

UNC Workgroup 0485 Minutes
EU Gas Balancing Code – Introduction of Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures
Thursday 22 May 2014
31 Homer Road, Solihull B91 3LT

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Burke*	(AB)	esb
Anna Shrigley	(AS)	ENI UK
Charles Ruffell	(CR)	RWEst
Chris Shanley	(CS)	National Grid NTS
Colin Hamilton	(CH)	National Grid NTS
Debbie Brace	(DB)	National Grid NTS
Douglas O'Brian*	(DO)	Bord Gais
Graham Jack	(GJ)	Centrica
Isabelle Magne	(IM)	GDF Suez
Jeff Chandler	(JC)	SSE
Jessica Housden*	(JH)	Ofgem
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0485/220514>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 June 2014.

1.0 Introduction

LJ welcomed all to the meeting.

2.0 Review of Minutes and Actions

2.1 Minutes

The Minutes of the previous meeting were accepted.

2.2 Actions

0401: Shippers to review the draft document “*CMP: Long Term Use-it-or-lose-it Guidance Note*” and provide feedback to colin.j.hamilton@nationalgrid.com.

Update: CH advised that feedback has been provided and that National Grid NTS are currently considering the responses. Attention is focused on what information should be issued to Shippers and what information should be issued to Ofgem and whether or not, this should be different. NG NTS are also taking into account what information would be provided by IUK. **Closed**

3.0 Discussion

LJ advised that recent amendments to the modification, culminating in the publication of version 2.0 on 21 May 2014, have also been reflected in the draft Workgroup Report version 0.2 before reminding everyone present that the Workgroup Report is scheduled to be presented to the 19 June Panel for consideration and therefore needs to be submitted by the 06 June deadline at the latest.

CH provided a brief explanation behind the recent amendments.

4.0 Legal Text

During an onscreen review of the separate legal text document published on the Joint Office web site (dated 19 May 2014), several key aspects were discussed as follows:

- Annex B-4, paragraph 1.1(b) – will be removed in line with previous discussions;
- Annex B-4, paragraph 2.1 – questions over the validity of the statement placed an action on CH to discuss with lawyers and provide a view in due course;
- Annex B-4, paragraph 2.4 – questions asked regarding whether entry capacity close-out considerations (inc. initial and final positions) should also be included;
- Annex B-4, paragraph 2.5 – when asked about the option for other mechanisms to be utilised, CH advised that this matter had been deliberately left ‘open’ to reflect that this forms part of an alert mechanism;
- Annex B-4, paragraph 2.6 – discussions centred around the appropriateness of the proposed 25 business days after the expiry of each utilisation monitoring period, especially bearing in mind the 10 business days defined in paragraph 2.4.

Some parties wondered whether or not we would actually need the 1st trigger (10BDs outlined in para 2.4) or whether a single 20BD would suffice. The consensus being to adopt a single M+20 business day for the expiry of the utilisation monitoring period.

For the avoidance of doubt, CH pointed out that it is Qualifying Users only who get ‘targeted’ and National Grid, if requested, could provide a NULL value report to Users who are not being monitored – this was a provision was supported by those present, and

- Annex B-4, paragraph 3.1 – discussions centred around whether or not there are any potential capacity market information visibility related issues associated with Users potentially having advanced views of their capacity withdrawals to worry about, which culminated in a new action on National Grid NTS and Ofgem to discuss whether an aggregated market position report would be preferable, plus whether the roll-over of capacity is an issue and what level of detail is appropriate in the Ofgem directions and thereafter to provide a view at the next meeting.

CH reminded those present that National Grid NTS would receive instructions from Ofgem in the form of a formal direction and details such as scale of withdrawals, duration, end dates etc. would be considered on a case-by-case basis.

Concluding the review of the legal text, CH pointed out that the remainder of paragraphs 3, 4, 5, 6 and 7 focus mainly on the surrender process(es). LJ suggested that paragraph 7.1 may well be outdated and would need further consideration.

Action 05/01: National Grid NTS (CH) to discuss the proposed amendments to the legal text in line with Workgroup discussions with his legal contacts with a view to providing updated legal text and a accompanying amended modification in time for consideration at the next meeting.

Action 05/02: National Grid NTS (CH) and Ofgem (JH) to discuss whether an aggregated market position report would be preferable, plus whether the roll-over of capacity is an issue and what level of detail is appropriate in the Ofgem directions and thereafter to provide a view at the next meeting.

5.0 Workgroup Report

As part of the onscreen review of the draft Workgroup Report version 0.2, the main discussions focused on Section 3 – Solution, CH advised that National Grid NTS is considering how the guidance document should best specify how the actual communications and reports would be provided.

In considering the statement ‘The Authority shall require National Grid NTS to partially or fully withdraw a User’s Available System Capacity where a User fails to justify their utilisation’, questions were asked about how a Shipper who had previously received an alert would know when they were subsequently ‘off the hook’ so to speak. JH took an action to provide an Ofgem view.

Moving on, CH reminded those present that where Shippers are alerted, it is then up to them to respond accordingly whilst it should also be noted that National Grid NTS would be providing an ‘Overview’ report to Ofgem as they (Ofgem) need to demonstrate that they are monitoring matters as part of their Commission compliance requirements – JH confirmed this to be true.

Moving on to consider the question of discretionary NTS Entry Capacity aspects and whether weighted average costs have a bearing, a new action was placed against National Grid NTS to provide additional clarification around the Discretionary Capacity Release mechanisms, especially their neutrality aspects.

During consideration of any potential surrender mechanisms, GJ enquired whether or not the modification is clear around Shipper payment methods where Exit Capacity is withdrawn. Responding, CH advised that whatever the current arrangements are, these would be utilised.

In considering whether there is benefit in having the governance aspects for the guidance document ‘built in’ to Code a clear consensus was not reached. However, a new action was placed on CH to consider. CH also pointed out that the matter of the under utilisation report and guidance document publication was still being considered by National Grid NTS with a release target of October 2014 in mind.

In recognition of the various outstanding actions, final sign off of the WGR was deferred until the proposed 03 June 2014 meeting.

Action 05/03: Ofgem (JH) to consider how a Shipper who had previously received an alert would know when they were subsequently ‘off the hook’ so to speak, in time for consideration at the next meeting.

Action 05/04: National Grid NTS (CH) to consider whether there is benefit in having the governance aspects for the guidance document ‘built in’ to Code and ensure that whatever is proposed is recorded within the guidance document.

Action 05/05: National Grid NTS (CH) to provide additional clarification around the Discretionary Capacity Release mechanisms, especially their neutrality aspects.

Action 05/06: National Grid NTS (CH) to look to amend the modification in line with the Workgroup discussions (and take into account proposed revisions to the legal text) in time for consideration at 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

Following a brief discussion it was agreed to meet again prior to the CAM meeting scheduled for 03 June 2014 at the Energy Networks Association, London.

Date	Location
Tuesday 03 June 2014, 10:00 (Workgroups 0485, 0500 and 0501)	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	22/05/14	4.0	To discuss the proposed amendments to the legal text in line with Workgroup discussions with his legal contacts with a view to providing updated legal text and a accompanying amended modification in time for consideration at the next meeting.	National Grid NTS (CH)	Update pending.
0502	22/05/14	4.0	To discuss whether an aggregated market position report would be preferable, plus whether the roll-over of capacity is an issue and what level of detail is appropriate in the Ofgem directions and thereafter to provide a view at the next meeting.	National Grid NTS (CH) & Ofgem (JH)	Update pending.
0503	22/05/14	5.0	To consider how a Shipper who had previously received an alert would know when they were subsequently 'off the hook' so to speak, in time for consideration at the next meeting.	Ofgem (JH)	Update pending.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0504	22/05/14	5.0	To consider whether there is benefit in having the governance aspects for the guidance document 'built in' to Code and ensure that whatever is proposed is recorded within the guidance document.	National Grid NTS (CH)	Update pending.
0505	22/05/14	5.0	To provide additional clarification around the Discretionary Capacity Release mechanisms, especially their neutrality aspects.	National Grid NTS (CH)	Update pending.
0506	22/05/14	5.0	To look to amend the modification in line with the Workgroup discussions (and take into account proposed revisions to the legal text) in time for consideration at the next meeting.	National Grid NTS (CH)	Update pending.