

Dear Colleague,

Teleconference Agenda: Pre-Modification Panel Briefing
Documentation at: www.gasgovernance.co.uk/panel/150115
Teleconference details: 0207 950 1251, access code 21870295#

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at 13:00 on Monday 12 January 2015. Discussions will be based on the Modification Panel agenda (www.gasgovernance.co.uk/panel/150115).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held on the Monday prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Modification 0506A – Gas Performance Assurance Framework and Governance Arrangements

Proposed by SSE

This alternative modification has the same aims as the original proposal but differs in a number of detailed points, most notably the specific exclusion of NTS-connected supply points and the appointment of Xoserve as the Performance Assurance Framework Administrator for an initial period (to be determined as part of the assessment process).

To recap, 0506 seeks to establish performance assurance governance framework requirements and provide assurance that gas settlements has accurate allocation, control, self monitoring and governance post-Project Nexus implementation, so that no unfair commercial advantage can be derived from settlement by any Party. It is part of a suite of modifications relating to implementing a Performance Assurance Framework, including 0483 Performance Assurance Framework Incentive Regime and 0520 Performance Assurance Reporting.

The Proposer is not seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0506>

Modification 0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges, Rolling Average to Reduce Volatility in Annual Charges

Proposed by SSE.

A further alternative to Modification 0517, this proposes much of the same solution but, in addition, calculates the rolling average of 3 years charges to set charges for the current year.

By way of a recap, the Transportation Model calculates Entry and Exit Capacity reserve prices and includes a Merit Order which reflects the ongoing utilisation of supply. In recent years there has been a change in selective utilisation of Liquefied Natural Gas (LNG) and Mid Range Storage (MRS), triggering a review of the Merit Order. This modification proposes to amend the Merit Order to combine the supply which is against MRS and LNG into one group and prorate as currently specified in the methodology.

The Proposer is not seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0517>

Implementation Recommendations

Modification 0500 – EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures

This modification proposes to align the UNC mechanisms for Users to obtain and manage NTS Entry Capacity and NTS Exit (Flat) Capacity at Interconnection Points (IPs) with the requirements of CAM and CMP at IPs. It will impact a number of areas of the current regime, including the introduction of EU standard capacity products, EU standard auction calendar and a joint booking platform for sale and purchase of capacity at IPs.

Of the 5 representations received, implementation was unanimously supported; respondents generally agreed with the Proposer that this modification would meet the requirements of the new EU Capacity Regulations.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0500>

For completeness, Modification 0521 has been included below although it will not be considered until the Special Panel meeting on 23 January 2015

Modification 0521 – Revision of User Admission Criteria to include Transporter verification of its ability to transact with the Applicant User

This modification proposes to amend the User admission criteria to ensure that prior to User Accession, the Transporter verifies that the Transporter's Account Bank it is able to transact with the Applicant User.

It is out to consultation until Friday 16 January.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0521>

I hope this brief summary is helpful.

Regards,

Les Jenkins
Joint Office of Gas Transporters
Tel: 0121 288 2107
Email: enquiries@gasgovernance.co.uk

UNC related documents can be accessed via our website:
www.gasgovernance.co.uk