

**UNC Workgroup 0616S Minutes**  
**Capacity Conversion Mechanism for Interconnection Points**  
**Thursday 03 August 2017**  
**Elexon, 4<sup>th</sup> Floor, 350 Euston Road, London, NW1 3AW**

**Attendees**

Aisling Jensen-Humphreys	(AJH)	Conoco Phillips
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni UK
Bob Fletcher	(BF)	Chair
Charles Ruffell	(CR)	RWE
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
David Cox*	(DC)	London Energy Consulting
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Jen Randall*	(JR)	National Grid NTS
John Costa	(JC)	EDF Energy
Karen Visgarda	(KV)	Secretary
Malcolm Montgomery	(MM)	National Grid NTS
Nick Wye*	(NW)	Waters Wye
Richard Fairholme*	(RF)	Uniper
Sarah Carrington	(SC)	National Grid NTS
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Statoil

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0616/030817>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 September 2017.

**1.0 Introduction of Status Review****1.1 Approval of Minutes (06 July 2017)**

The minutes of the previous meeting were approved.

**2.0 Review Amended Modification****2.1. Overview of Amended Modification – National Grid NTS**

During a brief onscreen review of the amended modification, MM explained the rationale behind the most recent changes that reflected previous Workgroup discussions specifically in relation to the legacy of any unbundled capacity and the new process concerning the auction procedure. He also said within the scope of the issue, that there were two parts to consider and these were: Revenue 'foregone' following the bundled auction if there is a conversion. (note: no difference if National Grid NTS don't collect, or if National Grid NTS collect and re-imburse) and also regarding the revenue received following the 'resale' of the converted capacity.

MM then overviewed the Auction Revenue process, and talked through the Capacity Conversion Table to provide further clarity. A brief general discussion took place

regarding the incremental capacity, surrender and neutrality process within an Auction and MM provided more detail as to how this would be undertaken.

MM then overviewed the text as below that he explained this would be added to the text to provide clarity as below:

- *The credit identified under 6b) shall be generated out of revenue received following the bundled auction. Revenue shall be taken from revenue streams in the reverse order in which they are allocated. This follows a last in, first out principle and respects the existing merit order.*
- *Where converted capacity is reoffered and subsequently sold in a future IP auction, the treatment of the associated revenue shall reflect where the revenue was foregone at the time of the conversion process, e.g. if baseline capacity had revenue foregone, then the conversion revenue will be treated as TO revenue; if surrendered capacity had revenue foregone then the conversion revenue will be treated as a neutrality feed etc. This approach will replenish any revenue foregone in the bundled auction preceding the conversion.*

Conducting an onscreen review of the proposed amendments to the modification, MM explained that the amended sections were in blue font and that he apologised these amendments sat alongside amendments discussed at a previous meeting. He then overviewed the Solution section and a general discussion took place surrounding 'the request must be received by National Grid NTS no later than 17:00, 3 business days after the close of auction. Late requests will be rejected,' wording, specifically in relation to the 3 business days. The consensus of the Workgroup was that this should be reduced at least to 2 days to allow time for a resubmission before the window closes. MM said he would investigate if this was possible and provide feedback accordingly.

**New Action 0801: National Grid NTS (MM) to investigate if the 'request' could be possessed within 2 business days after receipt instead of the proposed 3 days.**

MM then continued to move through the amendments drawing attention to the changes as required. GJ said he felt the invoice process needed more explanation as to how that would work in relation to the Primary Holder of the capacity, especially regarding a rebate and who would receive that. MM said that the Legal Text provided more detail surrounding this particular area. He then completed the 'walk through' of the changes.

## 2.2. Consideration of Legal Text

MM explained that the Legal Text Commentary Table also provided further detail to the overall processes as described within the Modification.

## 3.0 Completion of Workgroup Report

Consideration of the Workgroup Report was deferred until the amended modification and legal text were provided.

## 4.0 Review of Outstanding Actions

**Action 0602:** National Grid NTS (MM) to provide an example identifying what elements are, or are not being converted (including a reference to the original price aspects) in the bundled auction along with an amended slide for inclusion within the Workgroup Report.

**Update:** MM confirmed this action could now be closed as this matter was covered with the Modification. **Closed**

**Action 0603:** National Grid NTS (MM) to look to identify any potential central system impacts (Gemini etc.) and associated timelines and thereafter, raise the associated DSC Change Proposal.

**Update:** MM confirmed this action could now be closed as it was covered within the Modification. **Closed**

**5.0 Next Steps**

BF said that his aspiration was for the formally amended modification and Legal Text to be completed so that the Workgroup Report can be updated and submitted to the September Panel. He said these could be formally agreed by the Workgroup at the meeting on 07 September 2017. MM confirmed that he would make the necessary changes and amendments, and would submit the formally amended modification as requested.

**6.0 Any Other Business**

None.

**7.0 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:

Time/Date	Venue	Workgroup Programme
Thursday 07 September 2017	Elaxon, 4 <sup>th</sup> Floor, 350 Euston Road, London, NW1 3AW	<i>Detail planned agenda items.</i> <ul style="list-style-type: none"> <li>• <i>Review of Legal Text</i></li> <li>• <i>Completion of Workgroup Report</i></li> </ul>

**Action Table (as at 03 August 2017)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0602	06/07/17	2.1	To provide an example identifying what elements are, or are not being converted (including a reference to the original price aspects) in the bundled auction along with an amended slide for inclusion within the Workgroup Report.	National Grid NTS (MM)	<b>Closed</b>
0603	06/07/17	3.0	To look to identify any potential central system impacts (Gemini etc.) and associated timelines and thereafter, raise the associated DSC Change Proposal.	National Grid NTS (MM)	<b>Closed</b>
<b>0801</b>	03/0817	3.0	National Grid NTS (MM) to investigate if the 'request' could be possessed within 2 business days after receipt instead of the proposed 3 days.	National Grid NTS (MM)	<b>Pending</b>