

UNC Workgroup 0662 Minutes
Revenue Recovery at Combined ASEPs
Thursday 02 August 2018
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alex Nield*	(AN)	Storeenergy UK
Andrew Pearce	(AP)	BP
Bill Read	(BR)	RWE Supply & Trading GmbH
Colin Hamilton	(CH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Dickson*	(GD)	Interconnector
Graham Jack*	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Julie Cox*	(JCx)	Energy UK
Kirsty Ingham*	(KI)	ESB
Malcolm Montgomery	(MM)	National Grid NTS
Paul Brennan*	(PB)	Waters Wye Associates
Richard Fairholme*	(RF)	Uniper
Robin Dunne	(RD)	Ofgem
Sarah Carrington	(SC)	National Grid NTS
Shiv Singh*	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britten*	(SB)	GMO - NI
Terry Burke	(TB)	Equinor UK Ltd
William Webster	(WW)	Oil & Gas UK

**via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0662/020818>

1. Introduction and Status Review

1.1. Approval of Minutes (05 July 2018)

The minutes from the previous meeting were approved.

2. Review of Amended Modification

Consideration deferred.

3. Review of Issues and Questions from Panel

Consideration deferred.

4. Consideration of Business Rules

Consideration deferred.

5. Review of Impacts and Costs

Consideration deferred.

6. Review of Relevant Objectives

Consideration deferred.

7. Consideration of Wider Industry Impacts

Consideration deferred.

8. Consideration of Legal Text

Consideration deferred.

9. Development of Workgroup Report

Consideration deferred.

10. Review of Outstanding Actions(s)

Action 0701: National Grid NTS (CH) to provide information with regards to the proposed formula covering capacity bought prior 01 October 2019 from an exempt capacity perspective.

Update: When CH outlined the National Grid NTS response contained on page 3 of the National Grid NTS '*UNC 0662: Revenue Recovery at Combined ASEPs*' presentation.

In briefly considering the proposed timetable on slide 2, CH explained that there is still a level of uncertainty involved around the actual dates, until UNC Modification 0621 or one of its alternatives is approved.

Discussions then focused on the outstanding Action 0701 (part 2) slide 4, whereby CH advised that he anticipates that the details and business rules would be explored further during development of the Workgroup Report. When asked, CH provided the rationale behind the proposed 'mapping' (i.e. the relationship and timings of capacity booking etc.), before explaining that the main aim of the proposals is to achieve consistency, if nothing else. CH acknowledged that whilst this may not be an ideal situation, there is no clean solution available for what is essentially a transitional issue. Thereafter, it was agreed that this action is now complete. **Closed**

Action 0702: National Grid NTS (CH) to provide feedback on the proposed cost of the overall process and any associated costs that could be incurred.

Update: Focusing attention on the National Grid NTS response contained on page 5 of the National Grid NTS '*UNC 0662: Revenue Recovery at Combined ASEPs*' presentation, CH explained that the cost of actually implementing this matter from a systems perspective is based on an 01 October 2019, Bacton only implementation phase followed by all other IPs from 01 October 2020.

As far as the 'solution chosen' statement is concerned, it should be noted that incorporation of an appeals process mechanism could potentially incur higher costs. Furthermore, it is not anticipated that additional costs would be applied on Shippers on the grounds that the expectation is for provision of a 'light, single use process' solution.

When asked whether or not National Grid NTS has a view on the monetary value involved, especially when it could potentially impact on the provision of any appeals process, CH responded that no view was available at this time.

When asked what would happen to any capacity associated with these proposals, CH reminded those present that the aim of the proposed approach is to adopt a 'light touch' process, whereby the capacity aspects are untouched – in short, the working assumption is that any exempt quantity would be charged down, in the event that capacity had been 'traded away'.

When it was suggested that there is still a potential for implementation costs to be involved, CH agreed before pointing out that his expectation is that items such as this would be identified during development of the Workgroup Report. Thereafter, it was agreed that this action is now complete. **Closed**

Action 0703: National Grid NTS (CH) to provide any data that could be publicly disclosed that may have a bearing on materiality.

Update: Focusing attention on the National Grid NTS response contained on page 6 of the National Grid NTS 'UNC 0662: Revenue Recovery at Combined ASEPs' presentation, CH explained that this action is closely linked to the question of whether or not the modification satisfies the self-governance criteria.

Parties were asked to note that National Grid NTS's initial view was that it should be a self-governance modification, although this was not a view shared by the 21 June 2018 Panel members. As a consequence, Panel has requested that the Workgroup considers the question of self-governance status for the modification as part of its wider deliberations, although it is acknowledged that this could come at quite a late stage in the Workgroup Report development phase. When one party suggested that self-governance status might not be appropriate on the grounds that there might be some dispute resolution impacts involved, BF pointed out that there are clear self-governance criteria and guidelines available which the Workgroup would need to consider in order to provide a recommendation to Panel.

MM pointed out that it has been suggested that the Workgroup only really considers the details behind this modification once a final decision on UNC Modification 0621, or one of its alternatives has been provided.

In pointing out that his initial focus was on Bacton 2019 requirements when raising this modification, CH advised that he might need to now revisit the wording within the modification and make suitable amendments. It was noted that changes were required regardless of an implementation of Modification 0621 or one of its alternatives, Modification 0621 adds more complexity to the issue and a need to correct the existing position. Thereafter, it was agreed that this action is now complete. **Closed**

11. Next Steps

BF summarised the potential next steps, as follows:

- National Grid NTS to consider providing a change marked amended modification for Workgroup consideration, and
- National Grid NTS to consider providing a view on how best to progress this modification, following offline discussions with interested / impacted parties and in light of the impending decision on UNC Modification 0621, or any of its alternatives – this might involve monthly Workgroup progress updates

12. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10.00 Thursday 06 September 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda, plus <ul style="list-style-type: none"> • Consideration of Amended Modification • Consideration of how best to progress the Modification

10.00, Thursday 04 October 2018	Elxon, 350 Euston Road, London NW1 3AW	Standard Agenda
10.00, Thursday 01 November 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda
10.00, Thursday 06 December 2018	Elxon, 350 Euston Road, London NW1 3AW	Standard Agenda

Action Table (as at 02 August 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0701	05/07/18	1.0	To provide information with regards to the proposed formula covering capacity bought prior 01 October 2019 from an exempt capacity perspective.	National Grid NTS (CH)	Update provided. Closed
0702	05/07/18	1.0	To provide feedback on the proposed cost of the overall process and any associated costs that could be incurred.	National Grid NTS (CH)	Update provided. Closed
0703	05/07/18	2.1	To provide any data that could be publicly disclosed that may have a bearing on materiality.	National Grid NTS (CH)	Update provided. Closed