

**UNC Workgroup 0667 Minutes
Inclusion and Amendment of Entry Incremental Capacity Release
NPV test in UNC**

Thursday 07 February 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Anna Shrigley*	(ASh)	Eni Trading & Shipping
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE Supply & Trading GmbH
David Cox*	(DC)	London Energy Consulting
Debra Hawkin*	(DH)	TPA Solutions
Graham Jack*	(GJ)	Centrica
Jeff Chandler*	(JC)	SSE
John Costa*	(JC)	EDF Energy
Jonathan Baggott	(JB)	National Grid NTS
Julie Cox*	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Lea Slokar*	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid
Nicky White*	(NW)	npower
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Roddy Monroe	(RM)	WWA
Steve Britton*	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Sue Ellwood*	(SE)	TPA Solutions
Terry Burke*	(TB)	Equinor

**via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0667/070219>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 March 2019.

1.0 Introduction and Status Review

1.1. Approval of minutes (08 January 2019)

The minutes of the previous meeting were approved.

2.0 Consideration of Amended Modification

Adam Bates (AB) provided an overview of the various amendments that had been made to the Modification following the suggestions put forward in the previous meeting, and he requested the Workgroup to note the specific areas of interest in relation to the solution, relevant objectives and the *Minimum Duration Analysis* presentation, which can be viewed via the link below: <http://www.gasgovernance.co.uk/0667/070219>

AB said it was his intention to complete the Workgroup Report at the next meeting on 07 March 2019, once he had amended the solution based on the feedback received.

Lea Slokar (LS) requested reassurance about the uneconomic outcomes if the 16 Quarter Rule was not applied to the Incremental Capacity and AB said he would investigate this matter further.

Malcolm Montgomery (MM) provided an overview of the *Capacity Methodologies Review* presentation which can be viewed via the link: <http://www.gasgovernance.co.uk/0667/070219>

MM explained that the consultation process was open until 15 February 2019. He then summarised the differences between National Grid NTS and the South Hook Gas proposals. He explained that the substitution automatically passed the NPV Test and he drew attention to the fact the Modification made the proposal in relation to re submission, AB agreed to investigate this and clarify this area within the Modification.

A lengthy and protracted discussion then took place in relation to the capacity booked versus what was required and the liability aspect on the tariffs, also regarding the Incremental Capacity.

Bill Reed (BR) said that this whole area needed to be defined and included in the Modification and he made the point that in the future PARCA may no longer be fit for purpose. MM said that the NPV Test could not be amended for one and not other methodologies and Julie Cox (JCx) said in that case, was an alternative Modification be required so that both options can be compared to each other and then address this matter?

MM explained that it would be an Ofgem decision on the methodology, and if Ofgem agreed to the National Grid NTS proposal then an alternative Modification would not be required as Ofgem would have approved the methodology. There were concerns that National Grid appeared to be changing the rules through a closed approach rather than test the benefits of each by raising Modifications.

LS said that from a funding investments perspective, what would that mean in real terms to the consumers? She then requested that some examples should be produced and that these would be very helpful. MM agreed to produce examples in relation to the impacts on consumers.

New Action 0201: National Grid NTS (MM) to produce examples of funding investments and what the impact would be to consumers.

3.0 Consideration of Legal Text

Not discussed in this meeting.

4.0 Development of Workgroup Report

4.1 Consideration of wider Industry impacts

Not discussed in this meeting.

5.0 Next Steps

BF confirmed that his aspirations for the meeting to be held on 07 March 2019 were to further review the amended Modification, and the Legal Text and to complete the Workgroup Report.

6.0 Any Other Business

None.

7.0 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
10:00 Thursday 07 March 2019	Elexon 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> • Review of Amended Modification • Consideration of Wider Industry Impacts • Consideration of Legal Text • Completion of Workgroup Report

Action Table (as at 07 February 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	07/02/19	2.0	National Grid NTS (MM) to produce examples of funding investments and what the impact would be to consumers.	National Grid NTS (MM)	Pending