

UNC Workgroup 0440 Minutes
Project Nexus – iGT Single Service Provision
Monday 10 June 2013
at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MB)	Joint Office of Gas Transporters
Adam Pearce	(AP)	ES Pipelines
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrea Bruce*	(AB)	ScottishPower
Andy Miller	(AM)	Xoserve
Anne Jackson	(AJ)	SSE
Cher Harris*	(CH)	SSE Pipelines
Chris Warner	(CW)	National Grid Distribution
Elaine Carr*	(EC)	ScottishPower
Gethyn Howard	(GH)	Inexus
Joel Martin	(JM)	Scotia Gas Networks
Jonathan Kiddle	(JK)	EDF Energy
Jon Dixon*	(JD)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Mike Payley	(MP)	Xoserve
Roy Malin*	(RM)	National Grid Distribution
Steve Ladle	(SL)	Gemserv
Tabish Khan	(TK)	British Gas
Trevor Peacock	(TP)	Fulcrum

* via teleconference link

A copy of all presentation materials can be found at: www.gasgovernance.co.uk/0440/100613

1. Introduction

BF welcomed all to the meeting.

1.1 Review of Minutes

The minutes of the previous meeting were accepted.

1.2 Review of Actions

0440 01/01: In respect to the ITAD and specifically the iGT framework agreement versus iGT UNC definitions, National Grid Distribution (CW) agreed to double check the actual meanings behind the various statements with the legal team.

Update: CW advised that work remains ongoing on development of the legal text to support the modification and that he remains hopeful that draft legal text would be available within the next few meetings. However, the lawyers are still considering the use of Independent Transporter (IT) rather than the preferred iGT designation. **Carried Forward**

0440 01/02: iGTs and Shippers to seek views on what iGT Shrinkage mechanisms may be required going forward.

Update: Please refer to item 2.0 below. **Closed**

0440 03/01: Inexus (GH) to discuss the issue of iGT verification for Market Sector Code changes (including consideration of the potential to impact upon switching arrangements and potentially delaying of the transfer process) with his iGT colleagues with a view to providing feedback at the 10/04/13 meeting.

Update: In the absence of GH, AP explained that the iGTs had been in discussion with Xoserve on this matter where it was agreed that this is of little material value and is not expected to impact upon the Change of Supplier process. **Closed**

0440 03/02: All parties to review the various process flow diagrams within the 'iGT Single Service Provision – Requirements Update' presentation alongside the 'Project Nexus Workgroup iGT Agency Services BRD' prior to consideration at the 22/04/13 Process Review Workshop.

Update: Please refer to item 2.0 below. **Closed**

0440 03/03: Ofgem (JD) - In respect to question 6 of the 'Modification 0440 – governance issues in relation to ITAD document, provide an Ofgem view on potential iGT/GT Licence change requirements (inc. consideration of any potential funding issues / aspects).

Update: In reminding those present that he had provided an indication of his thinking around this matter at previous meetings, JD again reiterated his view that it is not necessarily an absolute necessity to have an iGT Licence change. However, he has subsequently considered the matter and is now coming around to the thinking that this may be the best (cleaner) option – he anticipates drafting a licence change document which could be issued for an informal review, which would be followed later by a formal consultation post release of the Draft Modification Report(s). **Closed**

0440 03/04: All parties in reference to the 'Modification 0440 – governance issues in relation to ITAD document, all parties to consider providing feedback on the questions posed at the next Workgroup meeting.

Update: Linked to action 0440 03/03 above, BF suggested that this would be considered in more detail once the draft licence document had been released. **Closed**

2. Discussion

UNC Modification 0440 – CSEPS Shrinkage presentation

CW provided a brief overview of the presentation whilst suggesting that whilst the issue is mainly down to Shippers and the iGTs to agree, the legal team require that the matter be resolved as soon as possible to enable them to continue developing the legal text in support of the modification.

During discussion, GH advised that following a background investigation he had found that the Association of Independent Gas Transporters (AiGTs) and Ofgem had carried out some analysis in this area in 2007/08 and come to a similar view to this presentation, in so far as we are looking at an extremely small material value issue. JD indicated that he still has concerns around the industry potentially 'resting on its laurels' and believes that some form of periodic CSEP Shrinkage review mechanism (including setting threshold triggers) would prove beneficial.

CW reminded everyone present that under the auspices of the modification, the aspiration is to remove CSEP NExA's going forward, although he would be concerned if the solution did not include the provisions within the ITAD going forward. AR also pointed out that Transporters are subjected to leakage and theft incentives, both of which form a part of the overall shrinkage considerations – pointing out that there is no known replacement for PE pipes that would/could improve leakage rates in future. Bearing in mind that there are already 3rd Party damage provisions, the question remains what real incentive is there on the iGTs to manage shrinkage. Ultimately costs 'land' in the settlement arrangements arena – it was noted that whilst CSEPs remain a

massive issue for Transporters it is less so for the iGTs due to the relative newness of their networks.

When asked, RM provided an explanation behind the rationale for the 13GWh example figure quoted explaining that it is based solely on a PE pipe assumption. He went on to explain that currently DNs treat iron mains and/or reduce pressure to manage shrinkage rates, which of course, the iGTs can not do.

Various parties voiced concern about the lack of CSEP shrinkage mechanisms going forward and believe that some form of monitoring mechanism would be beneficial. Responding, CW pointed out that the lawyers had looked into the CSEP NExAs and revealed that there are large elements that are basically redundant and no actual reviews have taken place for several years now – in short, existing incentives simply have not worked and may be a ‘place holder’ approach would be better.

Concluding, it was agreed that resolving this issue should not be allowed to hold up progress on iGT039 or UNC 0440 and that a form of ‘place holder’ (0440) text would be developed to seek to cover the requirement going forward.

UNC – Modification Rules and UNC Committee presentation

Opening, CW explained that the table had been developed by the lawyers as part of development of the 0440 legal text.

In considering the possible iGT membership on the UNC Modification Panel and Uniform Network Code Committee in future, the general consensus was that the principles outlined seemed reasonable although several parties suggested that they would need to discuss it within their respective organisations before committing to a view. CW requested that provision of views before the next meeting would be welcomed to ensure work on the legal drafting could continue apace.

When asked whether or not the proposals impact upon NExA Annex A aspects, AR suggested that bringing these provisions under Code and having iGT voting members improves the iGTs ability to be involved in the process and influence proceedings, as currently they are only able to provide their views on any matters, though he couldn't remember the last occasion that iGTs had nominated a non voting representative for Panel.

Moving on to focus on the specific items, the following points were noted:

- 6.1.2 – does this mean that the iGTs are able to raise changes to the UNC and visa versa, whilst clarity is needed around whether or not it is the (large) Gas Transporters Code – CW agreed to discuss with the lawyers and provide a view in due course;
- 7.2(c) and 7.2.5 – CW reminded those present that the Transporters legal text takes precedence over a Proposer's suggested text. AM also advised that from a future single system perspective, Rough Orders of Magnitude (ROMs) would NOT be split into GT / iGT aspects – CW agreed to discuss the finer details with the lawyers and provide a view in due course;
- UNCC GTB – one view put forward was to allow iGTs to have a vote in future which was met with a general agreement, and
- OADN paragraph 8 – in considering the possible voting rights of any future Offtake Committee, GH suggested that a 5:5 split would be a better ‘balance’ - CW agreed to discuss the finer details with the lawyers and provide a view in due course.

Concluding discussions, CW advised that in accepting the points raised, he is hopeful of providing draft legal text for consideration at the next meeting, subject to resolution of the outstanding issues such as CSEP NExA etc.

A new action was placed against all parties to provide their views on the UNC Modification Rules and UNCC proposals at the next meeting.

BRD for Project Nexus iGT Agency Service (v1.3, dated 28/05/13) review

Opening, MP advised that since the last combined iGT039/0440 Workgroup meeting, there have been some smaller sub-group meetings undertaken to focus on process related matters. Subject to today's discussions, Xoserve would like to now 'baseline' this BRD.

A brief review of the document was undertaken and the following points discussed/raised:

- Page 8 paragraph 5.1.2 – should read as 'individual' iGT UNC;
- Market Sector – sub group discussions looked at Change of Supplier/Shipper (CoS) considerations (i.e. charging impacts). It was suggested that sites that move from domestic to non domestic (and possibly in the reverse direction) should be the subject of a referral – some concerns that the BRD proposal could have an impact upon licence obligations.

Thereafter, it was suggested that undertaking a pre market sector change discussion between Shipper and iGT before formally submitting a market sector code change could/would prove beneficial, leaving the proposed (BRD) approach for use in exceptions only. Consensus was that the principle should be that a change outside of the CoS process would involve a discussion beforehand;

- To-Be End-to-End iGT Sequence Diagram – questions were asked as to whether or not there could be any MAM file (functionality) issues. AJ pointed out that as long as she (SSE) is not charged for the iGT functionality from an RGMA (meter fit file) aspect (i.e. any information flowing from the iGT when acting as the MAM should be in a format consistent with information flowing from the other MAMs – in short, SSE should not be charged for Xoserve having to convert the information on behalf of the iGTs as they are not charged for information flowing from the other MAMs), she would be happy to baseline the BRD as it stands, and
- Page 21 paragraph 8.5.10 – discussions centred around including property type with AM advising that this is not a value present in the current system, whilst GH suggested that from an iGTs perspective, it is probably not needed. The consensus was to leave the statement 'as-is'.

On a more general note, when asked if there would/could be any issues with emergency related provision of information via an Xoserve central system, the consensus was that this would not pose a problem as iGT permissions already exist and are expected to carry on in the future;

- Page 21 paragraph 8.6.2 – when asked whether or not the recent SPAA RGMA change had been considered, AM suggested that this paragraph should cover the requirement, but would double check if any amendment to the BRD would be required, and
- Page 22 new paragraphs 8.8.3 and 8.8.4 – AM suggested that these proposals are similar to the PSR process with an additional 'safety net' included. It was suggested that this sounds potentially like an enduring iGT UNC provision (i.e. bulk confirmations and auto provisions) – AM reminded everyone that the BRD is a system specification document and not intended to directly impact on UNC provisions.

Closing, MP advised that he would look to possibly amending the BRD to reflect discussions, prior to seeking to baseline the document in due course.

CW suggested that there may be benefit in the iGTs considering whether they would be happy to contract with a Meter Reading Agency to provide their reads direct to Xoserve.

3. Any Other Business

CSEP NExA (Annex A) Revisions Update

CW provided a brief explanation of how historic changes (via UNC Modifications) had impacted the document and suggested that he would welcome iGT input, as iGT approval of these changes is required.

A new action was placed against National Grid Distribution to provide a copy of the CSEP NExA Annex A to Gemserv (SL) for subsequent distribution to the iGT UNC parties for their views and sign off.

4. Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting

The following new actions were discussed and assigned.

New Action 0440 06/01: All parties to provide their views on the UNC Modification Rules and UNCC proposals document at the next meeting.

New Action 0440 06/02: National Grid Distribution (CW) to provide a copy of the CSEP NExA Annex A to Gemserv (SL) for him to subsequent distribute to the iGT UNC parties for their views and eventual sign off of the changes undertaken to the document.

5. Diary Planning

A brief discussion relating to agenda items for the next meeting took place with CW suggesting that consideration of Connections and Future DM options should be included. He also advised that he expects that the DM issue would be discussed at forthcoming Distribution Workgroup meeting(s) – the outcome of which, could be a UNC modification that could potentially impact upon the iGT Code provisions.

The following meetings are scheduled to take place:

Title	Date	Location
0440 Workgroup	16/07/2013	Consort House, Princes Gate Buildings, 6 Homer Road, Solihull. B91 3QQ.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0440 01/01	31/01/13	2.0	In respect to the ITAD and specifically the iGT framework agreement versus iGT UNC definitions - to double check the actual meanings behind the various statements with the legal team.	National Grid Distribution (CW)	Update to be provided in due course. Carried Forward
0440 01/02	31/01/13	2.0	To seek views on what iGT Shrinkage mechanisms may be required going forward.	iGTs and Shippers	Update provided. Closed
0440 03/01	27/03/13	2.0	To discuss the issue of iGT verification for Market Sector Code changes (including consideration of the potential to impact upon switching arrangements and potentially delaying of the transfer process) with his iGT colleagues with a view to providing feedback at the 10/04/13 meeting.	Inexus (GH)	Update provided. Closed
0440 03/02	27/03/13	2.0	To review the various process flow diagrams within the 'iGT Single Service Provision – Requirements Update' presentation alongside the 'Project Nexus Workgroup iGT Agency Services BRD' prior to consideration at the 22/04/13 Process Review Workshop.	All	Update provided. Closed
0440 03/03	27/03/13	2.0	In respect to question 6 of the 'Modification 0440 – governance issues in relation to ITAD document, provide an Ofgem view on potential iGT/GT Licence change requirements (inc. consideration of any potential funding issues / aspects).	Ofgem (JD)	Update provided. Closed
0440 03/04	27/03/13	2.0	In reference to the 'Modification 0440 – governance issues in relation to ITAD document, all parties to consider providing feedback on the questions posed at the next Workgroup	All	Update provided. Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			meeting.		
0440 06/01	10/06/13	2.	To provide their views on the UNC Modification Rules and UNCC proposals document at the next meeting.	All	Update to be provided in due course.
0440 06/02	10/06/13	3.	To provide a copy of the CSEP NExA Annex A to Gemserv (SL) for him to distribute to the iGT UNC parties for their views and eventual sign off of the changes undertaken to the document.	National Grid Distribution (CW)	Update to be provided in due course.