

UNC Workgroup 0445 Agenda Amendment to the arrangements for Daily Metered Supply Point Capacity

Thursday 23 May 2013

at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office of Gas Transporters
Mike Berrisford (Secretary)	(MB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Alex Ross-Shaw	(ARS)	Northern Gas Networks
Andrew Margan	(AM)	British Gas
Andrea Varkonyi*	(AV)	First Utility
Chris Hill	(CH)	Cornwall Energy
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Addison	(DA)	Xoserve
Dave Corby*	(DC)	National Grid Transmission
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Erika Melén	(EM)	Scotia Gas Networks
Gareth Evans*	(GE)	WatersWye Associates
Hilary Chapman	(HCh)	Xoserve
Huw Comerford*	(HC)	Utilita
Mark Jones	(MJ)	SSE
Robert Cameron-Higgs*	(RCH)	Wales & West Utilities
Tom Breckwoldt	(TB)	Gazprom Energy

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0445/230513

The Workgroup Report is due to the UNC Modification Panel on 15 August 2013

1.0 Introduction and Status Review

Opening, AR explained that at the 16 May 2013 UNC Panel the Proposer had requested that the modification should be returned to the Workgroup for further assessment, as a potential loophole had been identified which could provide opportunity for parties to avoid charges.

2.0 Workgroup Report

AR explained that the latest thinking is that where a customer reduces their capacity and subsequently (voluntarily) increases back up, some form of validation should be undertaken (a back calculation mechanism) to ensure that a Shipper pays the correct capacity charges – the question to be considered here is whether or not there is a potential risk for avoiding capacity charges (i.e. a gaming opportunity). In the end, the incentive should be to ensure that parties involved engage with the Transporters in the first instance, rather than utilising ratchet mechanisms.

AR went on to suggest that developing an appropriate validation mechanism appears to be a balanced approach, as this ensures that the solution is consistent with the aim of the modification, to make parties capacity whole again and dissuades 'over booking' of capacity. Accepting that there could be some DM issues to address, the aim is to try to avoid developing a solution that would potentially invoke a great number of penalties, especially those of a premium nature (i.e. back dated billing aspects etc., although one option would be to set the value for these to 1 and thereafter observe behaviours before deciding whether to increase the value to discourage parties abusing the system).

Concluding the discussion, AR advised that he now intends to amend the modification to include a back calculation validation mechanism.

3.0 Any Other Business

None.

4.0 Workgroup Process

4.1 Agree actions to be completed ahead of the next meeting

No new actions were assigned during the meeting.

5.0 Diary Planning

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

The next meeting will take place within the business proceedings of the Distribution Workgroup on:

Thursday 27 June 2013, at 10:30 ENA, 52 Horseferry Road, London SW1P 2AF.

Thursday 25 July 2013 at 10:30, Consort House, 6 Homer Road, Solihull, B91 3QQ.