
UNC Workgroup 0550 Minutes
Project Nexus: Incentivising Central Project Delivery
Monday 14 December 2015
31 Homer Road, Solihull B91 3LT

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alex Ross Shaw	(ARS)	Northern Gas Networks
Andrew Margan*	(AMa)	British Gas
Andy Miller	(AM)	Xoserve
Angela Love*	(AL)	ScottishPower
Angharad Williams	(AW)	National Grid NTS
Chris Warner	(CW)	National Grid Distribution
Edd Hunter	(EH)	RWE npower
Erika Melen	(EM)	Scotia Gas Networks
Fraser Mathieson	(FM)	Scotia Gas Networks
Hilary Chapman	(HC)	Xoserve
Mark Jones*	(MJ)	SSE
Phil Lucas	(PL)	National Grid NTS

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0550/141215>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 January 2016.

1. Review of Minutes and Action

1.1 Minutes (04 December 2015)

The minutes of the previous meeting were approved.

1.2 Action

1201: To provide a history narrative for inclusion within an amended modification and subsequent Workgroup Report.

Update: AM reported this was under development. **Carried forward**

2. Workgroup Report

2.1 Amended Modification (draft)

EH explained the revisions made following the previous meeting. The Workgroup reviewed the changes made to the various sections of the modification and EH noted the suggestions/comments for further consideration; these were captured onscreen as discussions progressed.

Section 1 Summary

CW pointed out that the 'read' element is not considered at risk to the same extent as the 'RAASP' element (Modification 0434).

CW observed that the reference should be corrected to 'Project Nexus Implementation Date'.

The origination of the figure of £70m was questioned; concerns were expressed that the source was not evident and it did not appear to be substantiated in any way. What information might be in the public domain was discussed. It was suggested that EH discuss and agree with the Transporters an appropriate/reasonable figure that might be included from the Price Control.

Action 1202: EH to discuss with the Transporters and agree and appropriate/reasonable figure that might be included from the Price Control.

Attention was then directed to the PwC RAASP document, and the figures were discussed. EH confirmed he had discussed use of the report with PwC and PwC had not returned with any issues. It was suggested that EH obtain explicit confirmation from PwC that use of the information is permitted for the purposes of this modification.

Action 1203: PwC RAASP report - EH to obtain explicit confirmation from PwC that use of the information in this document is permitted for the purposes of this modification.

Following discussion of the figures it was suggested that EH should reassess whether the figure(s) quoted should be nearer £3m rather than £4m-£6m.

Action 1204: EH to reassess whether the figure(s) quoted (£4m-£6m) were appropriate, and make the linkage clear to the projections in the PwC RAASP report.

Section 2 Why Change

The square brackets were removed, and the figure of 177 replaced with 'more than 150'.

Section 3 Solution

The wording of the Solution was discussed and how this might affect future decisions made by the Transporters. It was suggested more consideration be given to whether a mid-month go live was a low probability and how this might affect payments made. AM pointed out that Transporters cannot be invoiced because they have not incurred a cost; how they make the payment and to whom was irrelevant and for Transporters to agree a process/outcome.

Payment periods were discussed, i.e. as soon as reasonably practicable; for a late delivery in October, payment would be made in November; for a late delivery in November, payment would be made in December. AM explained how this might be accomplished practically under current UNC rules.

Business Rules

The trigger for the initial activation of the scheme was identified. EM queried if the scheme should be activated at all if any delay was immediately known not to be the fault of the Transporters. CW and EH noted this for consideration when legal text was being prepared.

A discussion ensued as to how to identify, evidence and validate Transporter failure (solely due to factors within their control) to deliver on time. AL summarised the four further options (to that in the latest draft modification) that had been mentioned in discussion, of which three were immediately discounted, leaving the fourth as a possibility - the raising of a modification to change the date that clearly identified and attributed the reason for a date change as the sole fault of the Transporters. This was discussed and it was suggested that EH consider with Ofgem how any such claim to failure might be

substantiated, to the extent that a Business Rule might be clearly defined. Without clarity on this point it will not be possible to draft appropriate legal text, and the modification may founder and be impossible to implement.

Action 1205: *Business Rules* – EH to determine a Rule that clearly articulates how ‘Transporter failure’ is determined.

Payments to a charity of Ofgem’s choice were discussed; how this might be selected and paid into.

Action 1206: *Business Rules* - EH to clarify with Ofgem whether it is happy to designate an appropriate charity and how this might be accomplished.

Delivery part way through a month and suitable payments were discussed. EH concluded that a daily pro rata basis would be appropriate. Instances where minimum amounts fall below a certain level appropriate for invoicing to various parties were considered and how these should be dealt with. AM gave a number of examples and participants agreed that payments for pennies should be avoided; instead a minimum amount of money should be paid from the scheme to parties with smaller numbers of supply points, and the remainder distributed as already indicated. EH agreed to amend the Business Rules.

PL pointed out that the UNC already includes appropriate invoicing rules, and that invoicing and payments could be made in accordance with the existing rules as set out in UNC TPD S.

Section 4 Relevant Objectives

Relevant objective (f) was considered and the statement reworded to add clarity.

2.2 Development of Workgroup Report

It is anticipated this will be commenced at the next meeting, assuming an amended modification is provided for publication in the meantime.

3. Next Steps

The Proposer will address the actions and consider further amendments to the modification as suggested in discussions, and provide a revised draft for consideration at the next meeting on 13 January 2016.

LJ will request an extension to the reporting date (potentially April 2016) at the December UNC Modification Panel.

4. 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
Wednesday 13 January 2016	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> • <i>Amended modification</i> • <i>Review of Business Rules</i> • <i>Development of Workgroup Report</i>

Friday 12 February 2016	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> • <i>Amended modification</i> • <i>Review of Legal Text</i> • <i>Development of Workgroup Report</i>
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Action Table (14 December 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	04/12/15	2.1	To provide a history narrative for inclusion within an amended modification and subsequent Workgroup Report.	Xoserve (AM)	Carried forward
1202	14/12/15	2.1	EH to discuss with the Transporters and agree and appropriate/reasonable figure that might be included from the Price Control.	RWE npower (EH)	Pending
1203	14/12/15	2.1	<i>PwC RAASP document</i> - EH to obtain explicit confirmation from PwC that use of the information in this document is permitted for the purposes of this modification.	RWE npower (EH)	Pending
1204	14/12/15	2.1	EH to reassess whether the figure(s) quoted (£4m-£6m) were appropriate, and make the linkage clear to the projections in the PwC RAASP report.	RWE npower (EH)	Pending
1205	14/12/15	2.1	<i>Business Rules</i> – EH to determine a Rule that clearly articulates how ‘Transporter failure’ is determined.	RWE npower (EH)	Pending
1206	14/12/15	2.1	<i>Business Rules</i> - EH to clarify with Ofgem whether it is happy to designate an appropriate charity and how this might be done.	RWE npower (EH)	Pending