

UNC Workgroup 0510 Minutes
Reform of Gas Allocation Regime at GB Interconnection Points
Monday 16 February 2015
via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Debra Hawkin	(DH)	TPA Consultants
Graham Jack	(GJ)	Centrica
Lucy Manning	(LM)	IUK
Martin Connor	(MC)	National Grid NTS
Nigel Sisman	(NS)	sisman energy consultancy Ltd
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0510/160215>

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

1.0 Introduction and Status Review

Opening the meeting, LJ advised that the main focus of the 0510 Workgroup meeting would be on PH explaining the background behind the recent amendments to the modification and how the legal text is expected to work.

1.1 Minutes

Minutes of the last meeting were approved.

1.2 Actions

0101: National Grid NTS (PH) to consider changes to the legal text and provide an updated legal text commentary to clarify the concerns raised.

Update: LJ advised that the legal text commentary had been provided. **Closed**

2.0 Review Amended Modification

PH provided an overview, as follows:

Section 1 – Why Change? – includes a definition change to align to the definitions in modification 0493 ‘EU Gas Balancing Code – Daily Nominations at Interconnection Points (IP)’.

Section 1 – Solution – mostly minor changes to ensure consistency with the changes made in the ‘Why Change?’ portion of the modification.

The first material change occurs at bullet point 4 to reflect the fact that it is not possible to seek to have a single uniform rule within the UNC. PH also advised that National Grid NTS is still considering Moffat downstream issues, which also impacts (potentially prevents) on having a specific rule.

PH pointed out the new reference to the Scheduling Charges as had been previously agreed.

Section 1 – Relevant Objectives – restricted to minor changes only.

Section 1 – Implementation – restricted to minor changes only.

Section 2 – Why Change? – minor tidying up changes to provide consistency.

Section 3 – Solution – discussions centred around whether or not it was appropriate for National Grid to have a reasonable endeavours obligation to seek to bring about the default allocation rules, with the adjacent TSO, when undertaking negotiations. Responding, PH pointed out that the legal text states that certain conditions have to be satisfied and Code is only seeking to include where tolerances are breached.

During the debate, PH suggested that parties needed to recognise that under certain circumstances the default (proportional allocation) rules would not apply. LJ also pointed out that as far as the Code is concerned, the term ‘reasonable endeavours’ has very little merit. Furthermore, he believed this point would be better discussed under modification 0525 ‘Enabling EU Compliant Interconnection Agreements’ as this would be where the definition of the interactions would be.

As the discussion continued, reference was made to the new modification 0525 and it was suggested that a link might prove beneficial as Shippers believe that they need some clarity around this matter since they will not have direct control / influence on the future modification of Interconnector Agreements etc. PH suggested that this is really an Interconnector Agreement Consultation debate, and that he sees no reason to further amend the modification or legal text.

MC felt that ongoing Interconnector Agreement discussions and developments that are looking to introduce more transparency to the associated processes would go some way to negating the concerns raised. At this point LM was not on the call and therefore unable to provide a view on behalf of Interconnector UK.

PH questioned the extent to which it would be deemed appropriate to place an obligation on National Grid to try to influence negotiations with a Non-Code Party, especially when, in his opinion, the differences are at the margins and of limited impact – reminding participants that National Grid also needs a fallback allocation for their Shippers.

At this point LJ drew attention to the statement contained within ‘Section 4 – Relevant Objectives’ in the Workgroup Report within which parties concerns had been carefully recorded. No addition comments were added to the drafting.

When asked, PH indicated that the solution now aligns with the legal text, especially the last paragraph.

3.0 Review Legal Text Changes

MC provided a brief overview of the legal text (by exception), as follows:

EID Section D

Paragraph 1.1.2 – typographical error;

Paragraph 1.3.1 – relates to Allocation Agents;

Paragraph 2.1.2 – relates to direct TSO to TSO matching;

Paragraph 3.2.1(b) – explicit that one would follow the adjacent TSO’s allocations;

Paragraph 3.2.1(c) – hopefully addresses some of the concerns voiced by parties;

Paragraph 3.2.2(e) – discussed in detail at previous meetings;

Paragraph 4.1.2 – relates to PH’s previous points. PH provided a brief update on the rationale behind the text that was discussed in detail at the previous meeting;

In closing, LJ highlighted that the paragraph numbering for paragraph 3.3.2(a)(ii)(aa) & (bb) were not to current Code conventions and should read as 3.3.2(a)(ii)(1) & (2). PH/MC agreed to provide amended legal text following the meeting.¹

4.0 Completion of Workgroup Report

During a review of the (draft) Workgroup Report, LJ advised that it had already been changed to reflect the latest amended version of the modification.

Drawing attention to Section 4 – Relevant Objectives, LJ enquired whether any party wished to add any comments/statements – there were no additional items requested by those in attendance.

LJ then suggested some minor timeline changes to the timetable on page 2 (i.e. Consultation Close-out moved out to 24 April 2015, Final Modification Report moved out to 27 April 2015 and finally UNC Modification Panel recommendation moved out to 21 May 2015). The proposed timeline changes were agreed by those present.

Thereafter the Workgroup approved the report, subject to the proposed legal text change.

LJ advised that the Workgroup Report would now be submitted to the March 2015 Panel for consideration.

5.0 Next Steps

None.

6.0 Diary Planning

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

At this time there are no further Workgroup meetings planned.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	27/01/15	2.2	National Grid NTS to consider changes to the legal text and provide an updated legal text commentary to clarify the concerns raised	National Grid NTS (PH)	Update provided. Closed

¹ Please note: an amended version of the EID Section D was published on the Joint Office web site immediately after the meeting at: <http://www.gasgovernance.co.uk/0510>