

UNC Distribution Workgroup Minutes
Thursday 26 April 2018
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse*	(CWh)	First Utility
Chris Warner	(CW)	Cadent
Claire Towler	(CT)	SSE
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Debbie Brace*	(DB)	National Grid
Gareth Evans	(GE)	Waters Wye Associates
George MacGregor*	(GM)	Utilita
Graham Wood*	(GW)	Centrica
Kirsty Dudley*	(KD)	E.ON
Lorna Lewin*	(LL)	Orsted
Nicky Rozier*	(NR)	BUUK
Paul Orsler*	(PO)	Xoserve – <i>Workgroup 0651 only</i>
Richard Pomroy*	(RP)	Wales & West Utilities
Shanna Key	(SK)	Northern Gas Network
Steve Britton*	(SB)	Cornwall

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dist/260418>

1. Introduction and Status Review**1.1. Approval of Minutes (22 March 2018)**

The minutes from the previous meeting were approved.

1.2. Modification(s) with Ofgem

In the absence of an Ofgem representative, BF confirmed that the Joint Office had not yet received any correspondence (from Ofgem) regarding the Urgent Modifications related to UIG, as discussed at the 19 April 2018 Panel meeting.

1.3. Pre-Modification discussion**1.3.1. Draft Request – Reconciliation Imbalance Cash Out Request**

BF pointed out that he is unsure as to whether or not this Request would reside under either the main Distribution or Transmission Workgroup banner. It has been included on today's agenda for parties to provide feedback to the Proposer, GM prior to the May Panel.

During an onscreen review, GM provided an explanation of the rationale behind raising this (draft) Request, during which he confirmed that it applies to NDM

supply points only and pointed out that he has provided several possible options for consideration which were set out within the appendix section.

In referring to her email relating to the (draft) Request, DB requested provision of additional supporting evidence to enable a Workgroup to undertake meaningful assessment of the requirements – a point acknowledged by GM.

In referring to the preliminary discussions undertaken by Xoserve and the Proposer previously, DA explained that Xoserve believe that this could involve a significant amount of systems work, and in their opinion, Option C presents the only viable option. In looking to justify this view, DA explained that the other potential options require significant system development work. However, he does acknowledge that there could be benefit in the Workgroup reconsidering the 'original' SAP based processes. Responding, GM indicated that Utilita is not wedded to any particular solution at this time and would be happy to be guided by the Workgroup.

When it was asked whether a 'Pros / Cons' assessment would be provided up front, BF reminded those present that as a UNC Request, this would merely be a good starting point, which could eventually be followed up by the raising of a formal UNC Modification, should it be deemed appropriate.

When asked whether he has a specific timeline in mind, GM responded by indicating that he is reasonably relaxed about the matter. GE observed that it could be the end of 2019 before any solution is implemented based on the usual timelines for a Request followed by a Modification and subsequent system build aspects – GM indicated that he is comfortable with that potential timeline.

When RP posed the question that should the NDM algorithms become more accurate, whereupon the potential materiality of this issue reduce, would GM still feel the need to pursue the matter through this process, GM advised that should that be the case, the Request might not be needed.

GE suggested that additional evidence (i.e. Product Class 3 & 4 impacts etc.) in support of the Request would be beneficial, as it could potentially avoid wasting Xoserve resources, time and ultimately costs – a point acknowledged by GM.

DA provided a brief outline of the potential reconciliation related impacts and rationale.

BF suggested that the next step is for GM to consider the feedback provided with a view to providing an amended Request possibly prior to formal submission to the May 2018 Panel.

Returning to the question of what is potentially the most appropriate governance route for the Request, parties debated the issue and concluded that it is preferable for this Request to standalone and have a specific Workgroup.

It was noted that due to the impact of the forthcoming Bank Holiday, the cut-off date for formal submission of the Request to the May 2018 Panel is close of play on Thursday 03 May 2018, rather than Friday 04 May 2018.

2. Workgroups

2.1. 0647 – Opening Class 1 reads to Competition

(Report to Panel 20 September 2018)

<https://www.gasgovernance.co.uk/0647>

2.2. 0649S – Update to UNC to formalise the Data Enquiry Service Permissions Matrix

(Report to Panel 19 July 2018)

<https://www.gasgovernance.co.uk/0649>

2.3. 0651 – Replacement of the Retrospective Data Update provisions

(Report to Panel 21 June 2018)

<https://www.gasgovernance.co.uk/0651>

2.4. 0652 – Obligation to submit reads and data for winter consumption calculation (meter in EUC bands 3 – 8)

(Report to Panel 19 July 2018)

<https://www.gasgovernance.co.uk/0652>

3. Issues

None discussed in this meeting.

4. Outstanding Action(s)

DX 0201: [NGN and SGN](#) ~~All Gas Transporters~~ to produce a Statement of Compliance regarding the gas safety cut off process.

Update: During a brief discussion it was noted that SGN and NGN have yet to produce their respective Statements of Compliance.

DM explained that SGN are comfortable with their own internal gas safety cut off process, however, they are also currently undertaking an internal review, which may or may not, take several months to complete. When SK advised that a similar situation applies to NGN, it was agreed to review the action again at the July Workgroup meeting and in the meantime, amend the action to show that it is now only SGN and NGN that need to provide a response. **Carried Forward**

DX 0301: *Reference Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone* - Xoserve (DA) and Gazprom (SM) to look at developing the draft modification in time for formal submission to the April 2018 Panel meeting.

Update: It was agreed that this action had been completed. **Closed**

DX 0302: *Reference Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone* - Xoserve (DA) and BUUK (NR) to liaise on developing the iGT aspects of the draft modification in time for formal submission to the April 2018 Panel meeting.

Update: When DA advised that a covering statement had already been included within the modification concerned, it was agreed that this action had been completed. **Closed**

5. Any Other Business

5.1. Shrinkage Forum Update

It was noted that this update had been provided to the Distribution Workgroup in response to outstanding Shrinkage Forum Action 0302, and is for 'information only' purposes.

5.2. UNC Validation Rules

'Revision of Outer Tolerances' Gazprom presentation

There was a very brief onscreen review of the presentation, during which GE provided the background rationale behind the information.

It was noted that the largest widening of targets involves EUC Bands 3 and 4.

Introducing the presentation, BF advised those present that this was discussed at the 19 April 2018 UNCC meeting¹, where it was requested that it be referred to the Distribution Workgroup for consideration.

¹ A copy of the 19 April 2018 UNCC meeting minutes are available to view and/or download from the Joint Office web site at: <https://www.gasgovernance.co.uk/uncc/190418>

DA then advised that the presentation was also provided to the DSC Delivery Sub-Group meeting on Monday 23 April 2018, where a number of participants voiced concerns around certain aspects. CWh then provided a brief outline of the concerns he raised at the DSC meeting, namely the fact that Nexus has not been implemented for a year, so why look to change so soon – in short, is there any real value in changing at this time, especially as care would be needed to avoid multiple suggestions for potential Tolerance level changes. CHw wonders whether Xoserve would be better placed to provide a suitable guide as to potential Tolerance level changes, rather than several parties all providing their views. Responding, DA advised that Xoserve would not necessarily be able to provide a guide as there are potential outer tolerance submission weaknesses which mean that Xoserve do not necessarily have a clear market view.

GE advised that for the avoidance of any doubt, Gazprom are not proposing removal of the outer tolerance levels, just simply making them wider. He went on to indicate that he recognises CWh's concerns, but believes that this is fundamentally a post Nexus transitional issue.

In once again referring to the comments he provided to the DSC meeting, CWh advised that in his opinion, we should not be changing the outer tolerance levels in order to allow a party (or parties) to potentially 'limit' their number of AQ corrections. Responding, GE reminded those in attendance that the (outer) tolerance levels were in essence, a best guess, at Project Nexus time.

It was noted that any proposed changes would go to the UNCC for approval, which would then provide parties with an opportunity to voice any concerns.

'Information to support discussion at Distribution Workgroup – UNCVR – Gazprom Proposal' Xoserve presentation

During an onscreen review of the presentation, DA provided a brief overview of the main points of interest.

In considering the '*Background – Tolerance Rules*' slide 2, DA referred to the Product Class 3 / 4 bullet point explaining that there is no profiling involved, which might be one of the reasons behind the potential problems being explored here.

In looking at the '*Gazprom's Proposal*' slide 4, DA advised that S Mullinganie has indicated that he would be willing to consider other parties suggestions.

DA advised that the DSC are uncomfortable with the 'Remove this being a mandated Shipper change (and avoid Shipper User deferral to Major Releases) bullet point on slide 5.

It was noted that the information contained on slides 6 to 8 has been previously provided to the Performance Assurance Committee for their consideration.

Moving on to consider the '*Analysis – OTR Read Rejections*' slide 9, DA provided a brief overview of the associated (*AOB Worksheet in UNCVR proposals*) Excel spread sheet, as follows:

- Class 4 v2.0 Band 7 tab – request for parties to review the information contained on this tab, alongside the other tabs, after the meeting and provide feedback (if any) direct to DA.

Whilst CWh confirmed that he is comfortable with the Xoserve analysis and recommendations, GE noted that we will always need an outer tolerance level going forwards.

DA explained that in his opinion, Shippers know their sites and customers best.

In focusing attention back onto the presentation and the '*Analysis*' slide 10, DA suggested that whilst Bands 2 and 3 are exceptional (proposed) figures that are based on AQs, it is up to Shippers to decide whether or not the readings are valid.

Moving on to consider the ‘*Other Requirement Statements?*’ slide 11, BF enquired whether or not there are any potential costs involved, to which DA responded by confirming that there are, and that Xoserve need to undertake some testing for which he has already raised the accompanying Change Proposal for consideration at a forthcoming DSC meeting.

‘Read Tolerance Scenarios – UNCVR’ Xoserve presentation

Opening discussions, DA explained that the presentation is provided in direct response to specific industry questions around this matter.

DA advised that the ‘*Scenario 1 – Read duration = 1 month*’ slide relates to Band 7, before providing a brief background to the figures presented.

In concluding discussions on the UNC Validation Rules, BF advised that the next steps depend upon what UNC parties want to happen. GE advised that he believes the next step is for the proposals to go back to the UNCC, in the form of a formal request to approve the proposed amendments.

DA then advised that he has been in offline discussions with several industry contacts (unfortunately none of whom are present at this meeting) on this matter, and he has now prepared an updated Validation Rules document.

6. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Thursday 24 May 2018	Joint Office, Solihull – venue to be confirmed.	Standard Agenda items

Action Table (as at 26 April 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	22/02/18	5.0	To produce a Statement of Compliance regarding the gas safety cut off process.	NGN and SGN All-Gas-Transporters	Carried Forward
0301	22/03/18	1.3.1	<i>Reference Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone</i> - Xoserve (DA) and Gazprom (SM) to look at developing the draft modification in time for formal submission to the April 2018 Panel meeting.	Xoserve (DA) & Gazprom (SM)	Update provided. Closed
0302	22/03/18	1.3.1	<i>Reference Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone</i> - Xoserve (DA) and BUUK (NR) to liaise on developing the iGT aspects of the draft modification in time for formal submission to the April 2018 Panel meeting.	Xoserve (DA) & BUUK (NR)	Update provided. Closed