

UNC Workgroup 0497 Minutes
Introduction of Annual update to the AQ values within the CSEP
NExA table

Wednesday 07 May 2014

31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Amie Charalambous	(ACh)	RWE npower
Andy Clasper*	(ACI)	National Grid Distribution
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Edd Hunter	(EH)	RWE npower
Eleanor Laurance*	(EL)	EDF Energy
Hilary Chapman	(HCh)	Xoserve
Huw Comerford	(HCo)	Utilita
Jeremy Guard	(JG)	First Utility
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lorna Lewin	(LL)	DONG Energy
Marie Clark*	(MC)	Scottish Power
Mark Jones	(MJ)	SSE
Steve Mulinganie*	(SM)	Gazprom

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0497/070514>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 July 2014.

1.0 Outline of Modification

AC introduced the modification and explained intention is to enable the AQ table to be updated on a yearly basis following the AQ Review without having to raise a modification each year to update the table.

2.0 Initial Discussion

CB explained the difficulty with historically changing the AQ tables through the modification process. ACh was keen to have a process that completes the replacement of the current AQ table with the revised AQ table, as at the moment nothing is being done following the AQ Review.

BF explained some comments had been provided by iGTs and suggested the business rules ought to mirror those proposed in the iGT modification iGT051. BF also suggested further clarity is added to the business rules to make it clear that the table can only be updated at the times set out in the iGT UNC.

CW believed there may be some governance complexities pre Nexus. CW explained that the CSEP NExA is a separate document and to change Annex A each iGT would have to approve the change. He believed until the implementation of Project Nexus to amend Annex A, each iGT would have to agree the change its individual CSEP NExA. ACh challenged that if the iGTs had already agreed changes to the AQ values through the

annual review process, individual iGTs should not prevent the adoption of the amended table into the CSEP NExA.

CW questioned the value of automating the process through a modification if the Nexus regime removes the need for CSEP NExAs. He highlighted that as Modification 0481 - Amendment to AQ Values Present Within Annex A of the CSEP NExA AQ Table Following the 2013 AQ Review, will implement the 2013 AQ Review table for 2014, whether there was value having a modification to update the CSEP NExA prior to Project Nexus implementation. CW suggested that rather than raising a modification to create an automatic process to update the CSEP NExA until Project Nexus implementation (currently 01 October 2015), it would be a more straightforward approach to raise a modification to simply update the table for another year which should allow time for the implementation of Project Nexus. ACh was keen for the industry to still have an annual process for updating the AQ table following the AQ Review. CW therefore suggested de-scoping the modification to apply an automated process following Project Nexus implementation.

MJ explained that the table had not been updated for about three years until now and the change in the AQ value over this period amounted to around 10%. He anticipated that once Modification 0481 has been implemented, there may be very minor variations to the values year on year and suggested considering a modification at that time when the values would be understood and any benefits quantifiable.

SM suggested holding further assessment of this modification until a decision has been made on Modification 0440 - Project Nexus iGT Single Service Provision.

ACh agreed to reconsider the modification and whether to split the modification to account for the pre and post Nexus regime. ACh highlighted that if Project Nexus implementation is delayed it is likely two interim modifications may be required to update the AQ table for 2015 and 2016 and a further modification post Nexus for it to be automated. Ultimately her aim was to consider the most efficient way forward and ensure that pricing is reflective to benefit the customer.

It was agreed to review the modification again in June and along with the outcomes of Modification 0440 and 0491.

3.0 Any Other Business

None.

4.0 Diary Planning

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

The next meeting will take place within the Distribution Workgroup on:

Friday 06 June 2014 at 10:30, 31 Homer Road, Solihull B91 3LT