v3.0, dated 20 May 2014).

During a brief onscreen review of the amended modification it was suggested that the table on page 4 should be extended to include all EUC Bands up to and including band 9 – GE agreed to consider amending the modification inline with the suggestion.

Moving on to consider the provision of the supporting legal text for the modification by Northern Gas Networks, CW suggested that it might be prudent to ensure that it includes a Code provision for the transitional aspects. In discussing where any transitional rules would / should reside, CW suggested that it would be worth both Waters Wye Associates (GE) and Northern Gas Networks (ARS) seeking a legal view on how the transitional table would be reflected in the guidance document and/or UNC. Responding, ARS indicated that he would await the amendment of modification 0473 before undertaking preparation of the legal text.

Action 0473 06/02: Waters Wye Associates (GE) & Northern Gas Networks (ARS) to seek a legal view on how the transitional rules/table would be reflected in the guidance documents and/or UNC..

Action 0473 06/03: *Linked to action 0473 06/02 - Northern Gas Networks (ARS) to confirm that the proposed solution is viable and thereafter ensure that the supporting legal text is 'fit for purpose'.*

4.2 UNC Modification 0473A Overview

During a brief onscreen review of the modification provided by SC, some concerns were raised around bullet points 7 and 8 in Section 3 Solution as it is believed that these do not quite line up with the framework document intentions.

When AM advised that the original guidelines never envisaged a change in service provision, only a possible change in the AUGÉ, SM suggested that it may prove beneficial to include a new 'change in circumstance and the AUGÉ's obligation to comply' related business rule in both 0473 and 0473A in due course to hopefully avoid repeating previous mistakes.

CS agreed to consider amending the modification to ensure that it better aligns with Workgroup discussions and the framework document intent.

4.3 UNC Modification 0473A Framework Document Review

CS provided an overview of the framework document by firstly explaining that sections 1 to 4 are essentially a 'cut & paste' exercise from the current guidelines before pointing out that section 5 provides for the main difference between modifications 0473 and 0473A.

An onscreen review of the document then followed during which time BF captured suggested amendments and/or comments within the document before providing a copy to CS and AM after the meeting. The key items not captured directly within the document are recorded as follows:

Paragraph 5.1.2 – provision of an example timeline might be beneficial;

Paragraph 5.1.3 – CS to consider the trade off between pricing and problem solving aspects (including potential materiality triggers);

Paragraph 5.1.7 – change to read as 'fair and equitable';

Paragraph 5.1.8 – needs additional clarity around methodology and production of UGIE Report and subsequent approval by the UNCC;

Paragraph 5.1.10 – needs 'bottoming out' in order to facilitate Xoserve's contractual requirements;

Paragraph 5.1.14 – "Code Party" is a defined term, so need to ensure whether or not iGT's and iGT Users (CSEP) are included. AM provided a brief description of the GT/iGT CSEP network relationships and the possibility of having access to 1.6 million iGT sites in future (especially beneficial for future reconciliation considerations) – this is about obtaining legal access to the information, rather than seeking additional information from the iGT's and so getting the defined term correct is of paramount importance.

Some parties remained of the view that the UNC Modification 0440 'Project Nexus – iGT Single Service Provision' should already provide a sufficient level of cover regarding this matter. Both GE and SC agreed to discuss this offline. BF suggested that a corresponding iGT modification granting permission to access the data would be required – CB agreed to discuss the requirements for such a simple permissions modification with AM offline.

Additional information relating to this can be found at:
<http://www.gasgovernance.co.uk/0440>;

Paragraph 5.1.16 – CS to clarify what is really meant by this statement;

Paragraph 5.1.20 – CS to add further clarity;

Paragraph 5.1.21 – CS to double check whether this is referring to the current process or not;

Paragraph 5.1.23 – consideration of the removal of this statement from both proposals (0473 & 0473A) to be undertaken by their respective Proposers;

BF suggested that a more consistent approach around the use of the terms ‘UNCC’ or ‘the Committee’ within the business rules would be beneficial (i.e. one or the other, but not both). When asked, the consensus was that the governance of the framework document falls under the remit of the UNCC and not the Performance Assurance Framework (PAF).

Concluding the discussions, BF suggested that should information for the modifications be provided in a timely manner, and no major issues are raised with respect to 0473A, then he sees no reason why a combined 0473/0473A Workgroup Report could not be presented to the September Panel for its consideration. As an alternative, the Workgroup could always request that the Panel considers ‘decoupling’ the two modifications. SM advised that if it looks likely that 0473 was going to be delayed then he would look to raise his concerns with Panel to consider decoupling.

Action 0473 06/04: All parties to review the 0473A Framework Document and provide their feedback in time for provision of amended version of the document in time for consideration at the next meeting.

4.4 Consideration of draft Workgroup Report

Consideration of the draft (0473/0473A) Workgroup Report (v0.2, dated 20 May 2014) was deferred until the next meeting.

5. Any Other Business

None.

6. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The following meetings are scheduled to take place during 2014:

Time/Date	Venue	Workgroup Programme
10:30 Wednesday 18 June	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	0473/0473A (followed by UPIEG)
10:30 Tuesday 08 July	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	0473/0473A
10:30 Tuesday 22 July	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed
10:30 Monday 11 August	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed
10:30 Tuesday 09 September	National Grid Office, 31 Homer Road, Solihull. B91 3LT.	To be confirmed

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0473 05/01	12/05/14	3.	To look to amend the interim values in the proposed AUG Table (based on EUC banding breakdown) and provide (by close of play on Friday 16 May at the latest) in sufficient time for consideration prior to the 04 June meeting.	Waters Wye Associates (GE)	Update provided. Closed
0473 05/02	12/05/14	3.	<i>Ref action 0473 05/01</i> - All parties to provide their views on the amended interim values in the proposed AUG Table (including views on the EUC banding splits) by close of play on Friday 23 May at the latest, for consideration at the 04 June meeting.	All	Update provided. Closed
0473 06/01	04/06/14	1.2	To provide a link to the EDF Energy Electricity Report and thereafter all parties to review the document and provide their views, where appropriate.	Waters Wye Associates (GE)	Update to be provided.
0473 06/02	04/06/14	4.1	To seek a legal view on how the transitional table would be reflected in the guidance document and/or UNC.	Waters Wye Associates (GE) & Northern Gas Networks (ARS)	Update to be provided.
0473 06/03	04/06/14	4.1	<i>Linked to action 0473 06/02</i> – to confirm that the proposed solution is viable and thereafter ensure that the supporting legal text is ‘fit for purpose’.	Northern Gas Networks (ARS)	Update to be provided.
0473 06/04	04/06/14	4.3	To review the 0473A Framework Document and provide their feedback in time for provision of amended version of the document in time for consideration at the next meeting.	All	Update to be provided.