

**Workgroup 0621 Summary of Outcomes**  
**Tuesday 02 May 2018**  
**at St Johns Hotel, 651 Warwick Road, Solihull, B91 1AT**

<b>ATTENDEES</b>	
Penny Garner (Chair)	Joint Office
Kully Jones (Secretary)	Joint Office
Anna Shrigley%	ENI
Beverley Viney	National Grid NTS
Charles Ruffell	RWE Supply & Trading
Chris Shanley	Joint Office
Colin Williams	National Grid NTS
Graham Jack	Centrica
Jeff Chandler*	SSE
John Costa*	EDF Energy
Julie Cox*	Energy UK
Kirsty Ingham	ESB (pm only)
Matthew Hatch	National Grid NTS
Nick Wye	Waters Wye
Paul Toole*	NGN
Penny Jackson	nPower
Phil Lucas	National Grid NTS
Richard Fairholme	Uniper
Richard Miller	Ofgem (2.00 – 2.30 only)
Smitha Coughlan*	Wales & West Utilities

**Key Points/Decisions**

1. Joint Office welcomed everyone to the meeting. Workgroup participants noted that Ofgem were not present for the start of the meeting. Ofgem phoned in to the meeting (2-2.30) for an update on the discussions under items 5 & 8.
2. The material provided for the meeting can be accessed here:  
<https://www.gasgovernance.co.uk/0621/020518>
3. No Pre-Mod discussion.
4. SC provided an update on Action 260418 0403. She briefly explained the changes to the GDN presentation. The updates were as follows:-

Slide 5 - The basis by which GDN's recover NTS exit capacity charges

Slides 6/7 - GDN obligations -booking requirements

Slide 8 - Transparency/clarification of the assumptions. (NTS prices published 01 May 2018 not included)

Slide 16 - WWU example of direct competition for large loads  
Slide 17 - Inclusion of NGN impact analysis  
Slides 18-19 - Further clarification/explanation regarding GDN's key concerns

Analysis from NGN has also been included in the analysis.

It was suggested the DN impact analysis could be used to support the section on consumer impacts within the Workgroup Report. The importance of impact on consumers and competition was recognised as vital for the Workgroup Report and it was therefore suggested that it would be helpful to have similar information from other DNs to that provided by Wales and West Utilities.

**New Action 020519 0501:**

1. All GDNs asked to update the presentation material provided for the meeting to provide any additional information to illustrate the potential impacts on consumers or competition (by lunchtime on Friday 04 May 2018) for inclusion in the Workgroup Report or for publication prior to the Modification Panel decision to send 0621 to consultation.
2. In addition, to provide an estimate of how many embedded gas generators was requested.
3. DNs early views as to whether the charging methodology can be amended in any way to reduce the volatility or variances in charges to consumers.
4. Where possible to clarify within the analysis where commodity is included as well as capacity.

Workgroup thanked GDNs on the analysis provided.

5. Workgroup reviewed the Action log. National Grid provided a presentation which updated actions 240418 0407 and 250418 0401. Workgroup discussed the timeline in the context of the effective date for 0621 (or the alternatives) in relation to when capacity is classified as an interim contract and therefore an Historical Contract.

Workgroup participants discussed how to treat the QSEC 2019 and the impact on Shippers of buying capacity before auction if there was uncertainty of the applicable prices. An unintended consequence of this may be a reluctance of Shippers to buy capacity on a long-term basis through this auction.

There was a suggestion that the effective date should be 31 May but others felt the effect needed to be introduced ahead of the QSEC auction.

The timing of Ofgem's decision is critical to the timeline and Ofgem were invited to join the meeting to provide a view.

At the moment Modification 0621 and the alternative Modification are all on the same basis. In regards to the implementation date. If an early decision is received from Ofgem it would be considered to be helpful, otherwise it may be necessary to propose a new Modification to clarify what is being bid for as part of the QSEC 2019.

Ofgem joined the meeting in the afternoon and were made aware the discussions. National Grid summarised that the main concern is that for the QSEC auction, the February invitation and Pricing notifications need to inform shippers of what they can bid for and this is dependent on the timeline for the Authority decision. A late decision means there is no clarity whether the capacity purchased would be an interim contracts.

Ofgem asked if Workgroup have considered the impact of the purchase of large volumes of capacity at QSEC 2019 and the link to relevant objectives? Chris Shanley clarified that the issue is outside the remit of 0621 but it is hoped the information to be captured in the report would clarify the issue.

**New Action: 020519: 0502**

1. Joint Office to add a standing agenda item on NTSCMF on the interactions on 0621 implementation and the QSEC 2019.
2. Workgroup Report to highlight this issue in relation to the Modification 0621 implementation/effective date and the potential impact on QSEC 2019.

6. National Grid confirmed that the analysis models have been provided for Modification 0621 and all the alternative Modifications with the exception of 0621L (this will be provided soon). The key change is the existing capacity is extended to 2030.

National Grid explained that there some minor changes still needed for 0621C as the model does not include the additional capacity discount for the optional charge step.

The models can be accessed here: <https://www.gasgovernance.co.uk/0621/Models>

Workgroup wanted more time to discuss the models and suggested that these would be helpful to provide observations for the Workgroup Report. Time was provided in the afternoon session to do this. The workgroup discussed ideas of what could be provided as an output for all the alternatives.

**New Action: 020519: 0503**

National Grid to provide standard outputs from the analysis models for all the alternative Modifications.

7. Workgroup considered a draft statement titled "*The interaction between UNC 0621 and UNC 0636 and UNC 0653*" following an Ofgem request at the 19 April Panel meeting. Workgroup participants discussed the statement and observations and comments were incorporated during the meeting.

Penny Garner reminded Workgroup that a letter to Ofgem was sent highlighting concerns that UNC0621 had not been considered as part of a Significant Code Review.

**New Action: 020519: 0504**

Joint Office to clarify the Modification Rules regarding variations and send back powers.

**New Action: 020519: 0505**

All Workgroup participants are requested to provide comments on the draft document titled "The interaction between UNC 0621 and UNC 0636 and UNC 0653" by 5pm on Thursday 03 May 2018.

8. Chris Shanley described the approach to the Workgroup Report, confirming that a consolidated version of the first draft of Part I report incorporating the Relevant Objectives and the key issues discussions has been published on the Joint Office website here:

<https://www.gasgovernance.co.uk/0621/020518>.

He highlighted a potential pressure arising from outstanding analysis, late changes to Modifications which is causing a bottle-neck. He suggested, that time is provided to National Grid to complete the analysis and expand on the relevant objectives and to Proposers of the alternative Modifications to make the necessary updates.

Workgroup therefore, discussed and agreed that the meeting scheduled for 04 May 2018 would be re-configured to enable Joint Office and National Grid time to complete the outstanding analysis and for edits to be made to the Workgroup Report in advance of the discussion on the report scheduled for 08 May 2018.

National Grid and Joint Office will be working from the St Johns Hotel and Workgroup participants are welcome to attend as observers or to provide input to the Workgroup Report drafting process.

**The revised Workgroup Report will be published by 4pm on Friday 04 May 2018. To support Joint Office to manage the changes to the Workgroup Report it was agreed that any changes/additions should be submitted via a standard template by Monday 4pm 07 May 2018.**

**New Action: 020519: 0506**

Joint office to provide a template for Workgroup Report comments/observations to be considered by Workgroup.

9. It was also agreed that the last session scheduled for Tuesday 08 May 2018 would be run in 3 sessions to enable finalisation of the report. The 3 sessions will be as follows:

Session one - 8:30 - 12:00

Session two - 12:30 - 16:  
Session three - 16:30 - 21:00 (supper will be provided)

The meeting requires attendance by 2 Shippers and 2 Transporters to be regarded as quorate.

### **Critical Actions**

The actions are now published on the website as a separate document here:  
<https://www.gasgovernance.co.uk/0621/020518>

The next meeting will be held on Thursday 03 May 2018 at St Johns Hotel, 651 Warwick Road, Solihull, B91 1AT. Please note that the meeting will start at 09:30am and finish at 4pm. Agenda and papers can be found on the website here: <https://www.gasgovernance.co.uk/0621/030518>

Workgroup Schedule as at 02 May 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 - <del>Introduction to Modification 0621L</del> - Analysis for Alternative Mods - <del>Material for 0621D square root distance; removal optional charge; publication of forecasts</del> - 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	<del>Relevant Objectives and/or Finalise                      Workgroup Report</del> - 12.00 deadline for analysis submissions/updates and Mod amendments JO/NTS workgroup report development (no meeting this day but observers are welcome) to enable publication of report by 4pm.	<del>Relevant Objectives and/or Finalise Workgroup                      Report</del> <del>Comparison Table daily check</del> - Daily check on progress JO/NTS workgroup report development (no meeting this day but observers are welcome) to enable publication of report by 4pm.
08-May	- Finalise Workgroup Report	- Finalise Workgroup Report
09-May		- Submit Workgroup Report to Panel (no meeting – JO admin activity)