

**UNC 0606S Workgroup Minutes  
National Grid Gas plc and National Grid Gas Distribution Limited  
transitional invoicing arrangement post Project Nexus  
implementation**

**Thursday 23 February 2017**

**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

|                             |       |                                |
|-----------------------------|-------|--------------------------------|
| Bob Fletcher (Chair)        | (BF)  | Joint Office                   |
| Mike Berrisford (Secretary) | (MB)  | Joint Office                   |
| Andy Clasper                | (AC)  | National Grid Gas Distribution |
| Andrew Margan               | (AM)  | British Gas                    |
| Angela Love*                | (AL)  | ScottishPower                  |
| Carl Whitehouse*            | (CWA) | first utility                  |
| Chris Warner                | (CW)  | National Grid Gas Distribution |
| Colette Baldwin             | (CB)  | E.ON Energy                    |
| David Addison               | (DA)  | Xoserve                        |
| David Mitchell              | (DM)  | Scotia Gas Networks            |
| David Tennant*              | (DT)  | Dentons                        |
| Fraser Mathieson            | (FM)  | Scotia Gas Networks            |
| John Burke                  | (JB)  | National Grid Gas Distribution |
| Jon Dixon                   | (JD)  | Ofgem                          |
| John Welch                  | (JW)  | npower                         |
| Kathryn Turner              | (KT)  | Good Energy                    |
| Lorna Lewin                 | (LL)  | DONG Energy                    |
| Mark Jones                  | (MJ)  | SSE                            |
| Rachel Hinsley              | (RH)  | Xoserve                        |
| Sabrina Salazar             | (SS)  | National Grid Gas Distribution |
| Shanna Key                  | (SK)  | Northern Gas Networks          |
| Steve Mulinganie*           | (SM)  | Gazprom                        |
| Steven Britton*             | (SB)  | Cornwall Energy                |

\* via teleconference

Copies of all UNC meeting papers are available at: <http://www.gasgovernance.co.uk/0606/230217>

The UNC Workgroup Report is due to be presented at the UNC Modification Panel by 16 March 2017.

**1.0 Introduction and Status Review**

**1.1. Approval of Minutes (26 January & 02 February 2017)**

The minutes of the previous meetings were approved.

**2.0 Consideration of Amended Modification**

Opening, BF advised that an amended modification proposal had been submitted by National Grid Gas Distribution Ltd (NGGDL), immediately prior to the meeting.

During an onscreen review of the amended modification (v2.0, dated 23 February 2017), CW provided a brief overview of the rationale behind these latest round of changes, before suggesting that perhaps the best way forwards would be to consider the amended legal text

and supporting commentary, dated as 15 February 2017 and presented under today's meeting papers.

#### Legal Text & Commentary Overview

Focusing attention on the recent change to the legal text, DT provided an explanation to the paragraph 2.2 addition, during which CW also confirmed that there would now be an additional Xoserve invoicing process check (i.e. a check / balance mechanism).

When asked whether or not this satisfies his previous concerns (as defined in action 0102), SM felt that the changes provide a suitable clarification.

CB asked how the Xoserve support team would know when to invoke paragraph 2.2 provisions, especially how would the original invoice be treated aspects, in the event that something goes drastically wrong, RH responded by explaining that Xoserve does not anticipate a need to invoke paragraph 2.2, as invoices would be validated well in advance of this trigger point. DA added that ultimately the Xoserve Invoicing Team are aware of the provisions and are expected to undertake the appropriate (corrective) actions well in advance of any potential situation becoming a serious matter.

When asked whether or not any contingency plans would be developed ahead of the go-live date, CW indicated that he would give it due consideration. SM was comfortable with the approach as the revised drafting would mean they could ignore an incorrect invoice and would wait until the correct invoice was submitted for payment.

Concluding discussions, CW agreed to consider amending the modification inline with feedback at the meeting.

### **3.0 Development of Workgroup Report**

Before a short onscreen review of the draft Workgroup Report (version 0.2, dated 01 February 2017) was undertaken, CW provided a brief update on the recent Transmission Workgroup discussions on this modification.

In short, CW acknowledged Shipper concerns around potentially incurring costs as a consequence of National Grid's commercial decision to sell of the gas distribution side of the business. Furthermore, he recognises additional concerns voiced around delivery of an enduring solution, especially when bearing in mind that in the new world, the FGO Change Committee (including industry participants) would be prioritising system changes going forwards.

BF advised that to date, no additional Transmission Workgroup comments had been received for inclusion within the Workgroup Report.

AL pointed out that ScottishPower remains concerned about aspects of the Relevant Objectives and had indicated such at the recent Transmission Workgroup meeting. Responding, CW clarified that the proposed solution for this modification is not like the previous 0592S solution, as it involves both commercial and confidentiality related considerations. AM sympathised with NGGDLs position, as his company British Gas had experienced similar issues in the past, however he was concerned that this was another change outside the control and without benefits to Shippers.

During a brief debate on the potential impact level of the modification, parties suggested that it should not be deemed as a 'Low Impact' on the grounds that there are potentially significant impacts on the Shipper community. It was felt that it might be beneficial to seek industry views on the potential level of impact during the consultation process.

During the following discussions BF made onscreen changes to the Workgroup Report inline with comments and feedback provided.

Workgroup attention then focused on Section 6 – Impacts & Other Considerations, during which BF highlighted that there are NO direct Consumer Impacts associated with the modification.

In considering the central system impacts, CW explained that the very reason for raising the modification in the first instance is to potentially avoid future system impacts – this was not a universally supported view however, as some parties believe that the Workgroup Report should also highlight the potential major disruption to Shipper systems / processes.

When asked whether or not there is a ‘sunset clause’ built into the modification, CW advised that this would take the form of a 30 day notice, similar to the provisions under modification 0592S. CW also reminded everyone that the 0592S provisions lapsed as at 01 January 2017.

It was noted that there are potentially some ongoing administration and operational costs for some companies.

Moving on to consider Section 7 – Relevant Objectives, BF pointed out that the use of the term ‘impacted’ recognises that there are conflicting Workgroup views involved.

Concluding the review of the draft Workgroup Report, BF advised that he would add an additional statement around seeking views on the self-governance status for the modification under Section 10 – Recommendations.

#### 4.0 Review of Actions Outstanding

**0102:** NGGDL (DB/CW) to consider adding a ‘For the Avoidance of Doubt’ statement within the legal text to address Shipper consequential risk exposure.

**Update:** CW explained that whilst the lawyers have not added a specific ‘For the Avoidance of Doubt’ statement within the revised legal text, it is hoped that the most recent round of changes to the legal text address Shipper’s previous risk related concerns.

When asked, those in attendance agreed that this action could now be closed. **Closed**

**0103:** *Reference VAR risk two* - NGGDL (JB) to consider adoption of a potential transferring mitigation strategy for erroneous payments (i.e. moving monies from the wrong bank account into the correct one).

**Update:** JB explained that NGGDL have looked at the proposed credit / debit provisions and have installed suitable (manual) workaround processes to manage them accordingly. It is envisaged that any impacted parties would be contacted where appropriate, and certainly before any monies would be moved from one bank to another.

JB went on to add that NGGDL are also enhancing their VAR processes to take into account the future triple invoicing mechanisms. When asked, SM indicated that he was happy with the explanation provided. **Closed**

**0104:** *Reference Invoicing Solution requiring Shipper involvement* - NGGDL (DB) to consider adoption of a similar model to the previous Blackwater (hivedown) transitional trust agreement based approach for invoicing.

**Update:** CW confirmed that NGGDL investigations have not identified any (special) different treatment approaches adopted for the previous Blackwater sales exercise. Furthermore, as far as he is able to tell, there does not appear to be any evidence to support the previous claim that there were so called ‘trust agreements’ in place for Blackwater.

Whilst not necessarily in agreement with the response provided, CB indicated that she had no desire to hold up proceeding at this time. **Closed**

#### 5.0 AOB

None.

#### 6.0 Next Steps

BF advised the Workgroup would be submitted to the March Panel.

## 7.0 Diary Planning

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

Workgroup meetings will take place as follows:

| Time/Date                    | Venue   | Workgroup Programme  |
|------------------------------|---|--|
| 10:30 Thursday 23 March 2017 | Consort House, 6 Homer Road, Solihull B91 3QQ | Standard agenda plus <ul style="list-style-type: none"> <li>• Consideration of amended modification</li> <li>• Development / Completion of Workgroup Report</li> </ul> |

### Action Table (as at 23 February 2017)

| Action Ref | Meeting Date | Minute Ref | Action  | Owner         | Status Update                     |
|------------|--------------|------------|---|---------------|-----------------------------------|
| 0102       | 26/01/17     | 4.0        | To consider adding a 'For the Avoidance of Doubt' statement within the legal text to address Shipper consequential risk exposure.   | NGGDL (DB/CW) | Update provided.<br><b>Closed</b> |
| 0103       | 26/01/17     | 4.0        | <i>Reference VAR risk two</i> - NGGDL (JB) to consider adoption of a potential transferring mitigation strategy for erroneous payments (i.e. moving monies from the wrong bank account into the correct one).           | NGGDL (JB)    | Update provided.<br><b>Closed</b> |
| 0104       | 26/01/17     | 4.0        | <i>Reference Invoicing Solution requiring Shipper involvement</i> - NGGDL (DB) to consider adoption of a similar model to the previous Blackwater (hivedown) transitional trust agreement based approach for invoicing. | NGGDL (DB)    | Update provided.<br><b>Closed</b> |