

UNC Workgroup 0510 Minutes
Reform of Gas Allocation Regime at GB Interconnection Points
Thursday 06 November 2014
ENA, 52 Horseferry Road, London SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Antony Miller	(AMi)	Centrica Storage
Charles Ruffell	(CR)	RWEst
Colin Hamilton	(CH)	National Grid NTS
David Baldwin	(DB)	GMSL
David McCrone*	(DMc)	Ofgem
David Reilly	(DRe)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Hannah Mottram	(HM)	Ofgem
Isabelle-Agnes Magne*	(IAM)	GDF Suez
Jeff Chandler	(JC)	SSE
Joanna Ferguson	(JF)	Northern Gas Networks
Julie Cox	(JCo)	Energy UK
Kay Haycock*	(KH)	National Grid NTS
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Marshall Hall	(MH)	Oil & Gas UK
Martin Connor	(MC)	National Grid NTS
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0510/061114

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 March 2015.

1.0 Introduction and Status Review

1.1 Minutes

The minutes of the previous meeting were accepted.

1.2 Actions

The outstanding actions were reviewed.

1001: PH to provide a schematic illustration of 'Steering Tolerance' (ST) for inclusion as an Appendix to the modification.

Update: Provided. **Closed**

1002: *NTS Presentation* - MC to revise the slides to make clear that it is the end-of-day position that matters.

Update: Revised/provided. **Closed**

1003: PH to consider and provide a view on whether scheduling charges would be disapplied and under what circumstances.

Update: PH confirmed it was allocated as nominated; scheduling charges do not apply. **Closed**

1004: Provide examples showing how (had it existed) Steering Tolerances/proportional allocation might have been applied to any relevant circumstances that had occurred over the last few years.

Update: MC requested that this be carried forward to the December meeting. **Carried forward**

2.0 Development of Workgroup Report

The Workgroup Report is due for submission to the UNC Modification Panel on 19 March 2015.

2.1 Proposed Revisions to Modification

In response to Actions 1001, 1002 and 1003, MC gave a short presentation. The key areas covered by the Solution were reiterated, and the previously noted concerns regarding proportional allocation were addressed.

MC then outlined the proposed revisions to the modification (subject to the agreement with the Adjacent TSOs).

The timeline for changes to the System Management Principles Statement (SMPS) was discussed - should it be simultaneous or consecutive? MC believed it could be revisited at any time so intended to finalise the modification and review the best approach to making the changes to the SMPS. (The SMPS is reviewed annually and consulted upon, even if there are no changes proposed.)

The proposed arrangements were then illustrated and MC explained how it was envisaged to work. This would be clarified in the modification. It was questioned how the market would be informed, so that Shippers can help to address any problem, e.g by an hourly warning?

GJ referred to and was concerned regarding commercial consequences and thought that more clarity was required. PH explained his interpretation of the tolerance, ie to trigger a dialogue between the TSOs, and how this might be then addressed to manage/correct the position. PH then described scenarios (exceptional); a breach will not trigger a proportional allocation except where there is a physical problem at that point on the network. JCx observed the market was not going to be able to address a physical problem on the pipes. PH indicated that the market can bring gas in elsewhere to bring back to balance. JCx noted this would need timely provision of information to enable an effective response.

GJ asked if there was any way of identifying a potential Value At Risk (VAR) here for Shippers to get a feel for the level of any potential financial exposure. PH believed this was for Shippers to consider; GJ observed that measurement in place at the moment was going to be dispensed with and replaced by Nominations.

LM then gave details of an actual incident ‘early in the day’ experienced by Interconnector UK. She described the scenario and how the OBA was utilised. These experiences were very rare but the approach used to address this had worked very well; the facility for proportional allocation was there but was never actually needed.

3.0 Next Steps

In line with the discussions, MC and PH will revise the modification and the Business Rules and provide legal text for the Workgroup’s review, with a view to completing the Workgroup Report at the next meeting.

4.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 02 December 2014 <i>(Dedicated to Workgroup 0510)</i>	31 Homer Road, Solihull, B91 3LT	<ul style="list-style-type: none"> • Review revised modification • Review of Impacts and Costs • Review of Relevant Objectives • Consideration of Wider Industry Impacts • Consideration of Legal Text • Development/completion of Workgroup Report

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	01/10/14	2.2	PH to provide a schematic illustration of ‘Steering Tolerance’ (ST) for inclusion as an Appendix to the modification.	National Grid NTS (PH)	Closed
1002	01/10/14	2.3	<i>NTS Presentation</i> - MC to revise the slides to make clear that it is the end-of-day position that matters.	National Grid NTS (MC)	Closed

1003	01/10/14	2.3	PH to consider and provide a view on whether scheduling charges would be disapplied and under what circumstances.	National Grid NTS (PH)	Closed
1004	01/10/14	2.3	Provide examples showing how (had it existed) Steering Tolerances/proportional allocation might have been applied to any relevant circumstances that had occurred over the last few years.	National Grid NTS (MC/PH)	<i>Due at Dec meeting</i> Carried forward