

**UNC Workgroup 0616S Minutes**  
**Capacity Conversion Mechanism for Interconnection Points**  
**Thursday 06 July 2017**  
**Elexon, 4<sup>th</sup> Floor, 350 Euston Road, London, NW1 3AW**

**Attendees**

Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni UK
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Jen Randall	(JR)	National Grid NTS
Julie Cox*	(JC)	Energy UK
Les Jenkins	(LJ)	Joint Office
Liam Drummond-Clark	(LDC)	Ofgem
Malcolm Montgomery	(MM)	National Grid NTS
Mike Berrisford	(MB)	Secretary
Nicola Lond	(NL)	National Grid NTS
Paul Brennan	(PB)	Waters Wye Associates
Rebecca Hailes	(RH)	Chair
Robin Dunne*	(RD)	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/0616/060717>

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 (01 June 2017)**

RH explained that the proposed amendments to the minutes provided by National Grid NTS were not received within the 5 days, and therefore should preferably be reviewed by the Workgroup.

During a brief onscreen review of the change marked minutes, MM explained his rationale behind the proposed amendments during which AS once again voiced her concerns around the post CAM daily and short-term capacity aspects.

RH undertook some additional amendments to the minutes to better reflect discussions and thereafter the minutes of the previous meeting were approved.

**2.0 Review Amended Modification****2.1. Capacity Conversion Presentation – National Grid NTS**

During an onscreen review of the presentation, the main attention focused on the 'Example – Available Capacity + Price recap' slide, at which point MM explained that National Grid NTS does not intend touching the unbundled capacity aspects, including

the price elements. Consequently, he reminded everyone that shippers will remain liable for unbundled capacity (premium or otherwise). MM also pointed out that the reduction following a successfully conversion (via the  $b1 * (x+y) - c*x$  formula) seeks to remove the 'reserve price' component from the bundled capacity. It was suggested that provision of an example identifying what elements are, or are not being converted (i.e. include a reference to the original price aspects) would be beneficial.

**New 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.**

Moving on to consider the 'Conversion Duration – discussion' slide, AS enquired as to why the Workgroup is not looking to address current issues relating to the conversion of existing capacity aspects, to which MM replied explaining that the modification is aimed solely at ensuring compliance with the CAM provisions and providing the necessary flexibility, and remarked that it is really down to the shippers to decide their own long term capacity aspects. Responding, AS advised that for her the issue relates to whether or not the modification proposals are actually useful. LJ suggested that this is perhaps a question more suited to another modification, as 0616S is aiming to ensure that we comply with the EU Requirements and does not seek to resolve all existing (capacity related) issues.

## 2.2. 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 (highlighted in yellow) that reflect previous Workgroup discussions, within Section 5 – Solution.

The bulk of the Workgroup discussions centred on the changes to paragraph 6 during which MM clarified the net process aspects. He also agreed to look to rephrase paragraph 6(a) (including inclusion of a 'for the avoidance of doubt' statement in order to avoid the need to codify the matter) in order to provide additional clarity around the matter.

During a discussion on paragraph 7 changes, MM pointed out that this statement reflects the second to last slide within the previous presentation. It was then suggested that further clarity around the future auctions aspects would be beneficial. Responding, MM indicated that he would look to add a 'for information' statement around how revenues are treated between the current paragraphs 7 and 8 in a further amendment to the modification.

In considering paragraph 8(c), LJ suggested that this should state the specific code reference rather than referring to the 'CMP'.

When asked about matching unbundled capacity aspects, MM reiterated that whilst the modification is not looking to touch unbundled capacity per se, it is feasible to undertake a conversion (via annual bundled capacity) for either a single or any other number of conversions.

Concluding discussions on the amended modification, RH pointed out that the timetable would need updating whilst LJ requested that a formal change marked modification reflecting today's discussions be provided in due course.

## 3.0 Completion of Workgroup Report

Conducting an onscreen review of the (draft) Workgroup Report, RH pointed out that this would be updated again once the amended modification is provided.

With attention initially focusing on 'Section 6 – Impacts & Other Considerations', LJ indicated that any views on improving the clarity would be welcomed. In considering the 'Central Systems

Impacts' item, SP explained that he would speak to MM offline, as he is of the view that the statement might be incorrect.

When RH pointed out that a DSC Change Proposal had not been raised in respect of any potential system impact assessment / development, a new action was placed on National Grid NTS (MM) to identify any potential central system impacts and associated timelines. When asked, MM confirmed that potential Gemini system impacts had been identified and detailed analysis will be completed in Feasibility and Analysis (F&A) workshops with Xoserve in July / August. MM also noted that governance for EU phase 4 may already be in place given that Xoserve have already agreed to the EU F&A workshops. RH offered to discuss the DSC change management requirements with MM offline.

**New 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.**

Moving on to consider the relevant objectives aspects, LJ suggested that the Workgroup should also look to consider other potential impacts, so that National Grid NTS can consider and take account of these before the next Workgroup meeting. AS was requested to provide her views / concerns in time for consideration at the next meeting.

Examining the implementation statement, when MM pointed out that the 01 January 2018 date relates to the first rolling monthly auction, LJ suggested that this implies that there is a date and perhaps it would be more beneficial for National Grid NTS to reconsider amending the statement, especially around the effective and actual implementation date aspects.

A brief onscreen review of the separate legal text document was undertaken where it was noted that not only should the instruction as to what to do with the existing EID paragraph 10 and 11 (i.e. renumbering) be repositioned to the beginning of the document, but consideration of any impacts to the existing internal cross references for these paragraphs should also be undertaken. When asked whether or not the premium revenue payment aspects were included, MM confirmed this to be the case.

#### 4.0 Review of Outstanding Actions

**Action 0601:** National Grid NTS (MM) to provide a formally amended modification and also to request a Workgroup extension until August Panel.

**Update:** MM informed the group that an extension to the September panel had been agreed, after advice from his panel member, to give some contingency for any further delay. However the aim remains to complete at the August workgroup meeting. **Closed**

#### 5.0 Next Steps

LJ reminded National Grid NTS that in order to complete the Workgroup Report at the August meeting, the amended modification and supporting legal text would need to be provided at least 5 business days prior to the next meeting.

#### 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
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Thursday 03 August 2017	Elexon, 4 <sup>th</sup> Floor, 350 Euston Road, London, NW1 3AW	<p><i>Detail planned agenda items.</i></p> <ul style="list-style-type: none"> <li>• <i>Consideration of amended modification and legal text</i></li> <li>• <i>Completion of Workgroup Report</i></li> </ul>
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**Action Table (as at 06 July 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0601	01/06/17	2.0	To provide a formally amended modification and also to request a Workgroup extension until August Panel.	National Grid NTS (MM)	Update provided. <b>Closed</b>
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>Pending</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>Pending</b>