

Change Overview Board (COB) Minutes
Wednesday 09 November 2016
via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Angela Love	(AL)	ScottishPower
Jon Dixon	(JD)	Ofgem
Mark Jones	(MJ)	SSE
Martin Baker	(MB)	Xoserve
Paul Youngman	(PY)	RWE npower
Phil Lucas	(PL)	National Grid NTS
Steve Mulinganie	(SM)	Gazprom

Copies of meeting papers are available at: <http://www.gasgovernance.co.uk/COB/091116>

1. Introduction

LJ welcomed all to the meeting.

2. Review of Minutes

The minutes of the meeting held on 04 July 2016 were approved.

3. Planning

3.1 Change Horizon

The schematic was displayed. The time perspective on the horizontal had been adjusted in response to the observations made at the previous meeting. MB presented an overview of the current landscape, drawing attention to the main changes made in the previous Quarter. The potential movement/position across zones of a number of items was then considered on an individual basis.

The pink boxes indicated those changes likely to have an effect on Xoserve's business model/central services.

MR Submissions (December 2017) - PY asked if Xoserve was in a position to be clear on what needs to be delivered yet. Referring to the CMA draft Order Consultation, which was to close out on 18 November 2016, MB briefly explained the requirements that were to be placed on Supplier businesses. Request 0594R had been raised to look at a similar area, and there may be further evaluation in regard to impacts to the Nexus Modifications. Xoserve is responding to the CMA consultation.

LJ suggested that COB needed to concentrate on the items positioned in Zone 3, and consider whether the industry was sufficiently prepared for these changes.

Zone 3

EU CAM - Three modifications (0597, 0598 and 0599) had been raised, however one may be subsequently withdrawn. LJ explained the changes proposed under these modifications; there are specified 'live' dates in the CAM code. These are challenging timelines.

It was anticipated there would be up to 6 Workgroup meetings between now and the end of the year, with Workgroup Reports being made to the January 2017 UNC Modification Panel. Consultations would follow, and Ofgem is then to consider and approve for 'go live' by the end of March 2017.

Performance Assurance Framework (Initial) - The tender process for Performance Assurance Framework Administrator (PAFA) had commenced. The PAC is now operating and producing a first year work plan to share with industry.

MR Submissions (December 2017) - AL asked if Xoserve would have the capability to handle the anticipated volumes and any exceptions. MB indicated this would be addressed in the response to the CMA consultation. Referring to Request 0594R, SM confirmed the first meeting had already taken place and the Workgroup would raise any concerns, however individual parties need to make their own responses to the CMA consultation. In some ways this review group has been superseded so it is better to wait for the outcome of the CMA consultation which will then inform the actions of Workgroup 0594R. The Workgroup is due to report to the January 2017 Panel.

AL confirmed that she was looking at revising Modification 0570, and LJ anticipated that there would be an extension to reporting, to February 2017.

AL suggested that Xoserve should make it clear to the CMA the challenges brought about if they were required to receive reads all at once, and that a phased approach would be more appropriate. SM confirmed that he would putting in a detailed response and that it would be useful for responding parties to be aware if there was anything else pertinent that they needed to take into account prior to responding. PY also indicated he would like any such information shared beforehand, especially if a potential capacity and capability issue had now become apparent. Parties would then be better able to allude to certain potential issues and make clear any concerns. Asked if Xoserve's response could be circulated to parties, MB indicated he would have to check internally.

PSR - This will be coming in after Nexus, towards the back end of 2017. LJ asked when was the best time to commence work on this, and a brief discussion ensued. Code changes may be minimal, but a modification may be required. JD reported that a discussion of timing was held under SPAA, and encouraged parties to speak to their SPAA representatives. It was more likely to be accommodated under SPAA rather than as a UNC modification, but this needs to be confirmed either way.

RAASP - JD reported on the discussions at the Distribution Workgroup. The Change Horizon might need adjustment and it would be prudent to have a caveat, i.e. 'a working assumption' that Q2 2018 is the anticipated timeframe, as it is still 2017 in UNC.

Updates/Revisions - MB will update the Change Horizon as appropriate.

3.2 Forward Workplan (CGR3 deliverable - draft)

LJ outlined the background and requirements under CGR3. The draft spreadsheet was a first attempt at a 'soft' landing and needs backing up with more detail. It will be taken to the Code Administrators meeting at the end of the month.

The spreadsheet was then displayed and LJ presented an overview of the information populated under each tab, drawing attention to Tab 5 where modifications had been listed and aligned to each area of change.

Originally an Elexon model, this tool has been extended in its scope to provide a starting point to meet the CGR3 requirements. It will remain under development and will evolve over time to provide a co-ordinated view of the future (and how aspects can be delivered) across the codes/industries.

JD referred to imminent publication of documents relating to the Code Governance consultation and the wider implementation plan and would provide links to the locations. LJ referred to the governance package observing it is not clear how it should be implemented and that Ofgem would be interested to receive parties' views.

Post Meeting Note: *The following links have been provided.*

New implementation plan page and document: <https://www.ofgem.gov.uk/publications-and-updates/cma-remedies-implementation-plan>

Code governance consultation page: <https://www.ofgem.gov.uk/publications-and-updates/industry-code-governance-initial-consultation-implementing-competition-and-markets-authority-s-recommendations>.

4. Implementing CMA Remedies for the Retail Market

MB reported on the key points.

ECOES/DES Order

Xoserve was required to give Price Comparison Websites (PCWs) access to the Data Enquiry Service (DES). Transporters were required to not take action that would prevent Xoserve from giving access, and were required to use best endeavours to ensure any necessary amendments to UNC. Provisions will come into force on 28 February 2017.

Xoserve and the Transporters must each submit an annual Compliance Statement to CMA (beginning on 31 March 2017). The consultation closes on 18 November 2016.

Gas Settlement Order

This Order is placed on Retail Gas Suppliers for Supply Meters to be able to remotely transmit Valid Meter Readings. From the Project Nexus Implementation Date (PNID), all reasonable steps must be taken to obtain a Valid Meter Reading at least once per month. From PNID + 6 months, all reasonable steps must be taken to obtain a Valid Meter Reading for every day from each Customer. Parties must then submit to the Transporters at least once per month all Valid Meter Readings obtained since the previous submission.

For Supply Meters not able to remotely transmit Valid Meter Readings, all reasonable steps must be taken to submit to the Transporters a Valid Meter Reading at least once every year. The consultation closes on 18 November 2016.

Responding to a question from MB, LJ observed that no action was required at the moment. Once Ofgem's document was available then COB could start to look at the outcomes and how they flow through. Modification 0593 was on the next Distribution Workgroup agenda (24 November 2016). It was suggested that consideration could be given next time, once there is a better view of what Ofgem's latest thinking looks like.

5. Policy Updates

5.1 Ofgem Overview

JD gave an update.

CMA and PSR - JD referred back to the discussions earlier in the meeting.

Nexus - This was still on track, with Nexus due to exit Market Trials at the end of this week. A note would be going out to participants ahead of this, drawing attention to certain areas and caveats regarding the final positions (volumes/transactions).

There were still some defects to be sorted out, but good progress was being made in the right direction.

Reference was made to Modification 0602 (Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)), which was seeking to address the complexities around the June 2017 dates. Ofgem would be minded to accept this proposal if the industry needed it. JD was not aware of any impacts on near term gas systems. It will be discussed at the November UNC Modification Panel, and will be sent to the November Distribution Workgroup. With potentially self-governance status, it was likely to proceed fairly quickly, as pre-modification discussions should have addressed any prior concerns.

5.2 Future Insights

JD had been unable to obtain Ofgem representation to support this item, but would endeavour to provide information in the interim. Deferred to next meeting.

6. Switching Significant Code Review - progress/timeline

JD had circulated two documents prior to the meeting (Switching Seminar presentation and a high level plan) for information. The documents would be available on the Ofgem website shortly.

Switching Seminar presentation

JD explained the scope of the seminar and drew attention (Slide 10 - Draft Reform Packages) to the 4 area groupings, noting the sliding scale of challenges/benefits. He observed that Slide 18 (Reform Package 3: Full Reform) was useful to refer to, as it set out what the future architecture might look like, showing the replacement of areas by the Market Intelligence Service (MIS). Slide 17 (Reform Package 2: Major Reform) was a comparison. A strategy was required for cleansing data; the trade off might be reliability, and there was a need to improve base quality issues.

Directing attention to Slide 26 (Data Improvement Remedies), JD commented that the Performance Assurance Framework need not be limited to gas settlement - it could be utilised to monitor data quality items in other areas.

Switching High Level Programme Plan

This was displayed, with JD observing that the other important aspect was the timeline. There was likely to be immense pressure to bring things forward. Delivery in 2019 was probably too late for build and test - it needs to be much earlier to give parties as much notice as possible, and consideration needs to be given as to how it can be fast-tracked.

JD gave a brief overview. Business assumptions will have needed to be tested much earlier before engaging in build and test, etc. The hard lessons learnt from the Nexus experience will be applied.

7. Beyond 2020 Gas Settlement

JD confirmed that no feedback had been received in response to Action 0702. Referring to the slides presented in July, it was noted that some aspects had now moved on and part of the CMA Order will be in place fairly shortly. With the prospect of more granular data, it would now seem absurd to receive invoices four years after the event, so it would be eminently sensible to begin to give consideration to ways to try and shorten the reconciliation window. JD encouraged parties to start to think about this and provide any insights to JD and LJ.

LJ observed that the Performance Assurance Committee (PAC) would be the more appropriate forum in which to take this forward and it was agreed to remove it from the COB agenda as it was already being discussed at PAC.

8. Revised Terms of Reference (ToR)

The amendments were reviewed and accepted and the Terms of Reference (version 3.0) were approved for publication.

9. Issues for discussion

None raised.

10. Review of Actions Outstanding

COB 0402: *Terms of Reference (ToR)* - All parties to review the ToR, and provide any comments to the Joint Office (by 29 September 2016), for consideration at the October meeting.

Update: See 8, above. **Closed**

COB 0701: *Alternative Sources of Gas* - JF to establish if there was any appropriate report that might assist and inform the COB in its overview of potential and/or impending changes.

Update: JF not present; no update provided. **Carried forward**

COB 0702: *2020 Gas Settlements* - All parties to provide views to JD via correspondence prior to the October meeting.

Update: See 7, above. **Closed**

11. Any Other Business

None raised.

12. Diary Planning and Agenda for the next Meeting

The future of COB was briefly discussed. MB suggested that it would be a good idea to wait and see how the FGO arrangements work in practice and then review. It was observed that the forward workplan presented today bridged the gap between strategic goals and delivery; COB is fundamental to this and is seen to be the most appropriate forum in which to consider these aspects and hold discussions. It was likely that COB could become the gas industry planning forum, and may eventually be enshrined in formal governance.

Meeting frequency was considered and it was agreed to continue with the programme of regular quarterly meetings (February, May, August, November) alternating between London and Solihull.

Post Meeting Note: *Meeting arrangements for 2017 (dates and venues) have been confirmed - see Table below for details.*

Agenda for the next Meeting

It is anticipated that the following items will be addressed at the next meeting (20 February 2017):

- Change Horizon - Update (*Xoserve*)
- Implementing CMA remedies - Update
- Policy Updates and Future Insights (*Ofgem*)
- Issues for discussion
- Review of outstanding action(s).

Meeting papers and/or other items for discussion should be submitted by **Thursday 09 February 2017** to the Joint Office at: enquiries@gasgovernance.co.uk.

Time/Date	Venue	Programme
10:30, Monday 20 February 2017	Rooms LG5 and 6 combined, Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR	• See items at 12, above.
10:30, Monday 15 May 2017	Consort House, Prince's Gate Buildings, 6 Homer Road, Solihull B91 3QQ	• <i>To be confirmed</i>
10:30, Monday 14 August 2017	Rooms LG5 and 6 combined, Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR	• <i>To be confirmed</i>
10:30, Monday 20 November 2017	Solihull (<i>venue to be confirmed</i>)	• <i>To be confirmed</i>

Action Table – Change Overview Board (09 November 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
COB 0402	04/04/16	8.1	<i>Terms of Reference (ToR)</i> - All parties to review the ToR, and provide any further comments to the Joint Office (by 29 September 2016), for consideration at the October meeting.	All parties	Closed
COB 0701	04/07/16	3.1	<i>Alternative Sources of Gas</i> - JF to establish if there was any appropriate report that might assist and inform the COB in its overview of potential and/or impending changes.	Northern Gas Networks (JF)	Carried forward

Action Table – Change Overview Board (09 November 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
COB 0702	04/07/16	5.2	<i>2020 Gas Settlements</i> - All parties to provide views to JD via correspondence prior to the October meeting.	All parties	Closed