

Workgroup 0621 Summary of Outcomes
Monday 30 April 2018
at St Johns Hotel, 651 Warwick Road, Solihull, B91 1AT

Attendees	
Rebecca Hailes (Chair)	Joint Office
Helen Bennett (Secretary)	Joint Office
Anna Shrigley*	ENI
Beverley Viney	National Grid NTS
Chris Shanley	Joint Office
Christiane Sykes	Shell
Colin Williams	National Grid NTS
Dave Mitchell*	SGN
Graham Jack	Centrica
Jeff Chandler*	SSE
Kully Jones	Joint Office
Julie Cox*	Energy UK
Matthew Hatch	National Grid NTS
Phil Lucas	National Grid NTS
Richard Miller	Ofgem
Shiv Singh*	Cadent

Apologies:

Nick Wye
Gerry Hoggan
Richard Fairholme

Key Points/Decisions

1. Joint Office welcomed everyone to the meeting.
2. The material provided for the meeting can be accessed here:
<https://www.gasgovernance.co.uk/0621/300418>
3. No Pre-Mod discussion.
4. Christiane Sykes provided a brief summary of the new alternative Modification 0621L explaining that this proposal includes existing contracts in the calculation of the FCC and the Reference Price Methodology to:
 - a. Enable TAR NC Compliance
 - b. Better meet the Transporter's Relevant Objectives

Colin Williams requested some further clarification to be made to the modification, specifically to the Transmission Services Revenue Recovery charge. This has been recorded as Action 300418: 0401.

5. Jeff Chandler strongly commented that the timescales the Workgroup are being forced in to working towards are unnecessarily tight and will impact the completion of actions. The Workgroup attendees agreed with this statement but acknowledge the direction from Ofgem which requires the Workgroup Report to be submitted to Panel on 09 May 2018.
6. Richard Pomroy presented his material provided for the explanation of the square root distance calculations and the removal optional charge, explaining the difference between the 0621 and 0621D Modification is as follows:
 - a. Using the square root of distance rather than distance in calculating Average Distance
 - b. Removal of the NTS optional charge (short haul tariff) from October 2019 rather than October 2021
 - c. Storage discount of 86% rather than 50% (as for 621A)
 - d. Requiring NTS to provide quarterly forecasts of Maximum Allowed Revenue

The Workgroup were given the opportunity to respond to the paper and onscreen updates were made noting the responses that were made at the meeting. Please see the updated published material for 0621D here: <https://www.gasgovernance.co.uk/0621/300418>

GJ made some observations regarding the Short Haul suggesting that the analysis does not take in to account negatives and the Workgroup Report will point to the analysis performed for 0636.

7. Analysis Update: Colin Williams talked the Workgroup through an onscreen update. The material is published here: <https://www.gasgovernance.co.uk/0621/300418>.

Some participants asked for existing capacity to be demonstrated within the CWD model up to the year when existing capacity expires. This promoted a lot of discussion, to move this forward, Colin Williams took an action to progress the request for existing capacity to be demonstrated within the CWD model up to the year when existing capacity expires with Julie Cox and explore how this can be accommodated within the time we have remaining.

8. SGN provided an update to the SGN Proposed NTS Charging Methodology. The document is published: <https://www.gasgovernance.co.uk/0621/300418>.
9. A review of all outstanding actions took place, highlighting which actions that are outstanding are critical, these are now shown in red text. An updated Action Table is published here: <https://www.gasgovernance.co.uk/0621/300418>.
10. Comparison Table check: Phil Lucas took the Workgroup through some of the principle changes that have been made to enable the creation of v0.10 which includes a comparison to the counterfactual and updates to 0621H and the addition of 0621L.

Phil Lucas requested proposers of Alternative Modifications to review the latest version, published here: <https://www.gasgovernance.co.uk/0621/300418> of the Comparison Table and to advise National Grid if there are any changes that are required.

Version 0.11 will be published later today.

11. Relevant Objectives: Chris Shanley explained the working of the Relevant Objectives Drafting document for the benefit of those not present at Fridays Workgroup meeting.

The Workgroup went through an onscreen review of each objective and live amendments were made in the document.

The updated Relevant Objectives Drafting document showing updates has been published: <https://www.gasgovernance.co.uk/0621/300418>.

Under Legislative Compliance, Ofgem have requested that examples of how each of the modifications are compliant, against TAR code, should be specifically documented, giving the example of how the proposals are complying with Article 7 Reference Price Methodology.

There was a discussion with regards to the counterfactual (basic CWD model) against comparison table. This may justify aspects of the 0621 proposals to make the CWD methodology work/prevent a massive under recovery.

The Workgroup agreed how important it is to demonstrate and justify how compliance is being met, (for example, Articles 5; 7 and 35) for each Modification.

Joint Office will make further amendments to the document ahead of the next Relevant Objectives session on Thursday 3 May and requested that proposers make any amendments as soon as possible or provide additional information to support the Workgroups assessment.

Critical Actions

The actions are now published on the website as a separate document here: <https://www.gasgovernance.co.uk/0621/300418>

The next meeting will be held on Tuesday 01 May 2018 at Elexon, London. Please note that the meeting will start at 11am and finish at 4pm. Agenda and papers can be found on the website here:

Workgroup Schedule as at 30 April 2018

	9:30 - 13:00	13:30 - 17:00
23-Apr	- Capacity Reference Price	- Forecasted Contracted Capacity
24-Apr	- FCC, including historical contracts - Revenue Recovery Charge (Transition) - including historical contracts	- Revenue Recovery Charge (Enduring) including historical contracts
25-Apr	- Legal Text (0621)	- EU Compliance - Non-Transmission Service Charges - Publication of variables
26-Apr	- NTS Optional Charge - Combined DN Impacts - Individual DN Impacts	- Reserve Price - Specific Capacity Discounts - Interruptible Capacity
27-Apr	- Introduction to Relevant Objectives - Introduction to Modification 0621L - Analysis for Alternative Mods - Material for 0621D square root distance; removal optional charge; publication of forecasts - NTS Optional Charge Action Update	
30-Apr	- Material for 0621D square root distance; removal optional charge; publication of forecasts - Introduction to Modification 0621L - Analysis update - Relevant Objectives	- Relevant Objectives - Comparison Table daily check
01-May	- 9am to 11am Proposers Legal Text discussion with Lawyers - 11am start NTSCMF (including 0621 Workgroup) (1pm Lunchtime) - Treatment of Traded Historical Capacity - Legal Text (0621 Alternatives) - National Grid Action Updates	- NTSCMF (including 0621 Workgroup) - Comparison Table daily check - Daily check on progress
02-May	- GDN Action Updates - National Grid Action Updates - Finalise Workgroup Report	- Finalise Workgroup Report - 0621/0636 interaction discussion - Comparison Analysis - Comparison Table daily check - Daily check on progress
03-May	- Relevant Objectives	- Relevant Objectives
04-May	- Relevant Objectives and/or Finalise Workgroup Report	- Relevant Objectives and/or Finalise Workgroup Report - Comparison Table daily check - Daily check on progress
08-May	- Finalise Workgroup Report	- Finalise Workgroup Report - Comparison Table daily check - Daily check on progress
09-May		- Submit Workgroup Report to Panel (no meeting – JO admin activity)