

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

**Thursday 22 December 2016  
at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Angela Love*	(AL)	ScottishPower
Carl Whitehouse*	(CWh)	first utility
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON Energy
David Addison	(DA)	Xoserve
Dave Turpin*	(DT)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Fraser Mathieson	(FM)	Scotia Gas Networks
John Cooper*	(JC)	Brookfield Utilities
Jon Dixon	(JD)	Ofgem
John Welch*	(JW)	npower
Kathryn Turner	(KT)	Good Energy
Kishan Nundloll*	(KN)	ES Pipelines
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJ)	SSE
Naomi Nathanael*	(NN)	Plus Shipping
Phil Lucas*	(PL)	National Grid NTS
Rachel Bird*	(RB)	Gemserv
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities
Shanna Key	(SK)	Northern Gas Networks
Steve Mulinganie*	(SM)	Gazprom

\* via teleconference

Copies of all UNC meeting papers are available at: <http://www.gasgovernance.co.uk/0606/221216>

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

**1.0 Outline of Modification**

Overview of the modification

CW provided a brief onscreen overview of the modification focusing attention on both the relevant objectives and the legal text. He indicated that the legal text is unlikely to change going forwards.

National Grid Invoicing Arrangements Q&A presentation

CW explained that the document had been compiled in response to questions raised during the pre-modification discussions at the previous Distribution Workgroup meeting. He then explained the relationship between this modification and other sale related modifications (i.e. 0582S 'Amendments to reflect separation in legal ownership of NTS and National Grid owned LDZs to facilitate the sale of National Grid's Gas Distribution Business' and 0592S 'Separation of National Grid Transmission and Distribution owned networks – Transitional invoicing arrangements'). In recognising that industry parties may have some concerns/issues with the proposals, CW explained that the fact is it simply has to be done.

When asked, CW confirmed that in essence Modification 0606S is the reverse of 0592S in so far as the provisions of 0592S only ever delivered an interim solution until the delivery of the interim UK-Link invoicing functionality on 1<sup>st</sup> January 2017. Modification 0606S now seeks to provide a solution that can be managed until the Nexus system can be changed to reflect the new distribution business. He also confirmed that in the unlikely event that the Project Nexus Implementation Date (PNID) be deferred, for example to 01 October 2017 (from the current 01 June 2017 date), then separated invoicing using the interim functionality would continue to apply in the intervening period in accordance with existing UNC.

CW requested that if any party has any concerns, then to please contact NGGDL or Xoserve.

CB suggested that the potential for misdirected invoices / payments is high and therefore poses a risk to users with especial concerns around the Value at Risk (VAR) aspects and how this would be calculated going forwards (i.e. the total sum of debt on any given day). Responding, CW agreed to investigate and provide clarification at the next Workgroup meeting.

**New Action 1201: NGGDL (CW) to clarify what and how, Value at Risk (VAR) would be calculated under the provisions of the modification.**

Discussions then focused on who would be expected to pay for the proposed changes, with Shipper parties voicing their disapproval at being asked to fund what is ostensibly a National Grid driven change, especially when bearing in mind that this amounts to a third such change that potentially has shipper system impacts attached to it – however, this was not necessarily a consensus view of all of the Shipper participants. Responding, CW explained that whilst the proposed change also has a significant financial cost to NGGDL there are no mechanisms within the UNC that allow parties to compensate other parties for their system change costs and that this might be considered a disturbing precedent should this course be pursued.

MJ felt that whilst the modification suggests that these system changes are small impacts, they are in fact in reality quite the opposite and impose significant impacts on some Shippers. DA responded by advising that the proposed technical solution utilises existing system functionality and invoicing files, with the result that the potential scale (and impact) of the changes vary depending upon User system complexity.

When asked whether or not the proposals had been vetted by lawyers CW advised that they had. CW indicated that he would consider amending the modification to clarify that this could involve system changes under certain circumstances for certain Users.

DA went on to advise that the new invoice type codes are now available on the Xoserve web site.

In considering the 'Invoicing Changes from PNID' aspects, CW advised that these are key points for parties to understand. When CB voiced concerns relating to the timing of the issue of invoices / credit notes, DT explained how the UK Link system dictates requirements.

It was suggested that perhaps it might be beneficial to look to tease out credit aspects to alleviate users concerns.

Concluding, CW asked for feedback on the legal text should anyone have any concerns.

## 2.0 Initial Discussion

### 2.1. Initial Representations

None.

## 2.2. Issues and Questions from Panel

None.

## 2.3. Terms of Reference

(<http://www.gasgovernance.co.uk/mods>)

When asked those in attendance indicated that they were happy with the Terms of Reference, as presented.

## 3.0 AOB

None.

## 4.0 Next Steps

CW advised that he would be providing a similar presentation to the forthcoming Transmission Workgroup meeting scheduled to take place on Thursday 05 January 2017 at Elexon in London.

BF then proposed that at the next meeting the Workgroup would consider any amendments made to the modification with a view to continuing development of the Workgroup Report with a view to possibly submitting the report a month early to the February rather than March Panel meeting.

## 5.0 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 26 January 2017	Consort House, 2-6 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 22 December 2016)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	22/12/16	1.0	To clarify what and how, Value at Risk (VAR) would be calculated under the provisions of the modification.	NGGDL (CW)	<b>Pending</b>