

Work Programme
UNC Modification Reference Number 221
Review of Entry Capacity and the Appropriate Allocation of Financial Risk

1 Delivery Timescale

In its Terms of Reference this Review Group made a commitment to complete its deliberations in time to report to the UNC Panel on 19 March 2009. The target deliverables agreed are the Review Group Report and, where applicable, relevant Modification Proposal(s) that enjoy consensus support of the group.

2 Scope of Work

The Review Group has decided to divide its work into the areas defined in the Proposer's original presentation which have been described as "questions to be addressed" in the appendix to the Terms of Reference. These have been allocated to Sessions as set-out below.

3 Outline of Agendas for Each Session

(including those that have already taken place)

Session 1: 11 September 2008

- (a) High level discussion of the issues
- (b) Agreement of Terms of Reference
- (c) Agreement of Process
- (d) Allocation of Actions for Session 2

Session 2: 25 September 2008

- (a) Review of Actions from Session 1
- (b) Question: "Do the current Default/Termination rules operate effectively and equitably and incentivise appropriate behaviour at the company group level"
- (c) Question: "In the context of the regulatory and licensing regime, under Default/Termination conditions is the balance of the risk shared between the transporter, new and existing Users, large and small portfolio players and the wider Community appropriate?"
- (d) Connection and Use of System Code Amendment Proposal 0131 "User Commitment for New and Existing Generators" – Relevance to the Review
- (e) Outline Agreement of Workplan
- (f) Allocation of Actions for Session 3

Session 3: 13 October 2008

- (a) Review of Actions from Session 2
- (b) Questions discussed in Session 2: outstanding issues.
- (c) Question: "What should we be securing against? eg overall project value, revenue driver value or capacity auction bid value."
- (d) Question: "How far in advance of the capacity release obligation should security be required?"

- What level of security should be provided during this period and, for example, should it be flat or stepped across period?”

(e) Other relevant industry proposals (if any).

(f) Allocation of Actions for Session 4

Session 4: 28 October 2008

(a) Review of Actions from Session 2 and 3

(b) Question discussed in Session 2 and 3: outstanding issues.

(c) Focus session: Who/what capacity holders should be captured by these requirements and how should this be assessed? ie

- (i) Incremental capacity only.
- (ii) All new capacity bookings including obligated.
- (iii) All new and existing capacity holdings based on a credit risk assessment (currently under discussion in the ETAR).
 - Who/ how would such a credit assessment be completed and what would be the route for appeal?

(iv) Combination of the above.

(d) Should there be different treatment of “connecting” pipeline as apposed to general reinforcement?

(e) Should any revision to security arrangements be applied to previous auction allocations that are yet to reach the capacity release date?

(f) Allocation of Actions for Session 5

Session 5: 10 November 2008

(a) Review of Actions from Session 4

(b) Question discussed in Session 4: outstanding issues.

(c) Question: “What level of security is needed post capacity release obligation?

- Flat, tapered, enduring etc?”
- Application to existing capacity holdings

(d) Allocation of Actions for Session 6

Session 6: 27 November 2008

(a) Review of Actions from Session 5

(b) Questions discussed in Session 5: outstanding issues.

(c) Which Security tools are acceptable and should the same tools be available to all Users (New/Existing)?

- If not, who should be arbiter of what tools are available to each party?

(d) Allocation of Actions for Session 7.

Session 7: Wk 10 December 2008

(a) Review of Actions from Sessions 4, 5 and 6

- (b) Questions discussed in Sessions 4, 5 and 6: outstanding issues.
- (c) Allocation of Actions for Session 8.

Session 8: Wk 1/2 January 2009

- (a) Review of Actions from Session 7
- (b) Discussion of Draft Modification Proposal(s) reflecting previous discussions.
- (c) Allocation of Actions for Session 9

Session 9: Wk 3/4 January 2009

- (a) Review of Actions from Session 8
- (b) Discussion of Draft Modification Proposal(s) reflecting previous discussions
- (c) Allocation of Actions for Session 10

Session 10: Wk 1/2 February 2009

- (a) Review of Actions from Session 9
- (b) Review of Draft Modification Proposal(s)
- (c) Discussion of Review Group Report to Panel
- (d) Allocation of Actions for Session 11

Session 11: Wk 3/4 February 2009

- (a) Review of Actions from Session 10
- (b) Finalisation of Draft Modification Proposal(s)
- (c) Finalisation of Review Group Report to Panel

Session 12: Wk 1 March 2009

- (a) Contingency session to finalise Proposals and Report