

UNC Workgroup 0665 Minutes

Introduction of suitable classification of Ratchetable Supply Points & ensuring accurate Capacity Allocations (SOQ)

Thursday 27 September 2018

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alexander Mann	(AMa)	Gazprom
Alsarif Satti*	(AS)	Ofgem
Amy Rawding*	(AR)	Northern Gas Networks
Andy Clasper	(AC)	Cadent
Chris Warner	(CW)	Cadent
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Edd Fyfe	(EF)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
John Dixon*	(JD)	Ofgem
John Cooper*	(JC)	BUUK
Kirsty Dudley*	(KD)	E.ON UK
Lesley Bowen*	(LB)	EDF Energy
Lorna Lewin	(LL)	Orsted
Mark Jones	(MJ)	SSE
Megan Coventry*	(MC)	SSE
Oorlagh Chapman*	(OC)	Centrica
Rachel Bird*	(RB)	Gemserv
Rachel Clarke*	(RC)	Gemserv
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities
Shaheeni Vekaria	(SV)	Utility Warehouse
Shanna Key	(SK)	Northern Gas Networks
Shardul Pandit*	(SP)	Wales & West Utilities

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0665/270918>

1. Outline of Modification

Opening the meeting, BF explained that originally this modification was raised by Gazprom as an Urgent modification, but following discussions at the 16 August 2018 Panel meeting, the Proposer S Mulliganie, withdrew the request for Urgent status and on that grounds it would now be considered as a 'normal' modification with a Panel view that the Workgroup should be concluded by January 2019. However, some parties in attendance felt that the proposed timescales would be difficult to achieve due to the complexity of the subject.

1.1. Review of Amended Modification (v2.0 dated 24 August 2018)

On behalf of the Proposer (S Mulliganie, Gazprom), GE provided an overview of the rationale behind the initial urgency request for the modification (i.e. historic proposal precedent and previous industry discussions on this area etc.). CW explained that he believes that reaching a Workgroup consensus is a real possibility, especially as this would enable Ofgem to be more comfortable with any decision they make on the modification in due course.

Initial discussions then centred on Section 5 – Solution aspects, during which CW suggested that the Workgroup would need to consider 'within year' changes that could then be included within a suitable draft guidance document that the Transporters are committed to preparing. RP also suggested that a test similar in nature to the interruption provisions might also prove beneficial.

It was also noted that adoption of a suitable Appeals Process is required, as it remains unclear (at this time) as to how the Uniform Network Code Committee (UNCC) would actually satisfy the requirements to be an escalation route, especially as their membership might not have the necessary System Capacity Management expertise. Responding, GE suggested that perhaps one option would be to adopt a sub-committee style approach similar to the one utilised within the Electricity market sector. CW remained unsure as to whether or not a UNCC voting style approach is realistic from a Network Operational Requirements aspects and would welcome further consideration.

New Action 0901: Reference Draft Guidelines document - Waters Wye Associates (GE) and Transporters to look to provide draft guidelines based on the outline proposals for the modification (including Wales & West Utilities Approach 2 proposals).

New Action 0902: Reference Draft Guidelines document - Waters Wye Associates (GE) to confirm with the Proposer as to whether or not the proposed approach is acceptable.

Focusing on statement 4 GE explained that this is to looking avoid confusion over what is, or is not a Ratchetable Supply Point. He went on to suggest that whilst these types of sites mainly reside in constrained areas of network, he would support Transporters wish to verify each and every site that moves between Classes (i.e. Class 2 sites moving to Class 4). However, the principle aim of the modification is to develop a simple solution even if that might take a subtly different route to the one initially outlined.

When asked whether the details behind statement 4 could be expanded, GE explained that the concern stems from the fact that all sites could potentially become Class 2, hence the statement provided – he would check with the Proposer in due course.

In making reference to UNC Modification 0664 'Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4', BF suggested that it is difficult to take those provisions into account at this time, as UNC Modification 0664 is still be developed and may or may not be implemented.

When SK enquired whether sites switching between Classes on a constrained area of the network would be covered by these provisions. GE advised that whilst there are a small number, they can all be moved between classes and as now larger Class 4 sites would not be subject to ratchet charges regardless of the way they operated. However, it would be down to Transporters to define what a Ratchetable Supply Point is.

DA advised that in essence, any site could theoretically be ratchetable, and as a consequence, the Transporters would need to consider how best to manage these going forwards.

GE then advised that the modification is also trying to align with the Faster Switching proposals and that care is needed in order to avoid a situation where there is double checking the status of each and every site to ascertain if they are ratchetable or not, it would be beneficial to fix this status for set periods of time.

During consideration of the *'Interaction with Provisional Maximum Supply Point Capacity'* statements, RP advised that the Wales & West Utilities view is that capacity should be paid for regardless, before then explaining how capacity (other than 1:20 peak day capacity) works in practice. Responding, GE explained how he sees the modification working in this regard, which RP acknowledged.

When CW enquired whether or not the statements imply that Transporters need to provide some (feasible) business rules, GE confirmed that this would be the case.

New Action 0903: Transporters to consider providing some draft business rules for consideration at future Workgroup meetings.

1.2. Mod 0665 Ratchet Charges Presentation

When RP provided a brief overview of the Wales & West Utilities *'Mod 0665 Ratchet Charges'* presentation, discussion mainly focused on the *'Other approaches 2'* slide, whereupon RP explained that there around 30 flexible capacity sites with NEXAs in the network. GE suggested that perhaps a simple NEXA based approach might work.

RP reminded those present that the 1:20 Day reference refers to the peak demand that could occur on any day in a twenty year period. Participants noted that the proposals were to only apply ratchet charges on days that were 90% or more of a peak day demand.

GE suggested that the proposals feel like a good starting point, especially for development of supporting guidelines, although his concern would be linked to the fact that sites would not be able to stop gas if it were to ratchet on a peak demand day as they would be unaware it was. Responding, RP explained how he envisages the proposed ratchet changes being applied for Class 1 and 2 sites, should the flexible capacity percentage be breached / invoked. He suggested that this possible solution could restrict the number of days a site would potentially be ratcheted.

When asked whether or not we have a view of how many sites (nationally) above 90% have been ratcheted, RP explained that, with the exception of 1st March 2018 it has been a long time since demand regularly got anywhere near to the 90% of the 1:20 Peak Day demand, although he suspects there are figures available.

When asked whether or not a form of pre-notification (day ahead) mechanism under these proposals would be available, RP confirmed that some form of notice advising users that they may have sites that were potentially approaching the [90%] of the 1:20 Peak Day limit would be required.

New Action 0904: Reference 1:20 Peak Day 90% Threshold Limit – Wales & West Utilities (RP) to look to provide figures on the number of days that various % of a 1:20 demand have been exceeded in each WWU LDZ.

New Action 0905: Reference 1:20 Peak Day 90% Threshold Limit – Wales & West Utilities (RP) to look to provide data for days on which ratchets occurred on the WWU network and what the level of LDZ demand was as a % of a 1:20 day.

In referring to the potential costs and scale of the (significant) system changes involved, RH advised that until more information is available, it is hard to assess. Having said that, there were some concerns as to how ratchets would be triggered in the first place.

Asked when was the preferred implementation date for UNC Modification 0665, GE responded by suggesting that the target date is October 2019, at the latest. RH observed that if that is the case, the parameters would need to be 'locked down' sooner, and probably by October this year to meet release schedules. However, it is highly likely that a manual workaround process could be implemented. RH also suggested that perhaps alignment of the implementation date with the start of the Gas Year would make most sense.

In noting that there could be some issues should there be any overlap between this modification and the Faster Switching initiative, CW reiterated that the Transporters are keen to work with the Proposer in order to ensure there is a workable solution.

When asked, JD confirmed that Ofgem would prefer to see an as early as possible an implementation date in order to remove potential barriers to Class 2 participation, and to this end, they would welcome an outline from Xoserve on what system releases are coming up in the near future.

New Action 0906: Reference System Release Dates – Xoserve (RH/DS) to provide an outline on what planned system releases are coming up in the near future (i.e. 2018 – 2019 and beyond).

It was noted that there would potentially be some Cross Code impacts involved with the implementation of UNC Modification 0665 and that further consideration around an appeals process would be needed going forwards.

The Workgroup consensus was to include UNC Modification 0665 on the October Distribution Workgroup agenda, rather than treat it as an individual Workgroup at this time.

2. Initial Discussion

2.1. Issues and Questions from Panel

It was noted that the 16 August 2018 Panel members have requested that the Workgroup looks to develop guidance on how the '2a test' of 'Ratchetable' should be applied and also develop an appeals process and thereafter secure an Ofgem view on how said appeals process should be expected to work.

2.2. Initial Representations

None.

2.3. Terms of Reference

(<http://www.gasgovernance.co.uk/0665>)

During a brief onscreen review of the Individual Workgroup Terms of Reference there were no adverse comments from Workgroup attendees.

3. Next Steps

Transporters to provide a draft guidelines document along with draft business rules for consideration at the October Workgroup meeting. Wales & West Utilities to look to provide (previous 12 months) ratchet data and Xoserve to look to provide an outline of future system releases.

Joint Office to ensure that UNC Modification 0665 is considered at the October Distribution Workgroup meeting.

4. Any Other Business

4.1. Ofgem Decision Letter for UNC Modifications 0619 / A / B

The Workgroup noted that there are opposing (industry) views on how best to address some of Ofgem's concerns highlighted in their decision letter.

5. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10.30, Thursday 25 October 2018	Elexon, 350 Euston Road, London NW1 3AW	Standard Agenda
10.00, Thursday 22 November 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda
10.00, Tuesday 17 December 2018	Elexon, 350 Euston Road, London NW1 3AW	Standard Agenda

Action Table (as at 27 September 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	27/09/18	1.1	<i>Reference Draft Guidelines document</i> - Waters Wye Associates (GE) and Transporters to look to provide draft guidelines based on the outline proposals for the modification (including Wales & West Utilities Approach 2 proposals).	Waters Wye Associates (GE) & Transporters	Pending
0902	27/09/18	1.1	<i>Reference Draft Guidelines document</i> - Waters Wye Associates (GE) to confirm with the Proposer, as to whether or not the proposed approach is acceptable.	Waters Wye Associates (GE)	Pending
0903	27/09/18	1.1	To consider providing some draft business rules for consideration at future Workgroup meetings.	Transporters	Pending
0904	27/09/18	1.2	<i>Reference 1:20 Peak Day 90% Threshold Limit</i> – Wales & West Utilities (RP) to look to provide figures on the number of days that various % of a 1:20 demand have been exceeded in each WWU LDZ.	Wales & West Utilities (RP)	Pending
0905	27/09/18	1.2	<i>Reference 1:20 Peak Day 90% Threshold Limit</i> – Wales & West Utilities (RP) to look to provide data for days on which ratchets occurred on the WWU network and what the level of LDZ demand was as a % of a 1:20 day.	Wales & West Utilities (RP)	Pending
0906	27/09/18	1.2	<i>Reference System Release Dates</i> – Xoserve (RH/DS) to provide an outline on what planned system releases are coming up in the near future (i.e. 2018 – 2019 and beyond).	Xoserve (RH/DA)	Pending

