

---

**UNC Workgroup 0440 Minutes**  
**Project Nexus – iGT Single Service Provision**  
**Tuesday 29 October 2013**  
**Consort House, 6 Homer Road, Solihull B91 3QQ**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Adam Pearce	(AP)	ES Pipelines
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Anne Jackson	(AJ)	SSE
Andrea Bruce*	(AB)	ScottishPower
Andy Miller	(AM)	Xoserve
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Elaine Carr*	(EC)	ScottishPower
Gethyn Howard	(GH)	GTC
Jonathan Kiddle	(JK)	EDF Energy
Kristian Pilling	(KP)	SSE
Lorna Lewin	(LL)	DONG Energy
Richard Pomroy	(RP)	Wales & West Utilities
Stephanie Shepherd	(SS)	RWE npower
Steve Ladle	(SL)	Gemserv

\* by teleconference

A copy of all presentation materials can be found at: [www.gasgovernance.co.uk/0440/291013](http://www.gasgovernance.co.uk/0440/291013)

The Workgroup's report is due to be submitted to the UNC Modification Panel on 16 January 2014.

**1. Introduction**

BF welcomed all to the meeting.

**1.1 Review of Minutes and Actions**

The minutes of the previous meeting were accepted.

No actions remained outstanding.

**2. Discussion**

*Interim Review of Legal Text*

**UNC TPD Section J 1.4.7** – RP raised concerns about the possible linking of different pressure tiers on a DNO's network - should ISEPS/CSEPS be allowed to connect at different locations or pressure tiers and then have connecting pipes?

CW felt these issues were managed through engineering processes. RP agreed that this was possibly the case but Code should not facilitate the possibility of this happening as was being proposed here. A number of scenarios were discussed and RP agreed to provide examples to CW for consideration.

**Action 0440 10/02: UNC TPD Section J 1.4.7 - RP to provide examples of issues where ISEPs within CSEPs might be connected at different pressure tiers and, should they be connected together, may cause problems for the DNO for the prediction of flows and pressures.**

**IGTAD Section E DM CSEP Supply Points** - RP challenged the inclusion of DM services for iGTs. Currently there is an informal agreement for DNOs to provide this service for iGTs and he did not want to see these obligations put into UNC. He explained the issues with funding as DNOs charge Shippers for the service on behalf of iGTs. However, they are not able to recover the full costs, as they are price capped. He would prefer to see iGTs making their own arrangements with DM providers in the same way as DNOs.

GH was concerned that this may delay the process for Modification 0440, as the commitment had been to continue with services 'as is' and that long term changes should be managed outside of this process once Modification 0440 had been implemented.

CW questioned whether an interim process should be embedded; Part 13 will disappear. RP believed this would entail a separate discussion. CW indicated that for any new arrangement to a CSEP NExA a UNC modification would have to be raised. RP's point was that this should not be being done under Nexus at the same time.

CW explained that Class 1 SPs will be implemented under Nexus and any changes to these will need to take place after Nexus. It was not proposed to unbundle these at this point (this approach had been previously agreed). RP's point that costs were going up was acknowledged, but the view remained that Modification 0440 was the right way to go and should not be impeded unnecessarily. When asked, ARS affirmed he was happy with the existing process and the prevailing view. SL observed that an element of CSEP NExA would have to be retained if it was not changed at this point. A brief discussion on costs and use of daily reads ensued. CW observed that the use of this data has diminished markedly over time – it was no longer needed so there was no good reason to have punitive loss making mandatory services that were not to a DNO's benefit. Unbundling mandatory DM is a very big step and was to be considered after the implementation of Nexus at an appropriate juncture.

**IGTAD Section C IGTS Shrinkage** – RP believed it should not be beyond a party's capability to estimate its shrinkage, and there should be some additional commitment (ie include a process) to address the issue in due time. CW commented that Ofgem might have to initiate a framework indicating how iGTs could be incentivised to reduce this. It was believed there was not much shrinkage on an iGT network. CB explained the Theft of Gas notification process between Shippers and iGTs and it was recognised that the amount of gas being lost was much less. It was acknowledged that these areas would need to be considered after the implementation of Nexus at an appropriate juncture. It should not hold up progress on this modification.

CB observed that it was not the purpose or intention of Nexus to address and fix every existing problem, and GH reiterated that the initial understanding was to 'lift and shift' the current obligations and evaluate and address any perceived issues post Nexus.

CW pointed out that the existing CSEP NExA does contain provisions relating to Shrinkage but these have never been enacted – there was no regulatory framework behind/operating. AJ expressed concern that provisions in CSEP NExA may get 'lost' if not addressed. A copy of the CSEP NExA was displayed and its existing 'shortcomings' were recognised.

The iGTs' funding for the purchase of shrinkage gas was briefly discussed. RP believed that an incentive was not required to buy this; there should be a mechanism in the IGTAD to address the lack of a Shrinkage framework. CW asked if the Workgroup agreed this should be developed. CB recapped on the objectives of Nexus – it cannot solve all outstanding imperfections in the existing regimes. The focus should be kept on the Nexus principles – in this instance, the need to get the iGTs inside the single service provision. Any perceived issues should be noted for review after Nexus. AJ believed not addressing when identified was perhaps a backward step, but acknowledged the necessity of avoiding delay to Nexus - a UNC modification

could be raised once Nexus changes were implemented. AJ suggested capturing any identified risks/issues/concerns such as this together with a clear statement of the Workgroup's decisions reached on when they should be addressed, within the Workgroup's Report.

It was noted that the AUGE allocates a quantity of gas to CSEPs. There should be no CSEP 01 rejection following Nexus. Attention was drawn to the views expressed by Ofgem (JD) at the meeting on 22 June ([www.gasgovernance.co.uk/0440/220613](http://www.gasgovernance.co.uk/0440/220613)), following which CW had developed 'place holder' text as agreed. It was suggested that iGTs, Shippers and Ofgem might need to discuss/decide what is required in this area (ie what such a regime should look like, any licensing issues, what the principles might be, and then look at contractually). SL observed that it might change the AUGE allocation. GH referred to previous work that could be evaluated and potentially built on.

CW confirmed that the text developed so far for this IGTAD Section C was not likely to change.

### **IGTAD Section B IGT Systems – Connection and Operational Arrangements –**

*B 4* – The NExA terms had been simplified and incorporated.

Referring to Annex B-1 AQ Calculation Table, CW confirmed this was the Table as it appeared in the CSEP NExA; there was no change to any of the volumes. Concerns were expressed as to whether or not an 'Effective from...' date should be included and if so which date should be applied and how this might affect the validity of the information.

**Action 0440 10/03: IGTAD Section B, Annex B-1 AQ Calculation Table - CW to review requirement to include an 'Effective from...' date and, if necessary, which date should be applied and how this might affect the validity of the information.**

**IGTAD Section H General** – This covers the accession/admission of iGTS to the UNC and the services agreement between the iGTs and Xoserve. CW advised that more work was being done relating to H 5.1.6 and this would be reviewed at the meeting on 19 November. CW stressed the importance of Shippers reviewing the Section H text with their lawyers and would welcome any feedback in advance of the November meetings.

*H 1.2* – Subsidiary Documents - SL questioned what these might be and how changes might be made if needed. CW believed this had been included to acknowledge the potential existence of any such documents and that it would be within the province of an IGTAD Sub-committee (like the UNC Committee) to recognise these and administer the appropriate governance.

**Action 0440 10/04: IGTAD Section H 1.2 Subsidiary Documents - CW to clarify what potential change processes (for modification/amendment) are anticipated for any such documents.**

**IGTAD Section D iGT Code Rules and Data Exchange** – GH gave a brief update on progress iGT039. Ofgem expects to have the Xoserve review before Christmas, and Modifications iGT039 and UNC0440 are no longer considered to be dependent upon one another, and can be signed off separately. The iGT039 legal drafting is now on hold. iGT039 consultation may take place in Q1/Q2 2014 and be signed off for a future date. The Licence drafting is to be very much based on Condition A15.

*D3.2.2* – CW advised this was being worked on. CW recapped on data provision flows (Shippers and iGTs) and encouraged Shippers and iGTs to make sure their lawyers were well briefed on the iGT obligations.

### General Comments

CW confirmed the approach that would be taken regarding the implementation of the whole of the Nexus-related text into the UNC, with effect from sign off. The current UNC documents will move into a Transition Document until the effective date for Nexus is reached. This approach has been used successfully to address past major changes. Once that happens any further changes will require any proposed modifications to include two forms of text, ie changes to the UNC Transition Document and also changes to the post Nexus text (the 'enduring' text).

GH pointed out inconsistencies in reference to certain concepts/terms etc across the sections of text. CW advised that this might be best raised at the 'legal text walkthrough' meeting on 19 November 2013.

### 3. Any Other Business

None raised.

### 4. Diary Planning

The following meetings are scheduled to take place:

Programme	Date	Venue
Workgroup Report	Monday 18 November 2013, at 10:30	Consort House, 6 Homer Road, Solihull B91 3QQ
Dedicated Legal Text Review Meeting – for information and education purposes	Tuesday 19 November 2013, at 10:30	Consort House, 6 Homer Road, Solihull B91 3QQ
Workgroup Report	Friday 06 December 2013, at 10:30	Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR
Workgroup Report	Friday 13 December 2013, at 10:30	Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR

---

**Action Table – UNC Workgroup 0440**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0440 10/02	29/10/13	2.0	<i>UNC TPD Section J 1.4.7</i> - Provide examples of issues where ISEPs within CSEPs might be connected at different pressure tiers and should they be connected together may cause problems for the DNO for the prediction of flows and pressures.	WWU (RP)	<b>Pending</b>
0440 10/03	29/10/13	2.0	<i>IGTAD Section B, Annex B-1 AQ Calculation Table - CW</i> to review requirement to include an 'Effective from...' date and, if necessary, which date should be applied and how this might affect the validity of the information.	NG UKD (CW)	<b>Pending</b>
0440 10/04	29/10/13	2.0	<i>IGTAD Section H 1.2</i> Subsidiary Documents - CW to clarify what potential change processes (for modification/amendment) are anticipated for any such documents.	NG UKD (CW)	<b>Pending</b>