

UNC Workgroup 0669R Minutes

Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements

Monday 15 April 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Blair*	(ABI)	Interconnector UK
Angharad Williams	(AW)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Christiane Sykes	(CS)	Shell Energy
Chris Wright	(CR)	Exxon Mobil
Graham Jack*	(GJ)	Centrica
Jennifer Randall	(JR)	National Grid
Julie Cox*	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Lea Slokar*	(LS)	Ofgem
Nick Tyler*	(NT)	National Grid
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Sinead Obeng*	(SO)	Gazprom
Steve Britton*	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve
*via teleconference		

Copies of all papers are available at: www.gasgovernance.co.uk/669/150419

1. Introduction and Status Review

1.1. Approval of Minutes (07 March 2019)

All changes submitted by Angharad Williams (AW) were reviewed by Workgroup and approved. A change marked and clean version of the amended minutes are published here: www.gasgovernance.co.uk/0669/070319.

2. Review of Outstanding Actions

Action 1201: National Grid NTS, Angharad Williams (AW) to supply further information regarding the balancing charges and neutrality position for that week and the day in question.

Update: This was suggested for closure at the March 2019 Transmission Workgroup. **Closed**

Action 0105: Reference (draft) Request Workgroup Report development - National Grid NTS (AW) to invite Glenn Bryn-Jacobsen of National Grid to provide an update at the 07 March 2019 Workgroup meeting.

Update: Workgroup deliberations have moved on from this point and it was suggested to close this action, this was accepted by Workgroup. **Closed**

Action 0106: *Reference (draft) Request Workgroup Report development* - National Grid NTS (AW) to provide a view as to whether or not the additional areas requested by the Workgroup would have made a difference to the 01 March 2018 emergency event approach.

Update: The change noted from AW was accepted. More detail will be provided in the next couple of Workgroups. Once the Margins Notice calculation and Interconnector Agreement is finalised an update will be provided to the May/June 2019 Workgroup. **Carried forward**

Action 0301: South Hook Gas (AB) to discuss the LNG stocks in the tanks with the operations team in relation to D-1 nominations process and how this would work.

Update: Discussions are ongoing with the Operational Team. **Carried forward**

3. Review of Amended Request

AW talked the Workgroup through the presentation provided which covered:

- Recap of Proposal
- D-1 Nominations
- Interconnector Methodology
- LNG Methodology
- Next Steps

During a recap of the Review Proposal, AW confirmed that a new process for Margins Notice calculation is being proposed and highlighted that directly connected customers would benefit from this; a Modification at the end of this review would be raised and specific formula calculations are being proposed.

At the last meeting, the Workgroup indicated a preference for using D-1 nominations as a predictor of flow at LNG importation facilities and interconnectors, AW informed Workgroup that extensive analysis has been performed around D-1 Nominations, and, having looked at the data on days of high demand (1st March 2018, 23rd January 2019) and an average day's demand (19th March 2019) the data shows that 15:00 D-1 nominations for Interconnectors and LNG are not a reliable indicator of actual flow for the following day, therefore, National Grid do not propose to use this method.

The alternative proposal is to use average flows and price differential data to calculate the interconnectors figure for the Margins Notice on a daily basis. From the calculations shown on slide 12 of the presentation, it is yet to be decided whether 2 or 7 days average flow will be used. Early indications show that 2 days rather than 7 days would be more reliable.

Paying particular attention to the graphs showing the BBL Flow vs Forecast, PD suggested that price differentials and commodity charges should be taken in to consideration.

PH explained, on the evidence of last winter and given uncertainty surrounding Modification 0678, maybe the average flows and price differential data calculation shown in the slides is good enough, otherwise there is a risk of over complicating the process.

New Action 0401: *Forecasting Interconnector Flows using Inter-hub Spreads* - National Grid to provide clarification on what the hub price actually includes and whether commodity charges are or can be included – slide 14 of the National Grid presentation.

PH said that, from the BBL graphs, there is correlation and questioned if price is the right thing to be looking at for Interconnectors to assess if the supply is likely to be a problem (i.e. if the predicted level of supply will meet the predicted level of demand).

4. Development /Completion of Request Workgroup Report

RH made an update to the WGR to capture discussions held within Workgroup.

Commented [WA1]: I believe we agreed not to raise this action with the workgroup as the Hub Price is market driven, and not made up of any specific components determined by any party. Therefore, we would be unable to clarify what the hub price actually includes, and whether commodity charges are included in the price.

5. Next Steps

In conclusion, the Next Steps were discussed:

- National Grid will look to get feedback on the alternative proposal.
- Going forward National Grid will develop and quantify the LNG methodology.
- Analysis of the impact of the proposed new Interconnector and LNG methodologies on Margins Notice historically.
- Agree recommendations with the Workgroup.
- Close 0669R, Workgroup Report to June Panel.
- Raise a new Modification to implement recommendations.
- It is proposed that Modification 0685 will go straight out to consultation as it is purely a name change and there is nothing to develop in a workgroup.
- Workgroup agreed that Modification 0669R can be used as an umbrella to develop the new Modification.
- Andrew Blair/Adam Bates (AB) asked National Grid if more average days data (for D-1 Nominations as a predictor of flow for Interconnector and LNG) can be provided to check the conclusions.

New Action 0402: National Grid to provide more average days data (for D-1 Nominations as a predictor of flow for Interconnector and LNG)

Commented [WA2]: I don't believe that Andrew Blair participated in this session, but Adam Bates did ask for more days of data, and I agreed to send him links for where to access the data, so he could view whichever days were of interest to him. I have since sent him the links.

Commented [WA3]: I think this was just for South Hook, but I will send details for where to find this data on the National Grid website.

6. Any Other Business

None.

7. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10.00, Thursday 02 May 2019	Elaxon, 350 Euston Road, London NW1 3AW	Standard Agenda plus <ul style="list-style-type: none"> • Consideration of amended request, if any • Development of Workgroup Report

Action Table (as at 15 April 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	06/12/18	2.0	National Grid NTS, Angharad Williams (AW) to supply further information regarding the balancing charges and neutrality position for that week and the	National Grid NTS (AW)	Closed

			day in question, including the specific NG trades on that day.		
0105	21/01/19	4.	<i>Reference (draft) Request Workgroup Report development</i> - National Grid NTS (AW) to invite Glenn Bryn-Jacobsen of National Grid to provide an update at the 07 March 2019 Workgroup meeting.	National Grid NTS (AW)	Closed
0106	21/01/19	4.	<i>Reference (draft) Request Workgroup Report development</i> - National Grid NTS (AW) to provide a view as to whether or not the additional areas requested by the Workgroup would have made a difference to the 01 March 2018 emergency event approach.	National Grid NTS (AW)	Carried forward
0301	07/0319	3.	South Hook Gas (AB) to discuss the LNG stocks in the tanks with the operations team in relation to D-1 nominations process and how this would work.	South Hook Gas (AB)	Carried forward
0401	15/04/19	3.	<i>Forecasting Interconnector Flows using Inter-hub Spreads</i> - National Grid to provide clarification on what the hub price actually includes and whether commodity charges are or can be included – slide 14 of the National Grid presentation.	National Grid NTS (AW)	Pending
0402	15/04/19	4.	National Grid to provide more average days data (for D-1 Nominations as a predictor of flow for Interconnector and LNG)	National Grid NTS (AW)	Pending

Commented [WA4]: See comments in minutes

Commented [WA5]: See comments in minutes