

**UNC Workgroup 0571 Minutes**  
**Application of Ratchets Charges to Class 1 Supply Points Only**  
**Thursday 25 February 2016**  
**Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR**

**Attendees**

Alex Ross-Shaw*	(ARS)	Northern Gas Networks
Andy Clasper	(AC)	National Grid Distribution
Angela Love	(AL)	ScottishPower
Bob Fletcher (Chair)	(BF)	Joint Office
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
David Reilly	(DR)	Ofgem
Fraser Mathieson	(FM)	Scotia Gas Networks
Gavin Anderson	(GA)	EDF Energy
Hilary Chapman	(HC)	Xoserve
John Welch	(JW)	RWE npower
Karen Visgarda (Secretary)	(KV)	Joint Office
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales and West Utilities
Robert Cameron-Higgs*	(RCH)	Good Energy
Steve Mulinganie*	(SM)	Gazprom

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0571/250216>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2016.

**1.0 Review of Minutes (28 January 2016)**

The minutes of the previous meeting were approved.

**2.0 Review of Actions**

**0101:** *Network Sensitive Load sites (NSLs)* - CW to confirm the definition of an NSL and the rules/treatment applied to these sites.

**Update:** CW confirmed this definition no longer existed within Code as it was removed in 2008 and that in Class 1 sites the Ratchets always apply. It was then agreed this action could be closed. **Closed.**

**0102:** DNs to consider potential impacts (physical capacity, pricing) on the Networks, which sites (Class 2) might be significant and analyse how SOQ risk can be managed pre- and post-Nexus.

**Update:** CW explained this was not an issue for National Grid Distribution, and a general discussion took place concerning the GL1 process and SAQ mechanism, together with the impact of the Ratchet process for ensuring adherence. It was subsequently agreed to

carry this action forward to enable further discussions to take place regarding if Ratchets were to be applied or not, for specific networks. **Carried forward.**

**0103:** Xoserve to (a) assess impacts on Project Nexus; and (b) consider what extra tests to apply for differentiation in Class 2.

**Update:** RH explained that regards to part a) this was not going to be systemised prior to October 2017 as it was done off line currently and would be part of the Retrospective Updates process for Nexus. In relation to part b), RH said the Ratchet regime would have to be defined by the Workgroup, as this was not an area that Xoserve could influence. It was then agreed this action could then be closed. **Closed.**

**0104: *Alternative Approaches*** - All parties to consider alternative approaches for discussion at the next meeting.

**Update:** All participants agreed this action could now be closed, as alternative approaches had been discussed. **Closed.**

### 3.0 Consideration of alternative approach(es)

SM proposed a potential approach of having a sliding regime applied to Ratchets to ensure smaller consumers are not materially disadvantaged when they have very little impact on the network. DR suggested that would have to be dependant on the position of the meter point in the DN's and the size of the site with regards to the Ratchets. CB suggested excluding the domestic customers, as individually they would not impact DNs so it was not a logical approach for the Domestic market.

SM suggested the sliding regime could be appropriate once over 25,000tpa and could be treated on a case by case basis. AL proposed the sliding scale approach could be seen as discriminatory in favour or against certain customers and could increase the complexity administering the process. DR suggested that this might be able to be justified on the grounds of consumption, but that it would be need to be fully investigated, he thought the existing rules were scaled as they were based on the capacity used.

SM agreed the sliding regime would add complexity, specifically regarding when penalties would apply, but also proposed that a procedure was required prior to the Nexus Go Live. BF said that there was a need to understand the risk to the NDM sites, balanced against the risk to network security. MJ suggested that the SOQ could be set and then if that was exceeded then a penalty would apply for the proportion of what was used, if this element proposed a risk, and SM agreed that this could work in relation to a sliding penalty approach also. General discussion then ensued regarding the overall SOQ and Ratchet process in relation to the size of the supply and SM proposed that Ratchets be applied with penalties for the larger supply points where they were not Class 1 or interruptible.

General discussion took place concerning the possible options and SM agreed to create a detailed table showing the 'pros and cons' of each of the 3 options including the implementation complexity, for the next meeting to allow further discussion. CW stated that all the Transporters have a duty to provide feedback to SM to assist with this matter.

### 4.0 Development of Modification

SM reiterated that he was open to any suggestions and confirmed he will not be making any amendments to the modification until after the discussions at the next meeting.

#### 4.1. General discussion

No further discussion.

#### 4.2. Question from Panel

*Consider inclusion of Class 2 sites*

The UNC Modification Panel had requested the Workgroup to consider if any Class 2 sites should also be included. This was discussed. See discussion in 3.0 above.

**5.0 Development of Workgroup Report**

BF explained this would be developed once further discussions had taken place relating to the appropriate 3 options that SM would supply detail on for the next meeting in March.

**6.0 Next Steps**

BF explained due to the complexity of the 3 options, it was appropriate to ask for an extension to July, to allow the Workgroup sufficient time to come to a decision as to which of these options was the most suitable.

At the next meeting, it is anticipated that the Workgroup will continue to assess the modification in light of information to be provided in response to the actions and potential 3 options, and consider any alternative approaches put forward.

**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
Thursday 24 March 2016	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> <li>• Consider alternative approaches</li> <li>• Development of modification</li> <li>• Development of Workgroup Report</li> </ul>

**Action Table (25 February 2016)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>0101</b>	28/01/16	2.2	<i>Network Sensitive Load sites (NSLs)</i> - CW to confirm the definition of an NSL and the rules/treatment applied to these sites.	National Grid Distribution (CW)	<b>Closed</b>
<b>0102</b>	28/01/16	2.2	DNs to consider potential impacts (physical capacity, pricing) on the Networks, which sites (Class 2) might be significant and analyse how SOQ risk can be managed pre- and post-Nexus.	All DNs	<b>Carried forward</b>

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<b>0103</b>	28/01/16	2.2	Xoserve to (a) assess impacts on Project Nexus; and (b) consider what extra tests to apply for differentiation in Class 2.	Xoserve (HC)	<b>Closed</b>
<b>0104</b>	28/01/16	2.2	<i>Alternative Approaches</i> - All parties to consider alternative approaches for discussion at the next meeting.	ALL Parties	<b>Closed</b>