

**UNC Workgroup 0671 Minutes**  
**New Capacity Exchange process at NTS exit points for capacity below baseline**

**Thursday 07 March 2019**

**at Elexon, 350 Euston Road, London, NW1 3AW**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley	(ASh)	Eni Trading & Shipping
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE Supply & Trading GmbH
Chris Wright	(CR)	Exxon Mobil
Gareth Evans	(GE)	Waters Wye Associates
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Julie Cox*	(JCx)	Energy UK
Kirsty Ingham*	(KI)	ESB
Lea Slokar	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid NTS
Paul Orsler	(PO)	Xoserve
Phil Hobbins	(PH)	National Grid NTS
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Britton	(SB)	Cornwall Insight
Terry Burke	(TB)	Equinor

*\*via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0671/070319>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 April 2019.

**1.0 Introduction and Status Review**

**1.1. Approval of Minutes (07 February 2019)**

The minutes of the previous meeting were approved.

**2.0 Review of Outstanding Actions**

**Action 0201:** National Grid NTS (MM) and Wales & West Utilities (RP) to include the relevant investment management Articles of CAM into the Modification.

**Update:** Richard Pomroy (RP) said he was waiting for the information on the CAM References from Malcolm Montgomery (MM) for this to be included into the Modification. He asked that this action be carried forward and MM said he would supply this detail. **Carried forward.**

**Action 0202:** National Grid NTS (MM) to provide information on how new sites are allocated to exit zones, how this information is then communicated and the timeframe.

**Update:** Malcolm Montgomery (MM) provided an overview to the presentation and he summarised the National Grid NTS analysis. He explained that the original thought was that the zoning would be a proxy for 1:1 exchange, but the analysis had showed that not to be the case. He then presented various different alternatives in the presentation schematic, as can be viewed via the link: <http://www.gasgovernance.co.uk/0671/070319>

Richard Pomroy (RP) said he had removed the Y+1 in order to keep National Grid NTS allowed revenue whole, which was at National Grid NTS's request, however following discussions, he said it would appear now that the User commitment could fail, if exchange rates were not 1:1, so this may not now be appropriate. MM stated that the proposal increases constraint risk for National Grid NTS as they use the use User commitments for network planning purposes. RP and Bethan Winter (BW) both said that this was all within baseline, so how did it increase the risk and create constraints.

Graham Jack (GJ) asked why there should be a requirement for User commitments within the baseline regardless. MM explained that the capability was not equal to the baseline because it depended on the supply and demand patterns and that National Grid NTS had a constraint management incentive to build to an efficient level. He further explained that the rationale for the User commitment within the baseline was that otherwise a disproportionate User commitment could fall on the last party making a specific booking. MM said that this information was subsequently used in the National Grid NTS decision making process as to whether they release flex for DNOs. RP said in that case, parties could just go and by the additional capacity the day before use (just via a different process) which would effectively further complicate the network planning process. MM said that this action could now be closed. **Closed.**

### 3.0 Review of Amended Modification

Richard Pomroy said following the various discussions within the meeting, that the Modification would again be amended in readiness for the April Workgroup meeting.

### 4.0 Review of Legal Text

Not discussed in the meeting.

### 5.0 Review of Rough Order of Magnitude (ROM)

Paul Orsler (PO) provided an overview to the Rough Order of Magnitude (ROM) and he explained that the change required would cost between £650k – 950k for development and to implement within a 42 week timeline, following the approval from Ofgem.

PO then overviewed the assumptions and dependencies sections, highlighting areas of specific interest. He said from a funding perspective, that this could possibly be a change to the service line provisions and that DNOs and Shippers could fund if they were considered to be benefiting from the change. PO added, that each Xoserve service line had a default position for cost apportionment, but that the DSC Change Management Committee would have to discuss and agree this in the first instance.

RP said on first viewing of the ROM he felt it was very expensive and that this would need to be further discussed.

## 6.0 Consideration of Business Rules

Not discussed in the meeting

## 7.0 Development/Completion of Workgroup Report

Not discussed in the meeting

## 8.0 Any Other Business

None.

## 9.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Thursday 04 April 2019	Elexon 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> <li>• Review of Amended Modification</li> <li>• Review of Legal Text</li> <li>• Review of Rough Order of Magnitude (ROM)</li> <li>• Consideration of Business Rules</li> <li>• Development / completion of Workgroup Report</li> </ul>

**Action Table (as at 07 March 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	07/02/19	2.0	National Grid NTS (MM) and Wales & West Utilities (RP) to include the relevant investment management Articles of CAM into the Modification.	National Grid NTS (MM) and WWU (RP)	<b>Carried forward</b>
0202	07/02/18	2.0	National Grid NTS (MM) to provide information on how new sites are allocated to exit zones, how this information is then communicated and the timeframe.	National Grid NTS (MM)	<b>Closed</b>