

NTS Charging Methodology Forum (NTSCMF) Minutes

Thursday 10 January 2013

ELEXON, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Antony Miller	(AM)	Centrica Storage
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Colin Williams	(CW1)	National Grid NTS
Debra Hawkin	(DH)	National Grid NTS
Fiona Strachan	(FS)	Gazprom
Graham Jack	(GJ)	Centrica
Harvey Beck	(HB)	Ofgem
James Thomson	(JT)	Ofgem
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Lewis Hodgart	(LH)	Ofgem
Peter Bolitho	(PB)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Richard Hounslea	(RH)	National Grid NTS
Rob Marshall	(RM1)	National Grid NTS
Roddy Monroe	(RM)	Centrica Storage
Shelley Rouse	(SR)	Statoil

Copies of all papers are available at: www.gasgovernance.co.uk/ntscmf/100113

1. Introduction

TD welcomed attendees to the meeting.

2. Review of Minutes and Actions from the previous meeting (06 September 2012)

2.1 Minutes

The minutes of the previous meeting were approved.

2.2 Actions

NTS07/04: TO Exit Capacity Charge - Check whether the proposed changes affect any part of UNC TPD Y to the extent that the development of a UNC modification would be required.

Update: DH confirmed that this was under consideration and it was very likely that a formal modification would be required to change the date. **Closed**

3. Workgroups

The following individual Workgroup meeting took place:

3.1 **0438S – Update of UNC TPD Section Y to reflect Exit Reform arrangements**

Minutes for this meeting are at: www.gasgovernance.co.uk/0438/100113

4. **Issues**

4.1 **RIIO Issues**

DH reported that the RIIO final proposals were under close consideration prior to acceptance/rejection. It was likely that a 'tidy up' modification will be needed to reflect some of the changes required. Other charging issues might surface and these will be brought to NTSCMF's attention as appropriate.

RF observed that a range of indicative figures have been published and asked where the final proposals sit in the range. DH confirmed that these were closer to end of the range represented by Ofgem's initial proposals.

4.2 **Charging Volatility**

CW1 presented two graphs illustrating the potential impact of a one-off April 2013 change on NTS Exit Capacity charges. An Open Letter is to be sent to Ofgem in the next few days, proposing to change Exit Capacity charges from April 2013.

Responding to a question from TD, it was confirmed that National Grid NTS had received 9 written responses to its discussion paper on this issue, 7 of which were in favour of an April change. A report on the consultation had been issued, indicating that National Grid NTS proposed to follow the majority view and put forward the change. GJ indicated that Centrica had provided a qualified response and reiterated that he would like to see actual figures showing the proposed charges in each exit zone. DH responded that the numbers will be included in the letter sent to Ofgem proposing the change is made, and she looked forward to GJ's response once these had been considered. She reiterated that the change was being proposed because of stakeholder views. The expectation is that the April changes will follow the pattern in the graphs, although there may be a little bit of movement. A price change in April would be expected to be smaller than if the change was made in October. RM asked if there could be an update provided of the indicative charges effective from October 2013, which DH agreed to look into.

Action NTS01/01: Publish an update of indicative charges effective from October 2013.

RM drew attention to an issue that had surfaced at Rough, which resulted in what was perceived to be an inefficient tying up of credit. This resulted from the indicative charges being based on National Grid's business plan and so being significantly higher than is now anticipated in light of the final RIIO proposals, with credit requirements being consequently over stated in light of the link to indicative charges. Given the difficulty of raising credit at the present time, RM believed that inefficient use of available credit facilities was likely to be a much wider issue and certainly not specific to Centrica Storage. DH confirmed that this had been recognised by National Grid NTS; the issue had been raised internally and was under discussion with the Credit Team. DH hoped to contact RM following this.

RF queried whether every single site will see a reduction if an April price change is implemented; DH responded that the proposal is an adjustment factor change, and there will be no rebalancing. CW1 added that not every site will come down to the same degree – it was not a percentage but an absolute reduction that would be applied and this would not be uniform since some charges are already at the minimum, or will reach it as a result of the reduction

LH commented that an inadequate notice period had been cited as the main reason for non-support in the two responses not in favour. RF observed that this issue was based on insufficient time being available to strike new contracts. It would be useful to see the actual figures/data to get a clearer view of the impact.

DH pointed out that distributional impacts were likely in October, reflecting the use of revised supply and demand scenarios. However, this element of volatility would be experience irrespective of whether or not there is a one-off April 2013 adjustment in the level of charges. GJ suggested that making 01 April the start of the charging year should be considered.

It was accepted that issues relating to charging volatility remain to be addressed and need further consideration. It was suggested that National Grid NTS bring options together with any identified pros/cons to the next meeting.

Action NTS01/02: *Charging Volatility* – Provide options, with any identified pros/cons, to the next meeting (March).

4.3 New Issues

None raised.

5. European Developments

Tariffs

LH observed it would be useful to have some time allocated to Tariff issues at the next meeting. DH indicated that she would be happy to bring more material as details become available. There was to be another stakeholder workshop in March, and the Framework Guidelines would be drafted shortly afterwards (beginning of April).

6. Any Other Business

None raised.

7. Diary Planning

It was agreed that the next NTSCMF meeting should take place on Thursday 07 March 2013, at Elexon, 350 Euston Road, London NW1 3AW, following the Transmission Workgroup meeting.

Date	Time	Venue
Thursday 07 March 2013	(After Transmission Workgroup)	Elexon, 350 Euston Road, London NW1 3AW

Thursday 02 May 2013 (<i>to be confirmed</i>)	(After Transmission Workgroup)	Elexon, 350 Euston Road, London NW1 3AW
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NTS Charging Methodology Forum – Action Log

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
NTS 07/04	20/07/12	3.1	<i>TO Exit Capacity Charge</i> - Check whether the proposed changes affect any part of UNC TPD Y to the extent that the development of a UNC modification would be required.	National Grid NTS (DH)	Closed
NTS 01/01	10/01/13	4.2	Publish an update of the indicative charges effective from October 2013.	National Grid NTS (DH)	Pending
NTS 01/02	10/01/13	4.2	<i>Charging Volatility</i> – Provide options, with any identified pros/cons, to the next meeting (March).	National Grid NTS (DH)	Pending