Joint Office of Gas Transporters

UNC Workgroup 0689 Minutes

Removing the requirement to support Invoice queries before the due date with information from the .AML file

Thursday 25 April 2019

at Elexon, 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Andy Clasper	(AC)	Cadent
Brandon Rodrigues*	(BR)	ESP Utilities
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates Ltd
Guv Dosanjh	(GD)	Cadent
John Cooper*	(JC)	BU-UK
Kate Mulvany	(KM)	British Gas
Kirsty Dudley*	(KD)	E.ON
Mark Jones	(MJ)	SSE
Matthew Payne	(MP)	SGN
Richard Pomroy	(RP)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom
Tracey Saunders	(TS)	Northern Gas Networks

via teleconference

Copies of all papers are available at: https://www.gasgovernance.co.uk/0689/250419

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 August 2019.

1.0   Outline of Modification

Gareth Evans (GE) introduced the Modification and explained that currently, the only prescribed mechanism for challenging an invoice issued under UNC TPD Section S is that any challenge must be based on the supplied backing data provided by Xoserve contained in the accompanying .AML file. However, file issues mean that Shippers have not been able to challenge known errors or validate invoices and has meant that they are required to pay incorrect invoices unless they are prepared to pay interest on any dispute.

He explained that the backing data post-Nexus provided from the .AMl file is not accurate, this is a known issue and Shippers have been requesting the file/process to be corrected since soon after Nexus implementation.

The proposal therefore, is to modify UNC Section S of the Transportation Principal Document (TPD) with the relevant text being in Section S4.2. Tracey Saunders (TS) also suggested that Section S 3.8.5 might be relevant.

He added that the solution is simple, and no system changes are required.

GE then invited Dave Addison (DA) to provide an update from the Amendment Invoice Task Force who had held a customer event on 24 April 2019. DA provided a presentation which had been discussed in detail at the customer event and used some of the slides in the Workgroup meeting to clarify:

- What an amendment invoice is (slide 2)

- What an amendment invoice consists of (slide 3)

- Key timings (slide 4)

- ASP and AML mismatches (slide 10)

- Exclusions (slide 22)

- Defects (slide 23)

- Timeline (slide 25)

DA suggested that the invoice is correct, but the generation of the supporting information is incorrect in the first run. He highlighted that Xoserve are self-suppressing and removing inaccurate information. So, the key issue is the quality of the supporting information.

Mark Jones (MJ) asked if a Shipper withheld payment how would this be allocated to other Shippers. GE indicated that UNC TPD Section S 4.1, 4.2, 4.3 and 4.4 set out the rules in relation to invoice queries, query before payment, other queries and resolution of queries respectively. Steve Mulinganie (SM) confirmed that the Modification relates to the querying of invoices and not the non-payment of invoices.

Workgroup expressed concern about the information being suppressed by Xoserve as they didn't have any visibility of it in terms of the type or value.

DA acknowledged that industry confidence has been damaged. He reiterated that the perceived view at Xoserve is that the invoices are correct, but the supporting information is not. He indicated that two defects have been fixed and where invoices have been corrected, Xoserve have generated supporting information files.

SM expressed concern stating that there was loss of trust in the process due to the time taken to correct defects and a resolution was needed to build the trust back particularly as the fixes implemented to date haven't worked. He added that there are audit implications and due diligence issues caused by uncertainty around incorrect accounts and Xoserve as the service provider is not able to provide the correct information.

DA accepted the criticism from industry indicating that steps were being taken to address the issues and more customer sessions are being planned.

He provided more clarity of an amendment invoice through slide 3 of the presentation, highlighting that the ASP files are "thin files" providing the first level of supporting information and that AML files are the "thick files" providing the second level of supporting information. The AML file is delivered at a later date following invoice generation. This is illustrated on slide 4 which sets out the key timings and shows the AML supporting file is provided the 2nd weekend after invoice delivery date.

DA then suggested consideration of slide 10 of the presentation as important for the Modification as it provides clarity of the ASP and AML mismatches. He reiterated his earlier view that the problem is caused by Xoserve removing values from the AMS invoice and the fact that Shippers have no information of what aspects have been removed from the invoice until the supporting information is received. Reconciliation of these items is not notified to Shippers.

He added that Xoserve are committed to providing the supporting information earlier and also to increase the transparency of the information.

Participants reiterated their significant concerns about the invoice issues, suggesting that the issues are not being managed well and felt that Xoserve are not being proactive as Shippers have had to tell Xoserve there are issues. Concern was also expressed that Xoserve systems have not identifed the issues.

Participants expressed concern about the level and value of suppression being applied and suggested that the consequences of solving suppression or not may impact on a Shipper's overall commercial position.

In addition, some participants asked how the impact of the solution being implemented will be managed as Modification 0689 is not aimed at solving suppression but by suppressing items it may make it look like the invoice issue is improving when it isn't.

SM suggested that a plain English explanation was needed to understand suppression to help Shippers understand if a Modification is needed to address this issue.

> **New Action 0101:** Xoserve (DA) to provide a plain English explanation of why Shippers should not be concerned about suppression of items in the invoice and also to provide more information on the level and value of suppression being applied.

In relation to slide 25 showing the summary resolution plan, SM suggested that it was clear what date is being aimed at to fix the problem and queried whether there would be an enduring solution put in place this year.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

The Modification Panel requested that clarification be provided on the file type whether it is .AML or .AMS. GE clarified that there is no specific flow type so the references to .AML can be removed in the Modification.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at https://www.gasgovernance.co.uk/0689

3.0 Next Steps

BF confirmed that the next steps are to clarify the Modification and provide an amended version having reviewed the references and for Xoserve to confirm what system changes are needed if any.

Legal Text will then need to be developed.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: https://www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Wednesday 22	Radcliffe House, Blenheim Court, Warwick Road,	Detail planned agenda items. • Amended Modification

May 2019	Solihull, B91 2AA	• Consideration of Business Rules
		• Review of Impacts and Costs
		• Consideration of Wider Industry Impacts

Action Table (as at 25 April 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	25/04/19	1.0	Xoserve (DA) to provide a plain English explanation of why Shippers should not be concerned about suppression of items in the invoice and also to provide more information on the level and value of suppression being applied.	Xoserve (DA)	**Pending**