

**UNC Workgroup 0525 Minutes**  
**Enabling EU Compliant Interconnection Agreements**  
**Wednesday 27 May 2015**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Charles Wood	(CW)	Dentons
David McCrone*	(DM)	Ofgem
Debbie Brace	(DB)	National Grid NTS
Graham Jack	(GJ)	Centrica
Sayf Al-Hadi	(SAH)	Centrica

\* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0525/270515>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2015.

**1.0 Introduction**

LJ welcomed all to the meeting before explaining that consideration of the outstanding actions would be undertaken towards the end of the meeting after the Workgroup has considered the various presentation materials.

**2.0 Review of Minutes and Actions****2.1 Minutes**

The minutes of the previous meeting were accepted.

**2.2 Actions**

**0301:** National Grid NTS (PH) to consider what route could be established for Shippers to express concerns regarding the terms of the IAs.

**Update:** DB explained that the route for Shippers to express any concerns they may have appertaining to the terms of the IA's is defined within her amended modification. Please refer to item 3.1 below. **Closed**

**0305: Draft Legal Text: EID A 4.2.1** – National Grid NTS (PH) to confirm mutual arrangements will be in place between Adjacent TSOs and in the Irish Codes.

**Update:** DB confirmed that arrangements would be put in place between Adjacent TSOs (and included within the Irish Codes), as defined within her amended modification. Please refer to item 3.1 below. **Closed**

**0401:** Ofgem (DM) and National Grid NTS (CW) provide a view on whether the UNC Modification Rules need to be amended to reflect that adjacent TSOs can raise modifications under specific circumstances.

**Update:** DM explained that he is of the view that, as long as the legal text for the modification is clear that Adjacent TSOs can only raise an alternative modification for the specific purposes identified within the modification, the Modification Rules do not need to be amended. It was then suggested that it might be beneficial to expand on the current wording under the 'Establish UNC governance arrangements for

future amendments to the IAs that affect Users' sub heading in order to make sure this is clearly covered off. **Closed**

**0402:** All to consider and provide a view on where the designated arrangements should reside, i.e. within the UNC or as an ancillary agreement.

**Update:** The Workgroup consensus was that the designated arrangements document should take the form of a UNC Related Document. **Closed**

### 3.0 Development of Workgroup Report

DB provided an onscreen review of the 'Mod 525 Workgroup Development' presentation, describing the rationale behind the latest round of changes made to the modification (v3.0, dated 19 May 2015).

In considering the 'Shipper Initiating an Amendment to an IA' slide, GJ indicated that he believes that this improves (and builds) on the previous approach. He went on to acknowledge that whilst there could be no cast iron guarantees, it should help to stimulate communications between the various interested / impacted parties.

Moving on to consider the liability provisions, DB indicated that the two-part solution would be achieved via a tightened legal text provision. DB went on to suggest that due to the system being automated, the likelihood of needing to invoke these proposed solutions remains small. Once again, GJ felt that this was a significant improvement on any previous proposals and now provides an acceptable resolutions process. CW also highlighted that the legal text (for the IA's) would be included in these requirements.

#### 3.1. Amended Modification

DB provided an onscreen review of the latest amended modification (v3.0, dated 19 May 2015) and summarised the changes undertaken in response to Workgroup feedback and as described within the previous presentation under item 3.0 above.

During discussions, the main points were captured as follows:

##### Section 2 – Why Change?

GJ suggested that additional clarity around how the UNC treatment of the DN Offtake has been reviewed, and by whom, might be beneficial.

##### Section 3 – Solution

LJ suggested that DB should consider removal and replacement of the terms 'proposed' or 'proposal' where appropriate, as the solution needs to clearly identify what is actually expected, or is going to happen.

When asked, CW confirmed that the supporting legal text makes reference to an IA amendment to resolve any adverse effect being made within 30 business days. Additionally, DB indicated that the legal text also seeks to identify the nature of a failure.

In considering the 'Inclusion of a liability provision within the UNC' aspects, GJ indicated that he remains uncertain on how the concept of the Adjacent TSO at Moffat would actually work and wondered whether the modification could be expanded a little further to cover off this matter in more detail. LJ suggested that the simplest solution would be to include a clarification statement that specifies that, for UNC purposes only, PTL and GNI (UK) are treated as the Adjacent TSOs. When asked, CW indicated that this would also suggest that the tri-partite agreement would also need to better reflect this point.

During a brief discussion relating to potential timelines (for nominations etc.), whilst DB agreed to look to include some wording along the lines of "*Where practically possible National Grid NTS would endeavour to.....*", CW reminded

everyone that capacity bundling aspects are 'covered' by UNC Modification 0500 'EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures' provisions (inc. PRISMA aspects) which is why this modification does not seek to address this matter.

Moving on to consider the 'Moffat specific IA arrangements', and particularly the narrative accompanying diagram 3, it was agreed to add clarity by specifically identifying Bacton IP. .

### **3.2. Review of Impacts and Costs**

The Workgroup noted that there are no User Pays costs associated with this modification.

### **3.3. Review of Relevant Objectives**

During an onscreen amendment to the relevant objectives statement, the Workgroup confirmed that the changes were appropriate.

### **3.4. Consideration of Wider Industry Impacts**

The Workgroup noted that this modification is one of a suite of EU driven modifications forming a part of the wider EU delivery programme.

### **3.5. Consideration of Legal Text (draft) and Commentary**

During a review of the latest amendments to the draft legal text, the following key points were discussed:

#### Modification 0525 Draft Legal Text

DB pointed out that the latest amendment is restricted to a change to paragraph 3.

#### Modification 0525 Draft Legal Text – Attachment A

DB focused attention on the most recent round of changes to paragraphs 1.4 and 1.5 (in Part VB – Interconnection Agreements).

In considering paragraph 1.4 changes, CW pointed out that whilst the IA discussions had gone well, they are not 100% complete at this time and as a consequence, the wording of this paragraph has been carefully chosen to provide ongoing flexibility for amending it in due course. When asked, DB confirmed that the supporting legal text commentary (page 5) also covers this matter.

LJ pointed out that whilst this appears to be the case, the commentary would benefit from being in plain English rather than a simple lift and paste of the paragraph itself. CW and DB agreed to amend the commentary in due course.

Focusing on paragraph 1.5, DB pointed out that this had now been amended to read as "*on more than one occasion*".

#### Modification 0525 Draft Legal Text – Attachment B

DB indicated that this document had subtly changed since the previous version.

#### Modification 0525 Draft Legal Text – Attachment C

DB focused attention on the most recent round of changes to paragraphs 1.4, 1.6 and 2.1.3 and pointed out that as far as paragraphs 1.4 and 1.6 are concerned, these are new additions that seek to address issues / concerns voiced at the previous Workgroup meeting.

Paragraph 2.1.3 had been amended to include a reference to 'Moffat'.

Moving on, CW provided an overview and rationale behind new paragraphs 3.6 and 4.0, which address the amendments in the modification. He explained that paragraph 3.6.1 seeks to define what constitutes an error, whilst 3.6.2 then seeks to outline how and who has made the error.

When asked whether or not it would always be clear to a Shipper as to which TSO had caused the potential error, or in fact, whether more than one TSO had caused the error, CW acknowledged that this was a fair point, but suggested that the legal text as drafted remains 'fit for purpose' as it avoids Shippers being able to instigate unofficial communication routes with the TSOs.

It was agreed to add an additional statement at the end of, or as part of the existing closing text for paragraph 3.6.2, to read as "*Errors would be corrected and Shippers notified of the outcome*".

Moving on to consider new paragraph 4, DB focused attention on 4.1.5(a) explaining that the previous reference to National Grid NTS raising an alternative modification had now been removed. As far as paragraph 4.1.6 was concerned, this relates to 30 business days from the initial notification that can be followed by a further 30 business days, after discussions between impacted parties had taken place. She then pointed out that changes to the IAs may take months if not years to complete.

CW then provided a brief explanation of the rationale behind paragraph 4.2.

When asked, DB confirmed that Attachments D, E and F had not undergone any changes in the latest round of amendments.

#### Modification 0525 Draft Legal Text – Designated Arrangements – NTS Exit Point at Moffat

In providing a brief overview of the rationale behind the document, CW explained that the highlighted parts need further consideration. In short, the document provides a home for the rules that are specific to Moffat.

CW went on to explain that not all of the Moffat aspects have yet been bottomed out (i.e. how to better reflect the processes around allocation for Stranraer still need considering) – the crux of the matter relates to the absolute date by which these matters need to be resolved completely. CW suggested that if Ofgem approval on the proposed approach could not be provided in time, we could always consider removing this from the legal text. In essence it is simply a timing related issue (i.e. will we have concluded all discussions with the Irish contingent on these designated arrangements in time).

LJ suggested that bearing in mind the need to complete the Workgroup Report at today's meeting, it might be prudent to look to include something within the legal text commentary that seeks to better explain what the designated arrangements are, and what options around these might be.

CW summarised by advising that the document seeks to address the issues around the quantities of gas flowing out of Moffat alongside the need to treat LDZ Shippers and all other Shippers equally, via metered allocation mechanisms.

The Workgroup consensus was that the Designated Arrangements document is a UNC Code Related Document.

Thereafter, the Workgroup, subject to the caveat for additional subtle changes to the legal text and Designated Arrangements document, approved the legal text as being 'fit for purpose'.

### **3.6. Recommendation - including additional questions for Panel consideration**

The Workgroup agreed that there are no additional questions that need to be placed in front of the UNC Panel.

### 3.7. Completion of Workgroup Report

During an onscreen review of the draft Workgroup Report (v0.3, dated 19 May 2015), LJ advised that this had already been amended to reflect the latest draft version of the modification.

LJ added an additional statement into the final paragraph under 'Section 2 – Why Change?' to better reflect the discussions and suggestions under item 3.1 above.

When asked, GJ indicated that he was happy that his previous concerns had now been addressed, whilst DM also indicated that from an Ofgem perspective, he can see no reason why the Workgroup Report could not now go to Panel.

Thereafter, the Workgroup approved the report for submission to the June Panel, subject to it being amended to reflect the final versions of the modification and legal text in the next few days.

### 4.0 Next Steps

LJ advised that, subject to National Grid NTS providing an amended and final version of the modification with supporting legal text, he would incorporate an additional changes into the post meeting version of the draft Workgroup Report before setting this to version 1.0 and submitting it to the June 2015 Panel for consideration. The aim is to request that the June Panel issues the modification to consultation with a proposed closeout date of 09 July 2015, with the Final Modification Report being published thereafter on 10 July 2015.

### 5.0 Any Other Business

None.

### 6.0 Diary Planning

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

There are no further Workgroup meetings planned at this time.

**Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	11/03/15	3.0	National Grid NTS to consider what route could be established for Shippers to express concerns regarding the terms of the IAs.	National Grid NTS (PH)	Update provided. <b>Closed</b>
0305	11/03/15	4.0	<i>Draft Legal Text: EID A 4.2.1</i> - PH to confirm mutual arrangements will be in place between Adjacent TSOs and in the Irish Codes.	National Grid NTS (PH)	Update provided. <b>Closed</b>
0401	13/04/15	3.2	Ofgem and National Grid NTS to provide a view on whether the UNC Modification Rules need to be amended to reflect	Ofgem (DM) & National Grid NTS	Update provided. <b>Closed</b>

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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>
			that adjacent TSOs can raise modifications under specific circumstances.	(CW)	
0402	13/04/15	3.2	All to consider and provide a view on where the designated arrangements should reside, i.e. within the UNC or as an ancillary agreement.	All	Update provided. <b>Closed</b>