

**UNC Workgroup 0440 Minutes
Project Nexus – iGT Single Service Provision**

Thursday 31 January 2013

at 31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MiB)	Joint Office of Gas Transporters
Adam Pearce	(AP)	ESP
Alan Raper	(AR)	National Grid Distribution
Anne Jackson	(AJ)	SSE
Andy Miller	(AM)	Xoserve
Cher Harris*	(CH)	SSE Pipelines
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Gethyn Howard	(GH)	Inexus
Jon Dixon*	(JD)	Ofgem
Lorna Lewin	(LL)	Dong Energy
Peter Thompson	(PT)	Customer Representative
Steve Ladle	(SL)	Gemserv
Tabish Khan	(TK)	British Gas
Trevor Peacock	(TP)	Fulcrum
Zoe Murphy	(ZM)	RWE npower

* *via teleconference link*

1. Outline of Modification

BF welcomed everyone to the first meeting of the Workgroup. CW provided an overview of the modification, explaining that the rationale is to drive forward the governance aspects for both the iGT Uniform Network Code and the Uniform Network Code (UNC) sides.

CW advised that there are complex process and governance framework considerations and issues to overcome and to this end, National Grid Distribution has undertaken preliminary discussions (in conjunction with discussions on the legal text for Project Nexus) with their legal colleagues. He suggested that parties should not be surprised to see some innovative approaches being put forward in the near future, as the time is now right to progress these matters. However, it should be noted that the timelines for Project Nexus, iGT039 and UNC 0440 are extremely demanding.

Moving on, CW apologised for the late provision of his two presentation materials supporting Modification 0440 that were published the previous day, before advising that he hopes to be able to provide more clarity around the legal text timeline at the next meeting.

2. Initial Discussion

Modification iGT039 & UNC0440 – iGT Agency Services presentation

Opening the presentation, AM advised that as part of the pre-consultation exercise (in which Xoserve's costs have been identified) it had been clearly identified that

there is evidence that delivery of Project Nexus would/could provide industry wide benefits – Xoserve did not submit a formal response during this exercise as it was deemed to be inappropriate, although it may provide a commentary at the end of the final (ASA) report due around mid March.

Focusing attention on the 'iGT Agency Services data cleanse, migration and cutover – example process' slide, AM suggested that this ongoing work area is more closely related to iGT039 than it is to UNC 0440 (i.e. transition arrangement considerations etc.). He went on to point out that the target date for iGTs to start feeding their information in to Xoserve is most likely to be early to mid 2014. Certain data field values such as 'Meter Point Effective Date' and 'Supplier ID' would need further consideration.

In considering the 'Project Nexus timeline', when asked whether or not the proposed changes would change the iGT invoicing procedures, AM confirmed that this would not be the case, as it is not proposed to change the charging principles (business rules) on the GT system.

In considering what Supplier information is, or is not, held on the iGT systems, GH suggested that some iGT Suppliers hold historic supplier history whilst others do not. SL reminded everyone that informing the iGT of the supplier for a supply point is an iGT UNC requirement as is any change to the supplier even where the shipper remains the same. There was some disagreement over the actual requirement, as it was suggested that whilst there may be an obligation to provide the information, there may not be one to actually store historical data or to track it. GH noted that iGT discussions around SMART meters remains ongoing and may present an ideal opportunity to investigate and address some of the Supplier ID issues – one option being to adopt a data dump style solution.

Concerns were voiced around how to manage situations such as where during a change of Supplier, a new Shipper is involved, plus a need to tighten up any new connections processes going forward and finally addressing issues around the 'cut over' approach – is this on a iGT one-to-one, or mass cut over basis. AM confirmed that this would take the form of a mass cut over, and whilst this could be similar to the SCOUGES exercise, it would need to be slicker.

UNC Modification Proposal 0440 - Project Nexus - iGT Single Service Provision - Proposed UNC contractual regime presentation

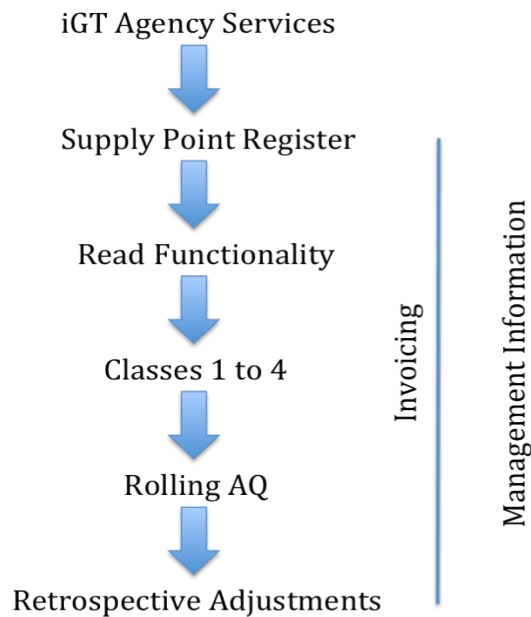
Opening the presentation, CW advised that these are early days and represent the initial approaches. Furthermore, the presentation should be considered alongside the 'UNC Modification Proposal 0440 – Outline of proposed UNC changes' document, also published on the Joint Office web site, for the full implications of the proposed changes to be fully understood.

In considering the proposed regime outline, it was noted that in essence UNC 0440 covers all aspects for the GT charges (defined by product line) up to the **Connected System Exit Point (CSEP)** and thereafter, iGT039 covers all aspects from the Connected system exit point up to the **Independent Transporter System Supply Point (ITSSP)**¹ – this boundary differentiation around the CSEP is seen as very important for nomination, allocation and reconciliation purposes. Additionally, the CSEP to ITSSP is a one-to-one relationship. Some parties believe that having an ability to move / change this notional / physical point is a major concern which would require a governance process to manage. When asked, AR confirmed that there are a small number of unmetered CSEPs that are not connected in this way.

¹ Post meeting note: a presentation has been provided (dated 04 February 2013) by National Grid Distribution and published alongside these minutes, entitled 'Single Service Provision' which seeks to illustrate and provide further clarification around some of the main discussion points undertaken during the meeting.

CW confirmed that it is intended that the new Independent Transporters Arrangement Document (ITAD) would replace the current form of CSEP NExA's, although an 'abridged' version of the NExA would be needed going forward.

In discussing the 'Transportation Principal Document' changes on slide 6, CW responded to a question as to whether or not the assumption is that the ITAD is drafted as per the enduring regime, by suggesting that it is closely linked to the framework for the new Project Nexus settlement arrangements (i.e. following a big bang, rather than phased delivery approach) and not in support of the existing regime. At this point, AM provided a brief overview of the proposed Project Nexus delivery stages (i.e. the logical sequence to releasing / introducing Project Nexus functionality) – however, he asked parties to take note that the following example is not necessarily timeline aligned.



AM also asked parties to note that during a transition period, some or all of the outlined process stages may be changed – it is anticipated that UNC 0440 would recognise this fact, which may take the form of the provision of some transitional arrangements legal text. Some parties questioned whether or not this matter sits more readily under the iGT039 modification or the UNC 0440 modification. AM suggested that looking at the projected delivery costs, it appears to be more cost effective to deliver the iGT components first – for the avoidance of doubt, the proposal is to deliver an enduring solution.

Asked whether or not, the proposals change the way the industry approaches issues such as unidentified gas, shrinkage etc., CW confirmed that it does and these would be covered in more detail later in the presentation.

In briefly considering the implications posed by the four proposed product (class) lines in UNC Modification 0434 'Project Nexus – Retrospective Adjustment' AM confirmed that these only apply up to the CSEP Connection Point².

During consideration of the various UNC Transportation Principal Document changes, CW suggested that it is not for the Gas Transporters to say what the iGT's should, or should not include within their iGT UNC. He went on to add that the lawyers are still considering the upstream aspects required for TPD Section H changes. Additionally, impacts on the UKLink system would be considered as part

² Post meeting note: a presentation has been provided (dated 04 February 2013) by National Grid Distribution and published alongside these minutes, entitled 'Single Service Provision' which seeks to illustrate and provide further clarification around some of the main discussion points undertaken during the meeting.

of the ongoing development of the legal text for (Project Nexus) UNC Modifications 0432 and 0434.

Moving on, to consider the ITAD impacts on slide 9, CW advised that it is anticipated (by the lawyers) that the ITAD would take the form of a new section within the UNC. In examining the definitions CW agreed to undertake a new action to double check the actual meanings (iGT framework agreement v's iGT UNC etc.) behind the statements with the legal team and provide an update at the next meeting. In considering the ITS System Exit Point and the relationship to the corresponding CSEP System Exit Point, AR suggested that this is the physical connection that also relates to a non annex aspect of the NExA's.

As far as slides 10 & 11, ITAD Sections B & C are concerned, the proposals are broadly similar to the existing LDZ CSEP NExA's – the proposals are more about re-alignment, rather than introducing new elements.

In considering slide 12, and ITAD Section D impacts, some concerns were voiced over whether or not the proposals are seeking to obligate iGT's to operate in the same way as the GT's. Responding, AR suggested that the aim is to adopt common practises and to utilise a common service agent and is in fact, consistent with iGT039 high level pointing principles, although he did acknowledge that as the alignment exercise is developed, some exceptions (i.e. invoicing, credit arrangements etc.) would / could come to light and care would be needed in managing these – more detail is expected to be flushed out over time (especially around the interactions with Xoserve aspects) as development of legal text continues. Looking closely at the second to last bullet point, CW suggested that this may be a big concern for the iGTs, whilst AM pointed out that this is similar to the existing LDZ CSEP NExA Annex A provisions. It was suggested that some form of hierarchical representation of the various obligations may prove beneficial as well – i.e. do the UNC obligations override the iGT UNC – it was suggested that perhaps this is something for the iGT039 Workgroup to consider.

In considering ITAD Section E changes, CW noted that a detailed consideration of these had not yet been undertaken, but would be needed sooner, rather than later – currently the iGT UNC defers to the LDZ CSEP NExA Annex, although moving forwards, it is proposed that this will be consistent with the new Project Nexus Product Lines 1 & 2 settlement processes.

In considering ITAD Section F changes, it was acknowledged that the iGTs do not currently have a concept of unregistered sites. It was felt that going forward, a common process for dealing with isolation, withdrawal (inc. downstream) and reconnection would be beneficial (including clarity around the various definitions). When asked, CW suggested that in future the iGTs would need to undertake some form of shrinkage assessment. A new action was placed against the iGTs and Shipper's to seek their views on what (iGT) shrinkage mechanisms may be needed in future. Another suggestion put forward was to adopt a pragmatic approach and seek timely (DM) meter reads for the iGTs, although consideration of future iGT to GT commercial arrangements (possibly similar to current Daily Read Service Provider commercial arrangements) would be needed to support this. It was suggested, and generally agreed that it is the 'bundled' reads that pose the main concern.

Moving on, CW pointed out that ITAD Section G 'Role of Transporter Agency' requirements remain blank at the moment as Project Nexus would be considering this matter in more detail in due course – it was noted that UNC TPDV paragraph 6.5 covers this area.

In considering ITAD Section H requirements, it was noted that these relate to the previously stated 'boiler plate' concept, with more detail to follow in due course.

Moving on to consider slide 15 'Other parts of UNC', CW advised that the lawyers are still considering these requirements. It was felt by some parties, that these tie in closely with the (new) licence arrangements going forward – JD suggested that this would be part of the ongoing iGT039 / UNC0440 considerations. When asked if there is a dependency between the two modifications and the potentially new licence requirements, AJ suggested that the Authority is aware of the timing and relationship aspects, whilst JD advised that at present, he does not have a firm view on the possible licence condition changes and potential delivery timescale impacts. He went on to suggest that whilst the 'ideal' approach would be to undertake any licence changes at the same time as progressing the two modifications, it could also be envisaged that the licence changes could be deferred until delivery of Project Nexus.

Moving on to consider the potential changes required for the UNC Modification Rules, and specifically the option of allowing iGT participation in future UNC Panel meetings, CW suggested that currently there are no hard and fast views on this, and any feedback from the iGTs would be welcomed. GH suggested that the issue largely boils down to the definition of what is relevant to the iGTs and what, if any, abstention rights they would have – as the iGTs do not currently have a concept of self-governance, there may be some issues around the abstention rights of iGTs which will need addressing.

It was also acknowledged that the suggested 50:50 Shipper / Transporter split on the UNC Panel may not be appropriate or reflective of the real industry requirement, especially when baring in mind that iGTs are a distinctly different set of people whose views may be coloured by the various funding arrangements associated to specific UNC modifications – one suggestion put forward was to considering treating iGTs in a similar fashion to the current Consumer Representative. In the end a new action was placed against all parties to consider the potential (future) role of iGTs on the UNC Panel (one that is similar to the current consumer representative perhaps).

Parties then briefly discussed the need to consider commonality of the relevant objectives (for both the IGTs and GTs) going forward – it was suggested that whilst this is something that the Authority needs to consider, it is similar to the current 'tensions' that exist between NTS and DN representatives at the UNC Panel.

It was also recognised that whilst there are clear funding tensions as well to consider, the Project Nexus pre-consultation process sought to identify industry wide costs and benefits that may not always be to the benefit of some individual parties.

Moving on to consider slide 17, CW advised that he has approached the National Grid lawyers to ask them to come up with some form of accession to Code framework agreement.

In debating more general points, SL enquired if CW had an overall view on the iGT039 / UNC0440 timeline, to which CW responded by advising the he needs to speak with his legal colleagues as he sees the next step as developing some draft legal text which may invoke further detailed discussions. It was noted that the iGT039 legal text would / could be heavily influenced by the UNC0440 legal text and the sooner the iGTs get a view of the ITAD drafting, the better – in acknowledging the point, CW pointed out that the intention is not to rush the iGTs and as a consequence, actual iGT legal representation at meetings is not required at this stage in the process. He would be discussing this in more detail with GH in due course.

In closing, CW advised that the next meeting with the Denton Lawyers is scheduled to take place in London on 12 February.

Project Nexus Timetable update

Covered elsewhere in the meeting discussions.

Data Cleansing & Migration update

Covered elsewhere in the meeting discussions.

3. Consider Terms of Reference

Although not discussed directly, the Workgroup did not raise any issues relating to the Terms of Reference.

4. Any Other Business

None.

5. Workgroup Process

5.1 Agree actions to be completed ahead of the next meeting

The following new actions were discussed and assigned:

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

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

New Action 0440 01/03: All parties to consider the potential (future) role of iGTs on the UNC Panel.

7. Diary Planning

Following a brief discussion it was agreed to schedule in some additional meetings, preferably alternating between Solihull and London.

The following meetings are scheduled to take place:

Title	Date	Location
0440 Workgroup	25/02/2013	Gemserv, 10 Fenchurch Street, London. EC3M 3BE.
0440 Workgroup	27/03/2013	National Grid, 31 Homer Road, Solihull, West Midlands. B91 3LT.
0440 Workgroup	30/04/2013	Location to be confirmed.
0440 Workgroup	29/05/2013	Location to be confirmed.
0440 Workgroup	24/06/2013	Gemserv, 10 Fenchurch Street, London. EC3M 3BE.

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 v's 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.
0440 01/02	31/01/13	2.0	To seek views on what iGT Shrinkage mechanisms may be required going forward.	iGTs & Shippers	Update to be provided in due course.
0440 01/03	31/01/13	2.0	To consider the potential (future) role of iGTs on the UNC Panel.	All	Update to be provided in due course.