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**UNC Workgroup 0534S Minutes**  
**Maintaining the efficacy of the NTS Optional Commodity**  
**(‘shorthaul’) tariff at Bacton entry points**  
**Tuesday 28 July 2015**  
**via teleconference**

**Attendees**

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalves	(FG)	Gazprom
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
Jeff Chandler	(JC)	SSE

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0534/280715>

The Workgroup Report is due to be presented at the UNC Modification Panel on 20 August 2015.

**1.0 Introduction**

LJ welcomed all to the meeting.

**2.0 Review of Minutes and Action**

**2.1. Minutes (29 June 2015)**

The minutes of the previous meeting were approved.

**2.2. Action**

**0403:** To consider whether self-governance status continues to apply in the event that an ACS is raised and whether as a consequence, Ofgem would look to ‘call the modification in’.

**Update:** LJ explained that the point at which User Pays status is established is when the Agency Charging Statement (ACS) is sent and agreed with Ofgem. In the meantime, the Workgroup can continue progressing the modification.

FH advised that once the ACS is sent to Ofgem, he would provide the same information to the Workgroup. When asked when the ASC would be ready, FH explained that he expects to meet with Xoserve before the end of the week with a view to providing the ACS to Ofgem as soon as possible thereafter. **Closed**

**3.0 Review of Amended Modification**

Following the last meeting, the modification had been amended (v2.0, dated 01 July 2015) and FG briefly explained the changes made.

Focusing attention on the changes undertaken within Section 3 – Solution, FG explained that the final part of the solution has now been split into a further two elements (i.e. ‘Current commodity tariffs invoicing arrangements’ and ‘Proposed transitional solution’.) He added that the solution now links better with the Modification 0501V provisions.

In recognising that the amendments reflect discussions undertaken at the previous meeting, LJ pointed out that the remainder of the changes to the document are grammatical and/or provide clarification in nature.

#### **4.0 Review of Legal Text**

In providing a brief overview of the legal text commentary provided prior to the meeting, FH advised that this is based around the legal text currently found within the Workgroup Report (v0.3, dated 23 July 2015).

In considering the Transition Document aspects, FH advised that paragraph 19.2 reflects the modification 'default' requirements, whilst paragraph 19.3 reflects the nomination at entry point aspects and seeks to reduce reconciliation needs.

When asked whether or not the legal text and supporting commentary reflects the latest amendments to the modification, FH acknowledged that in preparing the legal text, National Grid NTS has not provided for the situation described in the Solution where the interim solution might be delayed.

FH indicated that he would discuss the matter with the lawyers and provide updated legal text (and commentary) ahead of the August Panel meeting. When asked, the Workgroup indicated that they would be happy for any amended legal text to go straight into the report without the need to come back to the Workgroup for further consideration.

Moving on to consider the TPD Section B, FH pointed out that the basic assumption undertaken for the new text is that invoicing triggers remain as at present.

When asked about when parties might be able to nominate their aggregated 'shorthaul' position at Bacton, FH explained that it is anticipated that Shippers would be able to re-nominate entry flows under the (new) arrangements once the Bacton split final position (as provided for under the provisions of UNC Modification 0501V) is notified to Shippers by National Grid NTS – it is expected that this would be confirmed directly with affected Shorthaul Users by National Grid NTS.

FH agreed to provide more details via a communication to be issued via the Joint Office in due course.

#### **5.0 Completion of Workgroup Report**

The Workgroup reviewed and completed the Workgroup Report following a brief discussion centred around the User Pays table content, during which LJ highlighted the additional information outlining National Grid NTS' different perspective on the question of User Pays status – this was captured in the Workgroup Report along with the addition of some interim and enduring solution costs.

In reviewing Section 8 – Recommendation, discussions focused on whether or not the Panel should be asked to seek respondents views on the User Pays aspects as part of the consultation process – LJ added a new bullet to 'Seek industry views on the User Pays status' including whether respondents agree that UP does not apply for 0534S, plus a request for them to explain their rationale behind their views.

#### **6.0 Next Steps**

The Workgroup Report will be submitted to the August UNC Modification Panel for its consideration. Assuming that the standard consultation period of 15 business days (closing on 10 September 2015) is then agreed, Panel will be requested to accept the Final Modification Report at short notice for consideration at its September meeting.

#### **7.0 Diary Planning**

No further meetings are required at this time.

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**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0403	30/04/15	3.0	To consider whether self-governance status continues to apply in the event that an ACS is raised and whether as a consequence, Ofgem would look to 'call the modification in'. <i>LJ to clarify the position</i>	Joint Office (LJ)	Update provided. <b>Closed</b>