

NTS Charging Methodology Forum (NTSCMF) Minutes
Tuesday 04 January 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Ashley Adams	(AA)	National Grid NTS
Alex Nield	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid NTS
Brian McGlinchey	(BG)	Vermilion Energy
Chris Wright	(CW _r)	Exxon Mobil
Claire Procter	(CP)	Patronas
Colin Williams	(CW _i)	National Grid NTS
Dan Hisgett	(DH)	National Grid NTS
Dan Wilkinson	(DW)	EDF
David A Bayliss	(DB)	National Grid NTS
Joseph Glews	(JG)	Ofgem
Julie Cox	(JC _x)	Energy UK
Kieran McGoldrick	(KM)	National Grid
Kirsty Appleby	(KA)	National Grid
Lauren Jauss	(LJ)	RWE
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Matt Atkinson	(MA)	SEFE Energy
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	Sisman Energy Consultancy
Oliver Weston	(OW)	Ofgem
Oreoluwa Ogundipe	(OO)	Interconnector
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy
Terry Burke	(TB)	Equinor

Copies of all papers are available at: <https://www.gasgovernance.co.uk/NTSCMF/040123>

Please note that NTSCMF meetings will be quorate where there are at least six participants attending, of which at least two shall be Shipper Users and one Transporter is in attendance.

1. Introduction and Status Review

Eric Fowler (EF) welcomed everyone to the meeting.

1.1. Approval of Minutes (06 December 2022)

EF noted there was a minor typo in the spelling of one of the participants names and that this would be corrected and the minutes re-published.

The minutes from the previous meeting were then approved.

1.2. Approval of Late Papers

EF noted there was one late paper, from National Grid, and explained this Capacity Reporting paper was an updated version of an original document, that has already been published, within the correct timeline. The Workgroup agreed to accept it.

1.3. Review of Outstanding Actions

Action 1001: National Grid (CWi) to provide an explanation on the treatment of non-obligated capacity and overruns for January 2023.

Update: CWi explained that his material would be available for the February meeting, as he wanted to include the data from December 2022 within it. CWi added that initially the data analysis would be focused on the non-obligated area and then later overruns would be examined.

Julie Cox (JCx) requested that the obligated and non-obligated revenues detail needed to be included within this information, especially as the over recovery was a substantial figure, in the region of £80mil. CWi agreed that there have been some curious patterns in the last few months.
Carried forward.

1.4. Industry Update from Ofgem

Joseph Glews (JG) explained due the Ofgem moratorium over the Festive period there had been no change in the Ofgem Modifications timetable <https://www.ofgem.gov.uk/publications-and-updates/code-ModificationModification-proposals-ofgem-decision-expected-publication-dates-timetable>

JG noted the Consultation was launched on 02 December 2022 which proposes some changes to the National Grid Gas Transporter Licence (<https://www.ofgem.gov.uk/publications/consultation-modifications-national-grid-gass-transporter-licence>).

Please refer to the cover letter for a summary of the proposed changes.

The Consultation End Dates is 09 January 2023.

JCx asked if this also applied to the Transmission and Non-Transmission charges and JG confirmed that yes, it applied to both.

1.5. Pre-Modification discussions

None

2. Workgroups

2.1. 0832S – Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs

(Report to Panel 16 February 2023)

<https://www.gasgovernance.co.uk/0832>

3. Issues

3.1. Industry Issues Tracker Update

EF provided an on-screen overview of the Industry Issues Tracker and proposed that this should be re-visited at the February meeting, to ascertain if the issues were still current and if new ones were required. EF advised he would like all the Workgroup participants to review the Issues Tracker ahead of the February meeting.

Ritchard Hewitt (RH) proposed that a new issue should be added to the Issues Tracker in readiness for the February meeting. EF said that he would include this into the Tracker, the new issue is detailed below:

New Issue:

Potential impact of UK Government's signalled intent to repeal EU related legislation

Problem Statement:

There is concern that the UK Government's signalled intent to repeal a large number of EU originating regulations / laws from application within the UK will impact references within the UNC, Gas Act Licences, and other associated documents (i.e., references to EU Network Codes and Regulations)

New Action 0101: All Workgroup participants to re-assess the Industry Issues Tracker in relation to which Issues are still current, in readiness for the February meeting.

New Action 0102: Joint Office (EF) to add a new issue proposed by RH to the Issues Tracker; *Potential impact of UK Government's signalled intent to repeal EU related legislation.*

A general discussion took place in relation to the TAR issue, and it was agreed this would be a 'watching' brief regarding the legislation outcomes.

Richard Fairholme (RF) enquired if National Grid had produced the discussion document regarding Charging and if so, when would this be available, especially as it had been discussed earlier last year.

Colin Williams (CWi) said that an update would be available for the February meeting and the focus would be on the Transmission Entry regarding Modification 0790 (Urgent) – Introduction of a Transmission Services Entry Flow Charge, and that the discussion document would be available by the end of January 2023 to allow time for review prior to the meeting on 07 February 2023.

The NTSCMF Issues Tracker can be found here: <https://www.gasgovernance.co.uk/ntscmf>

4. Forecasted Contracted Capacity (FCC)

4.1. FCC Methodology

This item was not discussed.

4.2. FCC Monitoring

David Baylis (DB) provided an overview summary of the Capacity and Revenue FY23 as detailed below.

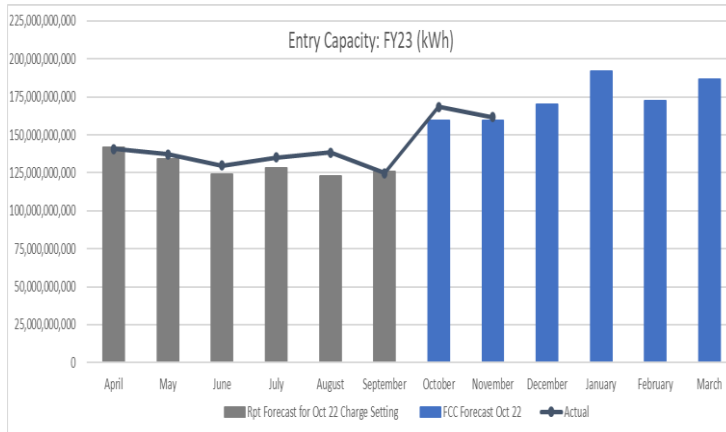
DB noted that the November capacity actuals and revenues at Entry were in line with forecast. This is despite additional gas flows continuing at Bacton (exit) IP, which meant that these additional flows were landing at an Entry Point with existing capacity which meant that no additional capacity was required to be purchased.

At Exit capacity actual flows were above forecast, this was predominately driven by the continuation of gas being exported across into Europe, which had been forecast to drop off over the winter period. These flows were half of what had been seen across the summer period but above the levels that had been built into the forecast. The Exit capacity revenues collected were significantly higher than forecast, £115m against a forecast of £35m, It was noted that circa £75m of this additional revenue was down to the auction premiums being paid for bids above the reserve price at Bacton Exit (IP) by a handful of shippers.

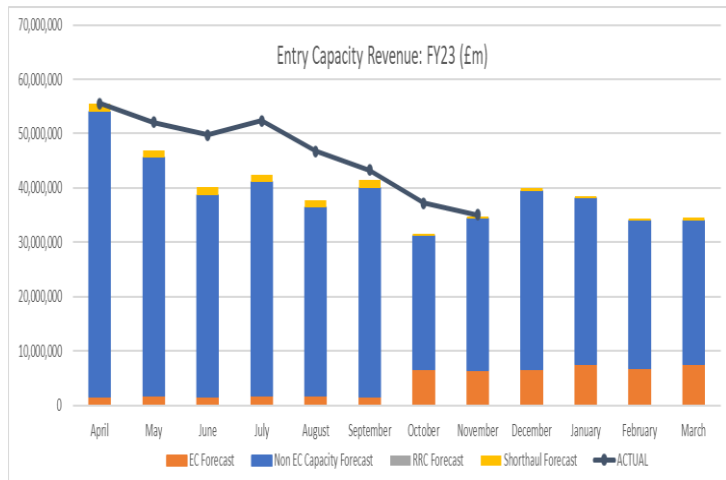
A general discussion took place and participants felt that more data analysis was required, regarding the November data, and that it would be useful in relation to the daily breakdown of prices paid on each day for the capacity. DB said he would investigate this area further and provide feedback at the February meeting.

New Action 0103: National Grid (DB) to provide data analysis for November 2022 daily breakdown of prices paid each day and the capacity.

Entry Capacity & Revenue FY23 – at November 2022

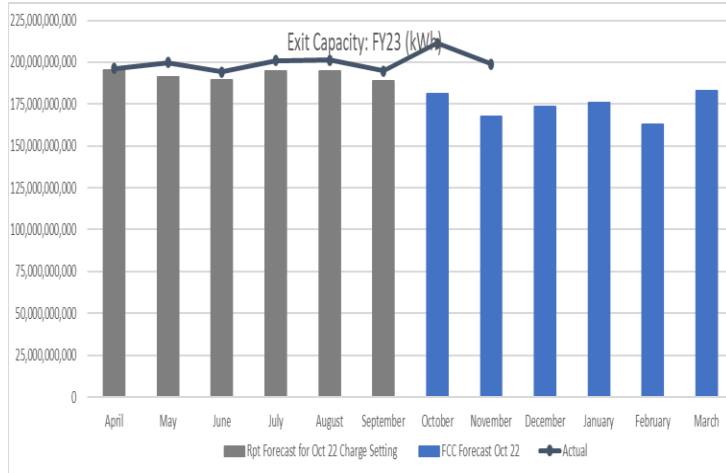


Capacity (YTD)	
Forecast to Date (FY)	1,095,048,306,132
Actual to Date (FY)	1,135,858,885,045
Variance	40,810,578,913 3.6%

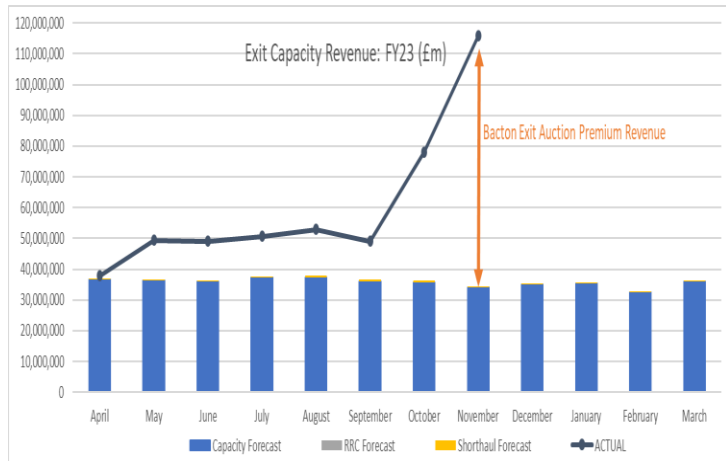


Revenue (YTD)	
Forecast to Date (FY)	£330.1m
Actual to Date (FY)	£372.2m
Variance	£42.1m

Exit Capacity & Revenue FY23 – at November 2022



Capacity (YTD)	
Forecast to Date (FY)	1,501,759,412,031
Actual to Date (FY)	1,597,750,315,085
Variance	95,990,903,054 6.0%



Revenue (YTD)	
Forecast to Date (FY)	£292.4m
Actual to Date (FY)	£482.9m
Variance	£190.5m

Nick Wye (NW) asked within this data for February, if the spread could be included between the NBP and pricing. NW also noted that as the deviation was getting larger there could be a significant over-recovery of revenue within the Formula Year, and that if this continued in this manner for the remaining few months then the 'K' built into the Exit Capacity charges for next year could be very large and could there be a risk that the future capacity reserve price could get close to zero. DB noted that the indicative December data showed that there was only £6k of daily auction premiums at Bacton Exit within the month, compared to £73m in November, and that the UNC 0796 methodology implemented on the allowed revenues target setting process should help to mitigate the risk of significant price volatility caused by this over recovery. DB agreed to investigate this area and provide high level feedback at the February meeting.

New Action 0104: National Grid (DB) to provide high level indicative exit capacity prices for 2024.

5. Long Term Revenue Forecasts

CWi noted this was a 'rolling agenda item' and that there was no update this month.

6. Any Other Business

6.1. St Fergus Compression Update

Daniel Hisgett (DHi) advised that there was no update on this section this month and that he would be providing an update at the March meeting, although some of the information was likely to be available in February for pre meeting review.

7. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 07 February 2023	5pm Monday 31 January 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 07 March 2023	5pm Monday 28 February 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 04 April 2032	5pm Monday 27 March 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 02 May 2023	5pm Monday 24 March 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 06 June 2023	5pm Monday 30 May 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 04 July 2023	5pm Monday 26 June 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 01 August 2023	5pm Monday 24 July 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 05 September 2023	5pm Monday 28 August 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 03 October 2023	5pm Monday 25 September 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 07 November 2023	5pm Monday 30 October 2023	Via Microsoft Teams	Standard Workgroup Agenda

10:00 Tuesday 05 December 2023	5pm Monday 27 November 2023	Via Microsoft Teams	Standard Workgroup Agenda
-----------------------------------	--------------------------------	---------------------	---------------------------

Action Table (as of 04 January 2023)

Action Ref	Meeting Date(s)	Minute Ref	Action	Reporting Month	Owner	Status Update
1001	04/10/22	1.3	National Grid (CW) to provide an explanation on the treatment of non-obligation capacity and overruns for January 2023.	February 2023	National Grid (CW)	Carried forward
0101	04/01/23	3.0	All Workgroup participants to re-assess the Industry Issues Tracker in relation to which Issues are still current, in readiness for the February meeting.	February 2023	All Workgroup participants	Pending
0102	04/01/23	3.0	Joint Office (EF) to add a new issue proposed by RH to the Issues Tracker; Potential impact of UK Government's signalled intent to repeal EU related legislation	February 2023	Joint Office (EF)	Pending
0103	04/01/23	4.1	National Grid (DB) to provide data analysis for November 2022 daily breakdown of prices paid each day and the capacity.	February 2023	National Grid (DB)	Pending
0104	04/01/23	4.1	National Grid (DB) to provide high level indicative exit capacity prices for 2024.	February 2023	National Grid (DB)	Pending