

UNC Workgroup 0454 Minutes Introduction of a Long Term Non Firm Capacity Product

Thursday 06 June 2013

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alena Aliakseyeva	(AA)	Ofgem
Angus Paxton	(AP)	Poyry
Benedikt Unger	(BU)	Poyry
Chris Hill	(CH)	Cornwall Energy
Clare Cameron	(CC)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Julie Cox	(JCx)	Energy UK
Mike Wassell	(MW)	National Grid NTS
Natasha Ranatunga	(NR)	EDF Energy
Rhys Ashman	(RA)	National Grid NTS
Sarah Lloyd	(SL)	National Grid NTS
Steve Pownall	(SP)	National Grid NTS

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0454/060613>

The Workgroup Report is due to the UNC Modification Panel on 21 November 2013.

1.0 Outline of Modification

RA outlined the modification, which proposed the introduction of a Long Term Non Firm capacity product that can be offered to a User in the event that they require access to the NTS ahead of the Firm NTS Capacity delivery date for that same User.

2.0 Initial Discussion

RA indicated that although usable functionality exists, some testing was proposed (at a cost of £10k – £50k).

AP observed that this sounded like the reintroduction of an interruptible product that had to be paid for. RA did not demur at this observation, adding that it gave more certainty to users – it was a ‘semi-firm stop gap’ –the driver being a party wanting capacity earlier than could be provided. This gave the option to accommodate but with the associated element of risk. Recognising that a party will want to clearly understand the likelihood of curtailment, National Grid NTS would undertake bilateral discussions with the party and explain reasons for non-provision of capacity. AA questioned what incentive there would be for National Grid NTS; RA indicated that would form part of any PARCA discussions.

This was not introducing a new capacity product, and parties questioned under what guise it could be restricted. Would it have any impacts on other points in the vicinity? It would be higher up the Merit Order than off-peak, if curtailments had to be invoked. TD observed that off-peak customers might be ‘less firm’ than they thought they were and the likelihood of them being curtailed might materialise slightly earlier than previously envisaged should the introduction of this product be approved.

SL outlined how the proposed product would be applied for; when/how price would be determined was discussed. The customer would need to reapply every Gas Year to continue with the arrangement; it was likely that if committed to one year, National Grid NTS would be likely to commit year on year. Various scenarios, including multi-party, were considered. There were concerns that capacity limitations might reduce any long-term certainty for a customer – presumably there were eventual constraints on the number of times National Grid NTS could utilise this option? What was the minimum period it would be useful for: should the customer commit to a minimum of a year? TD observed that a customer would like to be able to book long term and tie up, and also the converse. FH confirmed that if capacity were available earlier it would be made available. Potential restrictions/scenarios were discussed and at what points various products might be released. Release mechanisms might require further consideration and clarification. There was a brief discussion regarding refunding on days when curtailed, definition of the product, and effects on Allowed Revenue. The position needed further consideration, as did any potential changes required to the methodology.

Action 0454/0601: *Application of Product* - Address various scenarios and clarify examples for consideration at the next meeting.

Next Steps

The legal text was under preparation. No implementation timescales were proposed as yet. The testing of systems will take place.

National Grid NTS will provide scenario examples and any revisions to the modification.

3.0 Diary Planning for Review Group

The next Workgroup meeting will be accommodated during the business proceedings of the Transmission Workgroup on Thursday 04 July 2013 at the Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table – Workgroup 0454

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0601	06/06/13	2.0	<i>Application of Product</i> - Address various scenarios and clarify examples for consideration at the next meeting.	National Grid NTS (RA/SL)	Pending