

**UNC Workgroup 0500 Minutes**  
**EU Capacity Regulations – Capacity Allocation Mechanisms with**  
**Congestion Management Procedures**

**Tuesday 21 October 2014**

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

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Anna Shrigley	(AS)	Eni
Charles Ruffell*	(CR)	RWEst
David McCrone	(DM)	Ofgem
Debra Hawkin*	(DH)	TPA Consultants
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Lesley Ramsey	(LR)	National Grid NTS
Malcolm Montgomery	(MM)	National Grid NTS
Matthew Hatch	(MH)	National Grid NTS
Richard Fairholme*	(RF)	E.ON UK
Richard Miller	(RM)	Ofgem
Richard Riley*	(RR)	National Grid

*\*via teleconference*

*Copies of all papers are available at: <http://www.gasgovernance.co.uk/0500/211014>*

*The Workgroup Report is due to be presented at the UNC Modification Panel by 20 November 2014.*

**1. Review of Minutes and Actions**

**1.1 Minutes**

DM requested that the following amendment be made to the minutes of the previous meeting (08 October 2014):

*Page 2, under Section 2.2:*

“CWo moved on to a presentation covering section B of the EID, which dealt with capacity. AS questioned the substitution rules and how these would apply to the new Bacton ASEP. MM replied that they would be dealt with under the Substitution methodology review next year, and the incremental code when it came into force. LM noted that if there is lots of unsold IP capacity and a signal for incremental at UKCS it would not seem the right solution for NGG to incur costs in providing incremental at UKCS when there is unused capacity which would allow additional UKCS entries to flow. AS also asked about booking capacity for reverse flow and MM advised that the current view was that National Grid do not propose any change to the existing rules for offering interruptible capacity for the reverse flow service.”

This was agreed. The minutes were then accepted and will be revised and republished to reflect the agreed changes.

**1.2 Actions**

**1001:** MH to provide information on the process for changing PRISMA rules by the November workgroup meeting.

**Update:** MH confirmed there was no formal route for Shippers to effect changes to PRISMA. He was aware of a forum to which Shippers were invited to discuss functionality, etc, but there was no modification process as in UNC. GJ then asked to what extent would the ability to modify the UNC be governed and affected by the inability to make changes to PRISMA. This would be of concern if it could indirectly prevent appropriate UNC changes. MM indicated that TSOs could raise a change request through PRISMA (there is indirect regulation exercised by the collective TSOs).

BF expressed surprise that there was no formal route to achieve change in PRISMA. Ofgem also recognised there was a 'gap' and DM confirmed that Ofgem did not have any formal regulatory oversight in respect of PRISMA. Formal governance by the NRAs did not exist.

**Closed**

**1002:** MH to produce a glossary of terms for the European Interconnector Document.

**Update:** MH reported that Dentons had been asked to produce this and work was ongoing.

**Carried forward**

**1003:** CWo/MM to look at the options available to provide a date contingency (01/11/15) and report back at the next meeting.

**Update:** MM confirmed that in CWo's view, the way to deal with this was to raise an urgent modification, if it looked like the dates were slipping. **Closed**

**1004:** MM to discuss the options and provide the workgroup with a proposal for dealing with an outage to Prisma.

**Update:** Details were provided in the presentation; see 2.1, below. **Closed**

## 2. Workgroup Report

### 2.1 Review of Proposed Modification Changes

MM gave a presentation, providing an overview of proposed amendments to Modification 0500, and explained each in more detail. Particular attention was centred on contingency arrangements in respect of Overruns in the event of a PRISMA outage, and transition operational arrangements in respect of auction processes.

#### *PRISMA outage - contingency arrangements*

MM clarified proposed contingency arrangements in respect of Overruns (suspension at IPs) in the event of a PRISMA outage (depending on the duration/circumstances of the outage). This was discussed. GJ suggested this meant that any outage after 22:00 means a Shipper would not be subject to Overruns. If access to capacity was taken away from the Shipper (through no fault of the Shipper) then the Overrun should be suspended. JC was of the same view as GJ - it is beyond the Shipper's control, ie Force Majeure, and required protection. GJ gave an example scenario in more detail.

Referring to Slide 3, bullet point 2: "4 consecutive within day auctions, if the outage starts at 19:00 or later", MM summarised that this could be amended so that any outage that includes the last auction of the day, ie any outage that prevented a Shipper (where the Shipper loses the opportunity) coming back to market at the end of the day to close its position, then Overruns should be suspended. This would cover any duration of outage that lasts to and includes the last auction of the day.

GJ referred to IUK, noting that a Shipper might want to flow more gas, but if PRISMA was down it could not do it. This could be an issue? RM observed that IUK would have had to develop access rules and this issue could be raised. AS indicated that she was attending a relevant

meeting the next day and would raise this issue. Scenarios were discussed. Nominations and the complexities of Edigas might be of concern - AS described the process. MM confirmed that National Grid NTS did not validate against capacity, and will not reject nominations unless the system is constrained.

RM queried if an outage occurred half way through a day - out for 6 hours - could it be backfilled? MM explained the actions a Shipper would have to take, assuming capacity could be offered by the Transporter.

In discussion referring to Daily Quantity, MM explained the conversion of e.g. 240kWh/d to 10 kWh/h and how this progressed through the day.

The contingency arrangements in the modification will be amended to take account of the comments and concerns raised in these discussions.

#### *Transition operational arrangements for auction processes*

Moving on to Slide 4 (Transition), MM recapped on the use of old/new rules. The Transition period rules were to be updated to include an “**Operational Start Date**” to inform Shippers when certain processes would commence. Auctions will commence as per the current rules in modification and MM confirmed the first rolling month would be held in November for December.

Shippers queried when they could register on PRISMA. MM confirmed that Xoserve would be managing the registration for new Shippers and may offer this earlier than the Operational Start Date. It should not take long to register, as if the Shipper is an existing UNC Shipper there should be no difficulties. If a party was not a UNC User it could take much longer. JC asked where this was documented, and MM referred Shippers to the Lifecycle processes operated by Xoserve, which would need to be amended to take account of the requirement for PRISMA registration.

MH added that Market Operations were looking at how to get current Users onto PRISMA; some may already be registered and active but even if a party was an existing PRISMA user there may still be specific arrangements to go through with each individual TSO.

At the next European Workgroup (06 November 2014) MH stated that National Grid intended to present a high level overview of how they are going to engage with GB shippers during the implementation of the EU Codes. Workshop(s) could cover aspects such as the UNC modifications/regulation and ‘a day in the life of a Shipper’, i.e. how it would be contracting for capacity, nominating at IPs etc. National Grid NTS also intended to present this at the UK Link Committee and the Operations Forum to ensure wide coverage. There will also be a more technical workshop to look at systems interfaces as part of the information sharing. JC commented that this was very important for Shippers and was needed as soon as possible - the timescales were becoming very challenging for Shippers to develop their own IT solutions. MH suggested that it would be good to know Shippers timelines so that it could be fed back into planning and should be shared at the EU Workgroup meeting on 06 November 2014. JC emphasised that it would be preferable to use as much existing functionality as possible in Gemini. Shippers would like to be able to do everything in/through Gemini. MH briefly explained the current view and the process; nominations would be possible but not capacity booking, which would be done through PRISMA.

MH re-confirmed that material would be taken to the European Workgroup (06 November 2014) and Shippers will have the opportunity to indicate what their requirements are as part of the Workshops going forward next year.

MM confirmed that National Grid NTS and Moffat were talking to PRISMA about developing kWh/day functionality.

#### *Guidance Document*

Further to previous queries regarding the provision of a guidance document, RM indicated there would be an Ofgem document (this would have to have Dutch and Belgian agreement).

## **2.2 Consideration of Legal Text**

MM outlined the legal text sections (UNC TPD S and Y) to be affected by the proposed changes.

Surrender auctions for IPs were briefly discussed and MM outlined what would run in the 'new world'.

The linkage/references to 'IPs and 'Interconnector Points' was discussed. GJ suggested that consideration might need to be given as to whether 'IP' should be specifically identified in the Licence. DM confirmed that this was something already considered in the draft EU Licence Consultation.

The changes for UNC TPD Y (based on C William's overview given at the last meeting) were reviewed. Paragraph 11.3.2 was discussed, and various questions were raised on the small price steps (SPS) and the number of decimal places. GJ noted that the Charging Methodology referred to publications at 4 decimal places - did this, or anything else, require change?

MM explained that Reserve Prices and Large Step Prices would be published to 4 decimal places; SPS could be a greater number of decimal places.

It was confirmed that this would be consolidated into EID Section B.

## **2.3 Development of Workgroup Report**

Deferral was agreed pending publication of the amended modification and its associated legal text.

Noting that the Workgroup Report is due to be presented at the UNC Modification Panel by 20 November 2014, it was anticipated that the Workgroup Report would be completed at the next meeting (05 November 2014).

It was noted that the Final Modification Report once approved by the UNC Modification Panel might then rest with Ofgem for a period of time, as Ofgem's decision on this modification was possibly dependent on the Licence changes coming to effect in April 2015.

The management/approval of legal text associated with the European modifications was briefly discussed, and Shippers confirmed the EID approach put forward by National Grid NTS seemed pragmatic and acceptable. RM indicated that Ofgem would respond to the approach.

BF pointed out that consideration should be given to the approach to implementation of European modifications.

## **3. Next Steps**

Any further comments/concerns should be submitted to National Grid NTS by 24 October 2014 at the latest, to enable a revised modification and legal text to be provided for publication to the Joint Office by 27 October 2014, in time for the next meeting on 05 November 2014.

It was anticipated that the Workgroup's report would then be completed and finalised at the November meeting.

## **4. Any Other Business**

GJ thanked National Grid NTS for doing such a good job over what was a wide-ranging and complex area.

MH thanked the entire Workgroup for their hard work and valuable contributions to the development of the modification.

## 5. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows, however additional short notice meetings may be required.

Time / Date	Venue	Workgroup Programme
10:00 Wednesday 05 November 2014	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	<ul style="list-style-type: none"> <li>• Workgroup 0500</li> <li>• Workgroup 0501/0501A/0501B</li> </ul>
10:00 Friday 07 November 2014	31 Homer Road, Solihull B91 3LT	Workgroup 0501/0501A/501B

### Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	08/10/14	2.2	MH to provide information on the process for changing Prisma rules by the November workgroup meeting.	National Grid NTS (MH)	<b>Closed</b>
1002	08/10/14	2.2	MH to produce a glossary of terms for the European Interconnector Document.	National Grid NTS (MH)	<b>Carried forward</b>
1003	08/10/14	2.2	CWo/MM to look at the options available to provide a date contingency (1/11/15) and report back at the next meeting.	Dentons (CW)	<b>Closed</b>
1004	08/10/14	2.2	MM to discuss the options and provide the workgroup with a proposal for dealing with an outage to Prisma.	National Grid NTS (MM)	<b>Closed</b>