

UNC Funding, Governance and Ownership (FGO) Workgroup Minutes
Friday 23 September 2016
at Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Jones	(AJ)	KPMG
Charles Ruffell*	(CR)	RWE
Charles Wood	(CWo)	Dentons
Chris Warner	(CW)	National Grid Distribution
Clare Cattle-Jones	(CCJ)	SSE
Colette Baldwin	(CB)	E.ON
Craig Neilson	(CN)	National Grid Distribution
Gareth Evans	(GE)	Waters Wye Associates
Gavin Anderson*	(GA)	EDF Energy
Gethyn Howard	(GH)	Brookfield Utilities
Gregory Edwards	(GE)	British Gas
James Rigby	(JR)	RWE npower
Martin Baker	(MBa)	Xoserve
Michael Walls*	(MW)	ESP Pipelines
Nick Salter	(NS)	Xoserve
Nicola Cocks	(NC)	KPMG
Rebecca Pickett	(RP)	Ofgem
Rupika Madhura	(RM)	Ofgem
Sean McGoldrick	(SMc)	National Grid NTS
Sue Hilbourne*	(SH)	Scotia Gas Networks

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/fgowg/230916>

1. Introduction and Status Review**1.1. Approval of Minutes (05 September Charging)**

The Minutes of the previous meeting were approved.

2. Second Review of Charging Methodology (final draft)**2.1. CDSP Charging Overview**

In providing a brief overview of the presentation, MBa pointed out that the Customer Charge assumption of £10k per DSC party p.a. was illustrative and based on the principle agreed at the previous meeting.

When asked, CWo outlined the difference between General and Specific charges by explaining that 'general' charges recoup costs on a proportionate basis whilst 'specific' charges are on a service utilised basis. MBa added that the Customer charge is a fixed element.

As far as the 'Indicative Investment Charges' table is concerned, more detail would be provided within the documents to be discussed elsewhere in the meeting.

In considering the 'Indicative Annual Charges' ranges, MBa explained that the provision of a range for the charges is seeking to take into account potential investment fluctuations

from year to year and that a £10k fixed customer charge element is included within the figures provided.

2.2. User Pays Services Review (*incorporating Shipper Charges – Options for charging for Service Provision & Transactional*)

In providing a brief overview of the presentation, MBa advised that the 12 October 2016 effective date for the proposed ACS is subject to there being no adverse feedback / comments from Ofgem and that the service lines reviewed were based on this document.

CWo then went on to explain that whilst the final 01 April 2017 Service Description would include the specific services and their charging measures, the next iteration of the draft document would not.

During a debate on the suitability of the proposed service items for potential transfer to the general services, CWo explained that Modification 0451AV provisions focused on a subset and not the total population.

When asked, the consensus was that work could continue to progress on this matter based on the 1st service item staying as a Specific Service whilst the other items would move to sit under General Services going forwards.

2.3. DSC Customer Charge (*incorporating Shipper Charges – ‘Standing Charge’ and Apportionment Methodology*)

When MBa provided an overview of the presentation, attention focused on considering the two options identified within the ‘Review’ slide, and specifically what could/would be expected to be done where parties without their own IX equipment provisions potentially ‘piggy back’ with a parties that do (e.g. smaller Shippers and Suppliers contract with another organisation for the provision of the service). CWo suggested that the potential issue boils down to whether or not the industry is happy to have market participants actively taking part for free. BF felt that the charges for IX capacity would fall on the party offering the connection and it would be up to them to pass charges on.

When asked whether the whole UK Link system cost recovery aspects had been taken into account, MBa explained that the cost base includes ongoing system estate costs apportioned out on an MPRN portfolio proportional basis. A debate ensued over whether or not customer costs should include indirect costs – it was suggested that utilising indirect costs could/would result in development of an overly complex mechanism that potentially could have a significant impact on new entrants (i.e. a barrier to entry, especially for smaller challenger participants).

In explaining that the level of activity has a direct impact on considerations, MBa wondered whether applying a minimum (fixed) charge supported by transactional charges would work, at which point NS pointed out that Xoserve has considered various options, but returned to the same conclusion because in reality Xoserve’s costs are driven by the need to manage the overall GB supply point count and this data needed to be managed on a fixed cost basis whether other transactional factors applied or not. MBa went on to explain that the figures provided are seeking to establish the base costs to participate.

When it was suggested that perhaps a better understanding would be required of how the charge base is derived and whether or not it is applied at a licence or company level, CWo pointed out that he is not comfortable with the concept of trying to cater for all eventualities as he believes that in short, we are looking at a form of membership fee and the issue is whether this has a material cost across supply points. Some parties warned against potentially over engineering a solution and supported a ‘membership fee’ based approach on the grounds that it provides a logical and proportional solution, which should be affordable for challenger participants. However, it was noted that the iGTs remain concerned at what they perceive to be a potential for them to accrue disproportionate costs.

During a brief debate around how Customer Charge related changes (inc. methodology statement changes) would be governed in future (i.e. via a UNC modification or lower level CDSP change proposal), CWo suggested that there needs to be a business rule

created to agree how Customer Charges are undertaken in future (i.e. via an appropriate governance mechanism). He reminded everyone that the Charging Statement is a product of the Charging Methodology and not the other way around.

The consensus was to retain the Customer Charge as a line within the Service Document, but to apply a zero (£0) value. Closing, CWO suggested that we should be looking to ensure that this agreed approach (i.e. that the Charging Methodology can be amended via a lower level CDSP change proposal) is suitably captured within the UNC Modification Rules – a point acknowledged by those in attendance.

2.4. Apportionment of Network Charges

MBa provided a brief verbal update explaining that following industry discussions, the Transporters (including iGTs) have agreed a mechanism for apportionment of industry charges between themselves.

2.5. CDSP Investment Funding

Following a brief overview of the presentation by MBa, attention was focused on the supporting investment funding Excel spreadsheet and specifically tab number 2 – DSC.

In considering the 'UK Link Post Day 1 (RAASP, Business Debt) + PIS' change item, CN advised that this is essentially a sweep up functionality following phase 1 Nexus implementation and that more granularity of information would be provided within the 2017 Business Plan.

SMc questioned whether or not inclusion of the 'Switching Programme' change item (from a National Grid NTS perspective) was appropriate before also pointing out that National Grid NTS is not within scope of the Smart Metering programme. He also enquired as to whether or not the data takes into account any National Grid NTS / Distribution re-allocation considerations, as discussed at previous Xoserve / Transporter meetings. Responding, MBa confirmed that the reallocation considerations had been factored into the service area apportionment (on a weighted average basis) and was reflected in the financial analysis presented today. He went on to explain that the analysis of forecast investments has been based around the Xoserve January submission, and that forecast investments from April 2017 and constituency funding of these would be revisited as part of the 2017 Business Plan development and engagement activities.

Some parties argued that if Smart Metering has been included within NTS revenue allowances, then its inclusion here is appropriate. Responding, SMc indicated that whilst he is not 100% certain, he is of the opinion that for NTS it is a zero value matter anyway. In concurring with SMc's points, NS questioned why NTS is allocated a proportion of the faster switching costs. MBa pointed out that the challenge with forecasting investment funding relates to the variability of investments over time rather than the apportionment principles.

When some parties pointed out that faster switching in the DSC is largely shipper driven and therefore questioned why National Grid NTS would be expected to pick up a cost (in terms of investment), MBa explained the reasoning behind its inclusion within the spreadsheet – in short, it reflects an initial January assessment around DSC which has subsequently moved on in the intervening period. He recognises that these discussions highlight the fact that clearer investment funding decisions are needed in future.

GH raised a concern relating to the fact that iGTs appear to have mistakenly picked up an additional £100k of costs following the move of the Project Nexus costs (of circa £100k) to the Gas Distribution Networks (GDNs). Responding, MBa agreed to undertake a new action to investigate and provide a response in due course.

When NS suggested that discussions of this nature sit better under the forthcoming Xoserve Plan and Budget for 2017 (BP17) discussions. MBa then added that there are two parallel courses of action required, namely to progress the development of BP17 and to draft the Charging Methodology, then to apply the Methodology to the BP17 forecasts.

Concluding, SMc agreed to discuss his concerns with MBa offline.

New Action FGO 0910: Reference CDSP Investment Funding – Xoserve (MBa) to investigate whether or not the iGTs have mistakenly taken on an additional £100k of investment costs following the similar movement and allocation of the Project Nexus costs (of circa £100k) to the Gas Distribution Networks (GDNs).

3. Working Capital

It was agreed that consideration of this item would be undertaken during discussion of item 5 below.

4. Surpluses and Deficits

It was agreed that consideration of this item would be undertaken during discussion of item 5 below.

5. Budget and Charging Methodology Service Document Update

CWo provided an overview of the latest draft of the Budget and Charging Methodology document during which a summary of the most salient discussion points were captured (by exception), as follows.

When asked what figure, in terms of the methodology, forms the basis for the charge base MBa advised that this starts by defining the CDSP budget (all items) and removing from this various cost elements.

CWo confirmed that the Customer Charge would be set as zero (£0) per annum whilst the 'Overview' item (paragraph 4.1) requires further development.

Moving on to consider the comment on margin associated with paragraph 4.5.2 which states "*i.e. set by the CDSP, reviewed annually, set to maintain an adequate level of working capital, and 0% or a positive integer*". MBa explained that in essence this matter is related to maintaining adequate cash flow.

Parties considered whether or not there would be advantage in having the option for both a positive and a negative value (+ or -) in order to be able to dynamically manage working capital cash flow better. GE once again reiterated his preference to avoid any reconciliations taking place.

When asked, MBa confirmed that margins are set as part of the budget setting cycle, and are usually accompanied by a supporting working capital narrative. NS supported this by suggesting that Xoserve could always include more information within an Xoserve Board Annual Budget Report that would also capture any consultation responses and provide additional transparency around the what, why and how aspects of the work undertaken. When asked whether information such as this is utilised in order that Xoserve can manage the opening and closing positions, or for more wider budget requirements (i.e. project development funding etc.), MBa indicated that it is really for establishing opening / closing positions. SMc suggested that National Grid NTS are confident that Xoserve have demonstrated that they are able to manage their cash flow (surplus or otherwise) going forwards. CN suggested that any cash flow returned to parties would be proportionate to what they are paying in order to avoid cross subsidy related issues.

When asked if Xoserve could provide an explanation on how the margin would be set, MBa responded by advising that he would ensure that this is included as part of the budget and forward plan considerations at the forthcoming Contract Management Group meeting, including a definition of what is deemed as 'adequate'.

In explaining that it is anticipated that paragraph 6 Specific Charges would be developed further, CWo also pointed out that whilst the 'Charging Measure' currently resides within the ACS it would be moving to the Charging Statement in due course.

A brief discussion on comment 14 and potential Gemini related double accounting concerns was undertaken, although it was considered unlikely to happen.

Moving on to consider paragraph 8.1.3, CWo confirmed that the term 'adjusted for margin' relates in this instance to the uplift of all charges uniformly applied across all costs whilst MBa

also advised that it remains the subject of a 'end of year true up' mechanism.

As far as paragraph 8.3.1(c) is concerned, CWo advised that it is looking to provide a pot of money for projects that come along after the initial budget has been set, and seeks to avoid undue distortion of costs throughout the year, especially for costs that we do not know until they actually occur.

Moving on, an extensive debate was undertaken around comment 18 which states *"To consider further, possible differences between actual and budget Change Budget are subject to a discrete adjustment payment, whereas the net effect of all other unders/overs is carried forward into the setting of the Core Annual Service Charge Base for the following year"*.

When concerns around possible reconciliation mechanisms being utilised were once again voiced, CWo reiterated that what is actually being suggested here is that for modifications we would be using the same supply point apportionment (by customer class) mechanism for the forecast of change costs, especially when bearing in mind that at the beginning of the year we do not necessarily know how the (change) budget will change and by what monetary value - some parties wondered whether a subtly different solution based around customer classes change charge base (i.e. a rolling delta) could/would be preferable. MBa indicated that he would investigate whether we could adopt a mechanism whereby we differentiate based on the customer class. NS suggested that this matter falls under the auspices of Change Management discussions.

When discussions moved on to consider future changes and how associated change costs are established/generated and governed, CWo reminded those present that no change procedures (beyond the Rough Order of Magnitude (ROM)) would be triggered until a UNC Modification is approved. When it was suggested that perhaps we could consider a funding split based around the product class, CWo responded by identifying that one possible option could be to take the end of year customer change deltas and add or subtract from the budget at the year end.

NS suggested that all that may be needed is a simple statement within the services document to identify that a UNC Code Modification could/would be needed in order to change the charges. At this point, BF provided an explanation around the current User Pays processes and how the Agency Charging Statement (ACS) is amended (i.e. the modification does not mandate the ACS change itself, but does empower Xoserve and the Transporters to make the necessary changes).

When CB enquired if this means for any change she would need to raise three different requests (a UNC Modification; a change to the Charging Methodology and a change to the Service Description Statement), a debate followed focusing on how some changes might need specific funding arrangements outside of the 'normal' DSC provisions. CWo suggested that the concern is largely unfounded as all that would be needed in reality is for a UNC Modification to be raised and where appropriate, to include a request to change the funding arrangements, all in the one document. He went on to suggest that changes to the Charging Methodology would/could be via a UNC modification, with any subsequent changes to the Charging Statement (if needed) undertaken as a by-product of the Charging Methodology.

It was recognised that a Charging Methodology can be amended by two possible routes – via a UNC modification or via a unanimous vote at the Change Committee where it was related to a minor change or correction, similar to a house keeping change in the UNC process. The Change Committee should not be seen as a route to make material changes to the Charging Methodology.

When it was suggested that based on their historical role in the matter, Transporters have a better understanding of the charges change management processes, CW volunteered to provide a simple (2 slide) process flow map and change process guidance document to aid industry understanding of the matter.

New Action FGO 0911: Reference the Budget and Charging Methodology Service Document – National Grid Distribution (CW) to provide a simple (2 slides) process flow map and thereafter a change process guidance document to aid industry understanding of the change management process.

Moving on, CW advised that he expects stakeholder engagement to ramp up towards the April

2017 deadline. He also indicated that he believes that alignment of various supporting UNC Ancillary Documentation would be needed in due course. However, he believes that these discussions need to be undertaken at the Change Management Workgroup meetings.

Looking to conclude discussions, CWo suggested that what is lacking is a rule (or rules) around allocation of new Specific Service and Investment Charges for changes. He went on to suggest that outside of Specific Service changes, an annex that caters for 'in flight' changes would suffice. Whilst in agreement with CWo's proposal, MBa remarked that this is not necessarily a Day 1 requirement, but something that could be built up over time (i.e. the content of the current ACS could form the basis of the annex which would then build up post April 2017).

New Action FGO 0912: Reference the Budget and Charging Methodology Service Document – iGTs (GH) to look to provide a clarification as to what supply points are being applied to within the sharing mechanism.

6. Outstanding Issues: Bad Debts, Margins and Repeals to revision of User Pays Charges

During a brief discussion on this item, it was noted that the 'bad debts' are considered as part of the cost base planning and budget process. CWo provided a brief explanation of how bad debt would be recovered in future and how the Workgroup had previously indicated a preference for adoption of a retrospective style mechanism – this could include a credit policy and could be reported via the contract committee.

7. Financial Transition

CWo provided a brief overview of the draft 'Outline for Financial Transition' document explaining that paragraph 1.1 seeks to protect parties from risks potentially imposed upon them.

When asked how these proposals would potentially 'fit in' with instances where Xoserve request a budget reopener, CWo advise that whilst these proposals are based around a mutual structure, a UNC modification would be required to facilitate such a requirement.

Moving on to focus on paragraph 3 - Initial Working Capital, MBa provided a brief explanation of the discussions undertaken within the Xoserve Finance Team. When concerns were voiced around the potential (financial) impact of the 01 April 2017 CDSP proposals, CWo explained that accruals would be generated up to the 01 April date, whereas cash flow would be grown post the 01 April 2017 date. CN pointed out that in a worst case scenario a short-term overdraft mechanism could/would be utilised.

In considering paragraph 4.1 – Nexus, it was noted that during the period between the FGO Project Nexus implementation dates, costs would be carved out and allocated to the GTs. For avoidance of any doubt, the post PNID support period is 3 months + fixes and the Gemini support period (based around daily / monthly assessments) is less than 3 months + fixes.

In considering the User Pays Agreements (paragraph 5.3), MBa advised that there could be some time delays associated with billing and settlement aspects, especially when involving non Code services. When asked what is expected to happen with 'in flight' User Pays modifications approved by Ofgem either just prior to or post 01 April 2017, MBa explained that the costs for these would be accrued under the old provisions. When asked whether or not there is a potential risk that parties could be billed for the same service more than once if billed outside of the financial year, MBa suggested that this is really a Transportation Charging Adjustment related concern.

New Action FGO 0913: Reference the Financial Transition requirements – National Grid Distribution (CN) to consider whether or not there is a potential risk that parties could be billed for the same service more than once if billed outside of the financial year, and provide a view back at the next DNCMF meeting.

In closing, NS advised that he has been in initial discussions with P Rogers, National Grid over the potential Xoserve pensions deficit liabilities and how these would be picked up in future – this is now the subject of ongoing discussions between National Grid and the Pensions Trustees.

8. Cost Allocation Model Update

Not specifically covered at the meeting.

9. Review of Requirement for Future Charging Workgroup Discussions

BF opened by advising that currently there are no further specific FGO Charging Workgroup meetings planned as it was anticipated that any further charging related discussions would be managed as specific topics within other scheduled FGO Workgroup meetings.

During a brief discussion around whether or not all FGO charging matters had been considered and completed, some parties questioned whether or not the historic liabilities issue had been resolved satisfactorily, to which it was suggested that the transitional document statements have already covered off this matter even though it is possibly a business plan consideration anyway.

CWo explained that his expectation is that the final set of accounts in June 2017 should closeout the Agency Services Agreement (ASA) completely, whether over or under funded. However, MBa pointed out that it is the association of a cost to a pre-April 2017 event that is a potential concern, but he expects that Xoserve will have accrued all items prior to the FGO implementation date as part of its normal year end accounting procedures. MBa agreed to discuss the matter with CWo and provide an update in due course.

It was agreed that a further FGO Charging Workgroup meeting, integrated within an existing FGO Workgroup meeting, would be beneficial in order to cover off the final charging related elements such as consideration of:

- a final Service Document iteration;
- a final Change Methodology document iteration sweep up;
- change management and how it dovetails with the change methodology;
- process flow map and guidelines, and finally
- margins.

It was agreed to add these outstanding FGO Charging items to the 05 October 2016 FGO (0565) Workgroup meeting agenda.

10. Review of Actions Outstanding

FGO 0705: Xoserve (AMi) and Brookfield Utilities (GH) to discuss how and when the iGTs will be included into the Cost Allocation Model and GH to provide any concerns iGTs may have with the allocation process.

Update: GH advised that he has yet to discuss the matter with Ami. **Carried Forward**

Expanded Action FGO 0711: All to look at the charging of costs for investment from the January documentation and investigate how certain types of investment should be funded.

- a) ~~AJ to provide the relevant KPMG document for circulation as soon as possible; (**Post Meeting Note:** On 23 August 2016 AJ re-circulated to the FGO Charging Workgroup the January submission made to Ofgem. **Completed**)~~
- b) MBa to provide more narrative detail behind the January figures as soon as possible;

Update: MBa explained that this outstanding element had now been completed **Closed**

- c) All parties to reconsider whether initial assumptions remained valid regarding funding routes/parties or if should they be revised in the light of more detail regarding fixed/variable costs being made available prior to the next meeting (05 September 2016).

Update: It was agreed that this part of the action could now be closed. **Closed**

FGO 0801: *Allocation of Costs to DSC Services, UK Link Manual and iGT facing Services*

Update: The action was split into two component parts, as follows at the 05 September meeting.

- a) MBa to provide greater clarity regarding any defined services/cost allocations (service drivers, system connection costs, etc.). Also, GTs to consider treatment of CSEP Admin Charge under FGO (both pre and post Nexus).

Update: Discussions between interested parties are ongoing. **Carried Forward**

b) MBa advised that this element of the action had now been completed. **Closed**

FGO 0807: *Methodology for apportionment of GT and iGT Charges* - GTs and iGTs to consider rules for apportionment of charges under the interim and enduring arrangements.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0809: RM to consider at what level and where CDSP charging methodology objectives might best reside.

Update: In RM's absence it was agreed to carry forward the action. **Carried Forward**

FGO 0901: *Reference the Sharing of Charges Modelling* - Waters Wye Associates (GE) to seek to ascertain Trader views on the Sharing of Charges model, especially the three proposed Shipper options.

Update: BF explained that GE had written out to Traders seeking their views, and to date, no responses had been forthcoming. **Closed**

FGO 0902: *Reference the Sharing of Charges Modelling* – Xoserve (MBa / NS) to consider whether or not, billing out on a monthly basis would/could be viable.

Update: NS noted that this could be a resource heavy commitment, and remains under consideration. **Carried Forward**

FGO 0903: *Reference the Sharing of Charges Modelling* – Xoserve (MBa / NS) to look to develop and provide more accurate costing information based around the two MPRN options, including what is involved in the 'fixed' licence fee and the rationale behind MPRN option 3.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0904: *Reference the Sharing of Charges Modelling* – Xoserve (MBa / NS) to review the User Pays services and to consider those which could continue to be charged on a 'transactional' basis as Specific Charges and to identify those which could be included in General Service Charges and apportioned on MPRN count.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0905: *Reference the Outline of Budget and Charging Methodology* – Xoserve and Dentons (MBa & CWo) to look to provide a working example for the Annual Customer Class Infrastructure Charge.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0906: *Reference the Outline of Budget and Charging Methodology* – Xoserve (MBa) to look to provide a working example for investment analysis utilising the proposed calculations over a 5 year period.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0907: *Reference the Outline of Budget and Charging Methodology* – Xoserve (MBa) to provide a view on how application of the DSC Charging Methodology to the cost assessment forecasts compares to the cost assessment view of constituency funding.

Update: MBa advised that the action had now been completed. **Closed**

FGO 0908: *Reference the Outline of Budget and Charging Methodology* – Dentons (CWo) to look to amend the document, especially aspects of paragraph 9 in line with Workgroup discussions.

Update: CWo and MBa advised that the action had now been completed. **Closed**

FGO 0909: Xoserve (MBa) to define a process around the creation of Working Capital and how

you manage any margins therein.

Update: MBa advised that the action had now been completed. **Closed**

11. Any Other Business

None.

12. Diary Planning

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

Workplan Review

Not specifically discussed at the meeting.

Meeting Programme

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10.00 Thursday 29 September 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> • UNC Drafting (Pre-Nexus) • TPD Section G • TPD Section H • TPD Section M • Changes to other Sections (including changes to Modification Rules) • Transitional Arrangements •
10.00 Monday 03 October 2016	Dentons, One Fleet Place, London EC4M 7RA	FGO Workgroup and Workgroup 0565SDSC <ul style="list-style-type: none"> • Contract Management Arrangements • Third Party Services Policy • Transitional Arrangements (including financial transition) • Credit Policy
10:00 Wednesday 05 October 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> • Charging Methodology Sweep Up • Charging Process Flow Map Review
10.00 Tuesday 11 October 2016	Elexon, 4 th Floor, 350 Euston Road, London NW1 3AW	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> • Approach to sequencing of UNC/DSC changes in conjunction with Project Nexus arrangements • General Terms (GT) • Transportation Principal Document (TPD) • Transition Document (TD)

10.00 Tuesday 11 October 2016	Elexon, 4 th Floor, 350 Euston Road, London NW1 3AW	<p>FGO Workgroup and Workgroup 0565</p> <ul style="list-style-type: none"> • Approach to sequencing of UNC/DSC changes in conjunction with Project Nexus arrangements • General Terms (GT) • Transportation Principal Document (TPD) • Transition Document (TD) • Modification Rules
10.00 Monday 17 October 2016	Dentons	<p>FGO Workgroup and Workgroup 0565</p> <ul style="list-style-type: none"> • Framework Agreement • Data Services Contract (DSC) Terms and Conditions • Credit Policy • Contract Management
10.00 Tuesday 18 October 2016	Dentons	<p>FGO Workgroup and Workgroup 0565</p> <ul style="list-style-type: none"> • Services • Budget and Charging Methodology • Change Management • Third Party Services • Transitional Arrangements, including financial transition

FGO WG Actions (05 September 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
FGO 0705	29/07/16 Charging	2.0	Xoserve (AMi) and Brookfield Utilities (GH) to discuss how and when the iGTs will be included into the Cost Allocation Model and GH to provide any concerns iGTs may have with the allocation process.	Xoserve (MBa) Brookfield Utilities (GH)	<i>Due at 05 Oct meeting</i> Carried Forward
FGO 0711	(29/07/16) Action expanded 22/08/16 Charging	(9.0) 7.0	All to look at the charging of costs for investment from the January documentation and investigate how certain types of investment should be funded. a) AJ to provide the relevant KPMG document for	All	Update on (b) provided.

			<p>circulation as soon as possible;</p> <p>b) MBa to provide more narrative detail behind the January figures as soon as possible;</p> <p>c) All parties to reconsider whether initial assumptions remained valid regarding funding routes/parties or if should they be revised in the light of more detail regarding fixed/variable costs being made available prior to the next meeting (05 September 2016).</p>		<p>(a) Completed</p> <p>(b) Closed</p> <p>(c) Closed</p>
FGO 0801	22/08/16 Charging	2.0	<p><i>Allocation of Costs to DSC Services, UK Link Manual and iGT facing Services</i></p> <p>a) MBa to provide greater clarity regarding any defined services/cost allocations (service drivers, system connection costs, etc.). Also, GTs to consider treatment of CSEP Admin Charge under FGO (both pre and post Nexus).</p> <p>b) MBa to consider how the transfer over to Project Nexus would be completed.</p>	Xoserve (MBa) and the GTs	<p><i>Due at 05 Oct meeting</i></p> <p>a) Carried Forward</p> <p>b) Closed</p>
FGO 0807	22/08/16 Charging	2.0	<p><i>Methodology for apportionment of GT and iGT Charges - GTs and iGTs to consider rules for apportionment of charges under the interim and enduring arrangements.</i></p>	Transporters	<p>Update provided.</p> <p>Closed</p>
FGO 0809	22/08/16 Charging	5.1	<p>RM to consider at what level and where CDSP charging methodology objectives might best reside.</p>	Ofgem (RM)	<p><i>Due at 05 Oct meeting</i></p> <p>Carried Forward</p>
FGO 0901	05/09/16 Charging	2.	<p><i>Reference the Sharing of Charges Modelling - Waters Wye Associates (GE) to seek to ascertain Trader views on the Sharing of Charges model, especially the three proposed Shipper options.</i></p>	Waters Wye Associates (GE)	<p>Update provided.</p> <p>Closed</p>
FGO 0902	05/09/16 Charging	2.	<p><i>Reference the Sharing of Charges Modelling – Xoserve (MBa / NS) to consider whether or not, billing out on a monthly basis would/could be viable.</i></p>	Xoserve (MBa / NS)	<p><i>Due at 05 Oct meeting</i></p> <p>Carried Forward</p>

FGO 0903	05/09/16 Charging	2.	<i>Reference the Sharing of Charges Modelling</i> – Xoserve (MBa / NS) to look to develop and provide more accurate costing information based around the two MPRN options, including what is involved in the 'fixed' licence fee and the rationale behind MPRN option 3.	Xoserve (MBa / NS)	Update provided. Closed
FGO 0904	05/09/16 Charging	2.	<i>Reference the Sharing of Charges Modelling</i> – Xoserve (MBa / NS) to review the User Pays services and to consider those which could continue to be charged on a 'transactional' basis as Specific Charges and to identify those which could be included in General Service Charges and apportioned on MPRN count.	Xoserve (MBa / NS)	Update provided. Closed
FGO 0905	05/09/16 Charging	2.	<i>Reference the Outline of Budget and Charging Methodology</i> – Xoserve and Dentons (MBa & CWo) to look to provide a working example for the Annual Customer Class Infrastructure Charge.	Xoserve & Dentons (MBa / CWo)	Update provided. Closed
FGO 0906	05/09/16 Charging	2.	<i>Reference the Outline of Budget and Charging Methodology</i> – Xoserve (MBa) to look to provide a working example for investment analysis utilising the proposed calculations over a 5 year period.	Xoserve (MBa)	Update provided. Closed
FGO 0907	05/09/16 Charging	2.	<i>Reference the Outline of Budget and Charging Methodology</i> – Xoserve (MBa) to provide a view on how application of the DSC Charging Methodology to the cost assessment forecasts compares to the cost assessment view of constituency funding.	Xoserve (MBa)	Update provided. Closed
FGO 0908	05/09/16 Charging	2.	<i>Reference the Outline of Budget and Charging Methodology</i> – Dentons (CWo) to look to amend the document, especially aspects of paragraph 9 in line with Workgroup discussions.	Dentons (CWo)	Update provided. Closed
FGO 0909	05/09/16 Charging	7.	Xoserve (MBa) to define a process around the creation of Working Capital and how you manage any margins therein.	Xoserve (MBa)	Update provided. Closed
FGO 0910	23/09/16 Charging	2.5	<i>Reference CDSP Investment Funding</i> – Xoserve (MBa) to investigate whether or not the iGTs have mistakenly taken on an	Xoserve (MBa / NS)	Due at 05 Oct meeting Pending

			additional £100k of investment costs following the similar movement and allocation of the Project Nexus costs (of circa £100k) to the Gas Distribution Networks (GDNs).		
FGO 0911	23/09/16 Charging	5.	<i>Reference the Budget and Charging Methodology Service Document – National Grid Distribution (CW) to provide a simple (2 slides) process flow map and thereafter a change process guidance document to aid industry understanding of the change management process.</i>	National Grid Distribution (CW)	<i>Due at 05 Oct meeting</i> Pending
FGO 0912	23/09/16 Charging	5.	<i>Reference the Budget and Charging Methodology Service Document – iGTs (GH) to look to provide a clarification as to what supply points are being applied to within the sharing mechanism.</i>	iGTs (GH)	<i>Due at 05 Oct meeting</i> Pending
FGO 0913	23/09/16 Charging	7.	<i>Reference the Financial Transition requirements – National Grid Distribution (CN) to consider whether or not there is a potential risk that parties could be billed for the same service more than once if billed outside of the financial year, and provide a view back at the next DNCFM meeting.</i>	National Grid Distribution (CN)	<i>Due at 05 Oct meeting</i> Pending