

# UNC Distribution Workgroup Minutes

## 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
Alex Cebo*	(ACe)	EDF Energy
Andy Clasper	(ACI)	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 papers are available at: <http://www.gasgovernance.co.uk/dist/230217>

## 1. Introduction and Status Review

BF welcomed all to the meeting.

### 1.1. Approval of Minutes (26 January 2017)

The minutes of the previous meeting were approved.

### 1.2. Modification(s) with Ofgem

Whilst not specifically discussed at the meeting, there is one Distribution related modification currently with Ofgem awaiting a decision, namely:

- 0593 'Provision of access to Domestic Consumer data for Price Comparison Websites and Third Party Intermediaries'.

### 1.3. Pre-Modification discussion

#### 1.3.1. 'New IHD Status' – *draft proposal from EDF Energy*

ACe introduced EDF Energy's draft 'Introducing IHD (In-Home Display) Installed Status of Failed' proposal, explaining that it aligns with inflight SPAA modification 17/381.

ACe explained that the matter had been discussed at the 09 February 2017 UKLC meeting (on the grounds that it could potentially involve a minor UK Link system change) and that the modification is seeking to deliver a post Nexus solution.

DA suggested that in the current regime, a solution of this nature would require the raising of a UNC modification as it would relate to a Class 1 UK Link change, although it is now feasible that this proposed change could follow the soon to be introduced DSC change process route, especially as there are no UNC legal text changes involved.

In suggesting that it might be prudent for ACe to contact Xoserve (DA) in order to identify an appropriate way forwards for this matter, BF reminded everyone present that FGO provisions go live as of 01 April 2017, and the establishment of the Change Committee changes of this type would be prioritised and scheduled accordingly – in short, this item would be ideal for inclusion on the initial Change Committee meeting agenda.

When some parties suggested that perhaps it would be beneficial to initiate a UNC modification now (which could potentially go straight out to consultation), rather than wait for FGO to be implemented commence for what is largely a housekeeping change related matter, BF provided a brief overview of the two potential timeline schedules and suggested that in reality it might prove quicker to process this through the FGO route.

When ACe confirmed that EDF Energy are looking to align with the equivalent electricity changes, DA suggested that the crux of the matter hinges on parties views on the merits (or not) of the modification.

When asked, ACe explained how the electricity obligations on suppliers work (i.e. sites inherited under a Change of Supplier mechanism) and also pointed out that the Department of Business Energy & Strategy are currently looking at IHD connectivity aspects and that 2018/19 regulatory solutions are being developed, which could also have an impact on this area of concern.

When asked, ACe confirmed that the matter relates to connectivity failures for SMART meters (i.e. signal coverage failures) and that the electricity market utilises the same 'field descriptor' as the gas market.

ACe went on to explain that the two potential solutions appear to imply that this matter relates to a permanent failure of the connection and that she accepts that the 2018/19 options could potentially provide a better solution.

When DA suggested that ultimately this should / could simply involve a change to the allowable values, subject to post Nexus stabilisation considerations, BF responded by suggesting that based on today's discussions, this has the 'feel' of a more considered Workgroup development.

When asked, ACe confirmed that she would contact Xoserve (DA) to discuss the matter in more detail before considering whether or not to raise a formal UNC modification in due course. BF reminded those present that

the deadline for submitting a modification for consideration at the March 2017 Panel meeting, is 03 March.

## 2. Workgroups

### 2.1. 0570 – Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum

(Report to Panel 16 February 2017)

<http://www.gasgovernance.co.uk/0570>

### 2.2. 0594R – Meter Reading Submission for Advance & Smart Metering

(Report to Panel on 20 April 2017)

<http://www.gasgovernance.co.uk/0594>

### 2.3. 0606S – National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

(Report to Panel on 16 March 2017)

<http://www.gasgovernance.co.uk/0606>

## 3. Project Nexus Requirements

### 3.1. RAASP

Introducing this item, BF advised that the presentation by National Grid Gas Distribution is primarily in response to outstanding action DX0101. He then handed over to CW to run through the presentation.

Focusing on the second slide in the presentation, SM enquired on what grounds National Grid Gas Distribution Ltd (NGGDL) believes it has the right to re-open the debate on a previously agreed approach to RAASP delivery. When CW suggested that further discussion on the matter is warranted due to the unique nature of the Project Nexus delivery scenario, CB reminded those present that the original decision to utilise a SAP based solution was not undertaken by Shippers and that the proposals being tabled here are simply a reflection of a previously poor system selection decision.

Accepting the concerns being voiced, CW remained convinced that re-opening the RAASP discussions in order to re-evaluate various aspects (i.e. a check v's balance of its delivery criteria etc.) could / would be beneficial – in short, CW believes that it boils down to what the industry thinks might be beneficial. The suggestion was met with strong disapproval from Shippers in attendance, as they strongly believe that seeking to 'unpack' aspects of the previously agreed delivery is simply not acceptable, especially when Transporters have already been funded for Project Nexus related system changes. SM went one step further by advising that should NGGDL continue to pursue this unadvisable route, Gazprom would look to raise an alternative UNC modification (*i.e. amend the hardcoded 01 October 2017 date to Project Nexus Implementation Date (PNID) + 12 months*) that would seek to ensure that the Transporter's deliver the Project Nexus solution, as previously agreed with the industry as he was agnostic to a system or manual workaround solution.

In noting that various business planning meetings have already looked at the costs v's benefits around the Project Nexus and SAP deliverables, CB pointed out that whilst the industry had already agreed to the 12 month deferral for delivering the RAASP solution, they had certainly not agreed to a re-evaluation.

When asked whether the industry believes that the business case for retrospective updates, as defined by UNC Modification 0434, is still viable, the consensus of the Workgroup (especially Shipper participants) was it does.

When asked whether or not the proposed alternative Gazprom modification could be seen to be mandating a change to the proposed system solution, SM explained that

it boils down to making sure that Xoserve (and the Transporters) manage delivery and processing correctly.

In recognising the concerns being voiced, CW advised that in his opinion it does not feel right that three (3) years after the original decisions were taken (and also bearing in mind all the subsequent SMART initiatives that have come into being), that the industry does not see a value in revisiting this matter. Countering this argument, MJ pointed out that when Modification 0434 was originally approved, the industry was fully aware of the potential SMART rollout implications and on going RAASP decisions and he remains of the opinion that nothing in the intervening time has significantly changed the position around this matter.

Some parties believed that it is not possible to quantify the potential impacts associated with the RAASP solution delivery, especially when bearing in mind the 'compressed' environment the industry finds itself in at this time. In short, Shippers believe that nothing new has come forward that would necessitate undertaking this retrograde step – in essence, as far as Shippers are concerned, if Xoserve need to undertake RAASP workaround processes, so be it, as this was what the industry believes was previously agreed.

It was also suggested that any changes to the agreed approach could / would have potentially significant impacts on the 3<sup>rd</sup> Party Contracts and waiting beyond a PNID + 12 month period is simply NOT an option for the majority of Shippers.

DA then went on to explain that based on the previous Workgroup discussions, Xoserve thought that it would be appropriate to undertake a post Nexus volumetric assessment on the grounds that currently it does not have the bandwidth to quantify the (RAASP) solution. Furthermore, Xoserve does not feel able to set the date on which it believes it could implement a change of this nature and requests more time in order to undertake an informed (post Nexus) assessment of the requirements. He reminded everyone that in the new FGO world, stakeholders would have an active role in the prioritisation of system changes. DA also asked parties to note that Xoserve believe that they would not have sufficient time to implement the (RAASP) system solution to the previously prescribed timescales as their focus will be on ensuring post Nexus system stability. Whilst Shippers recognised the points put forward, they believed that this was insufficient justification for undertaking a different approach to that previously agreed for the RAASP delivery.

Whilst sympathising with the challenges facing Xoserve in delivering the RAASP solution, Shippers referred to the previous industry discussion where we only ever envisaged a 12 month delay. In short, they (the Shippers) believe that Xoserve has under estimated actual requirements.

JD explained that in approving UNC Modification 0434, Ofgem had signed off the modification based around an assessment involving marginal costs as it would have been associated with Nexus implementation, however he was aware the main benefits 0434 would be implemented but he would like to see a test to confirm the remaining benefits were still valid. The lack of a clear view around costs and benefits remains a concern and in his opinion raising an alternate modification to 'correct' the 01 October 2017 date + 12 months is not appropriate at this time.

JD went on to advise that whilst Ofgem are also 'neutral' to the actual technical solution aspects, they do recognise that Shippers feel the need to shift the onus onto the CDSP (Xoserve) to ensure delivery of a solution, whether systematised or a (manual) workaround based one. At this point MJ reminded everyone present that Shipper workarounds were only ever perceived as a 'holding position' until Nexus delivered a solution.

Whilst confirming that he would be prepared to hold off raising an alternative modification at this time, SM believed that there is still a need to consider what to do about the hardcoded 01 October 2017 date in Code.

When AM enquired as to what the potential (Ofgem) financial consequence would be in the event that Xoserve fails to deliver the SAP (RAASP) based solution to the previously agreed schedule, when historically they (Ofgem) have imposed fines on parties in the past (*in short, what is the financial incentive on Transporters / Xoserve to deliver the solution*), JD responded by pointing out that there are no licence or regulatory risks associated with no delivery of the solution and that ultimately the industry could wait and see if the workaround processes actually work before potentially committing significant additional resources and costs.

**New Action DX0201: Reference Potential RAASP Delivery – All parties to consider providing views to NGGDL (CW) on a potential approach to the system solution delivery concerns in order that NGGDL can respond accordingly at the March Workgroup meeting.**

#### 4. Issues

None.

#### 5. Review of Outstanding Actions

**DX1102:** *Use of weighted SOQ rather than actual SOQ - Issue arising from Market Trials -* DA to provide an interpretation paper to aid understanding, for the next DWG meeting (22 December 2016).

**Update:** DA advised that the matter has been discussed during Market Trials and a workaround solution proposed. He went on to advise that consideration around the various delivery aspects (i.e. post Nexus and enduring solution aspects) remain on going at this time. An overview of a potential hybrid SOQ solution has been considered, but would necessitate a change to the appropriate BRD. **Carried Forward**

**DX0101:** *Reference RAASP Requirements -* NGGDL (CW) and Xoserve (RH) to assess the viability and timing aspects of a potential UNC Modification to address the RAASP delivery date issues, including how best to correct the date, and whether or not it is preferable to 'lock it in' to 12 months after the Project Nexus Implementation Date (PNID) or not.

**Update:** It was agreed that this action could now be closed on the grounds that there is a standing agenda item under which to pursue an answer. **Closed**

#### 6. Any Other Business

##### 6.1 VNBDs

SM wondered how having created the concept, VNBDs would be enabled going forwards (i.e. would it be via the raising of a UNC modification perhaps). Responding, DA pointed out that VNBDs are referred to within the UNC transitional text and in essence, these refer to non-effective days, and as a consequence, Xoserve would look to raise a UNC modification in order to enact them should they be needed in future – it would be on a case-by case basis. SM indicated that he would be happy with the proposed approach as it is transparent and due process.

When asked, the Workgroup participants agreed to remove the item from future agendas.

##### 6.2 Implementation of UNC Modification 0518S

DM explained that Scotia Gas Networks had recently received a request to move the current effective implementation date of 01 June 2017 back a further three (3) months to September 2017 – please note this is simply dealing with reporting dates and there are no system impacts involved.

As a consequence SGN will be seeking approval for the date change at the forthcoming March 2017 UNCC meeting.

### 6.3 Possible Reinstatement of PNUNC

When AM enquired whether or not in light of the recent Project Nexus modification specific Distribution Workgroup meetings, it would / could be appropriate to reconvene the PNUNC meetings. BF responded that Panel had closed the Project Nexus Workgroup as they felt that any Nexus related changes should be considered business as usual. Extra meeting of Distribution Workgroup could be arranged as the need was identified and that this had been done for Modifications 0608S, 0609 0609A and 0610S.

BF pointed out that should AM have any remaining concerns relating to the agreed approach he could always raise it at the forthcoming March 2017 Panel meeting.

## 7. Diary Planning

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

Distribution Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Friday 10 March 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> <li>• Specific PNID Modification Agenda items (0608S, 0609 0609A &amp; 0610S)</li> <li>• <i>Other – to be confirmed</i></li> </ul>
10:30 Thursday 23 March 2017	Consort House, 6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> <li>• Standard Agenda items</li> <li>• <i>Other – to be confirmed</i></li> </ul>

**Action Table (23 February 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
DX1102	24/11/16	6.3	<i>Use of weighted SOQ rather than actual SOQ - Issue arising from Market Trials</i> - DA to provide an interpretation paper to aid understanding, for the next DWG meeting (22 December 2016).	Xoserve (DA)	<b>Carried Forward</b>
DX0101	26/01/17	3.1	<i>Reference RAASP Requirements</i> - NGGDL (CW) and Xoserve (RH) to assess the viability and timing aspects of a potential UNC Modification to address the RAASP delivery date issues, including how best to correct the date, and whether or not it is preferable to 'lock it in' to 12 months after the Project Nexus Implementation Date (PNID) or not.	NGGDL (CW) and Xoserve (RH)	<b>Closed</b>
DX0201	23/02/17	3.1	<i>Reference Potential RAASP Delivery</i> – All parties to consider providing views to NGGDL (CW) on a potential approach to the system solution delivery concerns in order that NGGDL can respond accordingly at the March Workgroup meeting.	All parties & NGGDL (CW)	<b>Pending</b>