

Workgroup 0678 Summary of Outcomes

Wednesday 27 February 2019

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

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett / Cuin (Secretary)	(HBC)	Joint Office
Alex Nield*	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI
Charles Wood	(CWo)	Dentons
Christiane Sykes*	(CS)	Shell
Colin Williams	(CWi)	National Grid
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
James Thomson*	(JT)	Ofgem
Jeff Chandler*	(JCh)	SSE
John Costa*	(Jco)	EDF Energy
Jonathan Trapps*	(JT)	Northern Gas Networks
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	ConocoPhillips
Kamila Nugumanova	(KN)	ESB
Paul Whitton*	(PW)	Scotia Gas Networks
Paul Youngman*	(PY)	Drax Power
Pavanjit Dhesi	(PD)	Interconnector
Phil Lucas	(PL)	National Grid
Nick Wye	(NW)	Waters Wye
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor
* via teleconference		
<p>Industry parties are strongly encouraged to review this document and the changes. Any comments should be sent to Joint Office at enquiries@gasgovernance.co.uk</p>		
<p>Meeting material available at: http://www.gasgovernance.co.uk/0678/270219</p>		
<p>Critical Actions Log is available at: http://www.gasgovernance.co.uk/0678</p>		
<p>Next Meeting Thursday 28 February 2019</p>		

Key Points/Decisions

1. Please note there was a fire drill conducted during the meeting for 20 minutes.
2. The Workgroup approved Monday 25 February's meeting summary.

3. The Workgroup briefly reviewed Tuesday 26 February meeting summary. RH welcomed any comments on the summary by close of play 27 February to enable the summary to be approved.
4. The Workgroup noted that the Legal Text was published late in the evening (approximately 21:30) on 26 February 2019 which had not allowed participants the opportunity to pre-read the text ahead of today's meeting. Concern was expressed that this was not efficient for the Workgroup.
5. CWo provided an overview of the Legal Text highlighting the marked-up changes for Annex B, Section Y-Charging Methodologies, Part A – NTS Charging Methodologies, A-J. It was that a required change to Annex B Draft Legal Text - TPD Y Part I-A (5) Section B 2.2.2 (e) had not been change marked.
6. RH enquired if National Grid will be providing Legal Text Commentary as this was considered best practice.
7. The Workgroup considered the practicalities of within-year revisions within TPD Section B 3.3.1. The Workgroup considered unexpected changes and the required notice periods and changes beyond 01 April and 01 October. The Workgroup wanted clarity from the rules that final prices will be published in line with TAR NC. It was agreed to capture any concerns about within-year revisions in the Workgroup Report. The Workgroup considered their preference of when to see the application of the revenue recovery charge and whether this should be April or October. Want to limit, better to have October, substantive changes preferred to be brought in as early as possible.
8. The Workgroup considered Annex C Transition Document Part IIC and Revenue Recovery,
9. GJ reiterated the concerns previously expressed by Workgroup participants around effective dates and the request for Ofgem to provide a view on whether 01 October 2020 would be a possible effective date. JT noted the concern that had been expressed by the Workgroup about the impacts and uncertainty.
10. The Workgroup considered the Revenue Recovery Adjustment and the provided legal text to enable mid-year implementation (Annex C Transition Document Part IIC Section 25.5.2). It was noted that if there was an effective date other than 01 October there would be a difference in application of the methodology at IPs and non-IPs which is not complaint with TAR NC Article 6.3 and that this would also create cross-subsidy between the points. The Workgroup believed this emphasised the importance of having an effective date of 01 October to ensure compliance and up agreed this needed further consideration. The Workgroup Report captured the concerns expressed.

Action 01-2702: All Proposers (including National Grid) to consider the consequences of a Mid-Year Implementation and if this would be compliant with TAR NC Article 6.3 and to amend their Modifications accordingly (Target Date 04 March 2019).

11. Ofgem were asked for a view on the approach of building in the flexibility for a mid-year implementation date, when some Workgroup participants believed a Mid-Year implementation would create a difference in application of the methodology at IPs and non-IPs, it would create cross-subsidy between the points and that this would not be compliant with TAR NC Article 6.3. JT reiterated Ofgem's expectation for the Workgroup to ensure compliance.
12. The Workgroup noted that some Modifications referred to TPD Section S - Invoicing and Payment. It was questioned if this was required and the reason why.

Action 02-2702: All Proposers to consider their Modifications and if there should/should not be a reference to TPD Section S - Invoicing and Payment and why. (Target Date 04 March 2019).

13. NW asked about the timing of legal text provision for the Alternatives. CWi explained that before the production of legal text National Grid will need to have stability on the Modifications. He noted that some elements of the text will need to consider to draw out the differences. If National Grid require any clarity Proposers will be approached. CWi assured Proposers an exchange will take place. RH recognised that it was unlikely that text will be available before the conclusion of the Workgroup Report.

14. CWi confirmed that National Grid will consider the concerns raised at the Workgroup with regards to the Legal Text and will endeavour to change the text where deemed necessary but Dentons will not be able to present this within the timescales.
15. It was suggested all Legal text will need to be published and agreed with proposers, RH stressed that for all Proposers to validate legal text an extension to the report would be required.
16. The Workgroup Report expressed concern about the due process for considering Legal Text to ensure it is validated. NW recommended that there should be an opportunity for Legal Text to be reviewed and recommended that the UNC Panel should be asked to send the Legal Text back to the Workgroup. He wished for the Workgroup to capture the Workgroup's concerns about the availability of legal text and the Workgroup's ability to review it. The Workgroup agreed to highlight to UNC Panel on 01 March that the Workgroup will not have had the opportunity to review the Legal Text.
17. The Workgroup considered the provision of Legal Text during the Consultation Process which is due to start 08 March and 05 April. It was noted that within the Modification Rules under Section 9.6.5 that the Transporter can revise Legal Text prior to the UNC Panel undertaking a determination whether or not to recommend implementation under Section 9.3.3. which would be 18 April 2019.
18. NW wanted the Workgroup Report to record that there was a recommendation for Ofgem to provide the Workgroup for an extension as the Workgroup Report will be insufficient.
19. JT asked for any request formally submitted to UNC Panel with justification for the request.
20. The Workgroup considered the statement required for UNC Panel to provide suitable justification to request a Workgroup extension. CS noted that within the Urgent Modification timescales parties have had insufficient time to consider the analysis. She highlighted that Shell have been trying to assess whether they wish to submit an Alternative Modification, but this has been difficult without having the time to sufficiently assess the solutions and analysis to determine what alternative solution need to be raised to address concerns.
21. All present Workgroup members agreed to the statement drafted. RH invited Ofgem to comment as a Workgroup participant. JT wished for the Workgroup to note that Ofgem are attending the 0678 Workgroup meetings as an observer and had no further comments to make. It was noted by the Workgroup that all attendees are considered to be Workgroup participants and there is no concept of a membership similar to Panel. JCx expressed the need for Ofgem to have an active involvement within the Workgroup and provide input where possible.
22. The Workgroup considered 0678D and Version 2.0 of Modification 0678. AS noted to the Workgroup that if ENI determine that 0678D and 0678 are now the same following Modification 0678 amendment, ENI will withdraw 0678D. AS noted that ENI was intending to provide a new version of the Modification by Tuesday 05 March.
23. CWi confirmed that National Grid are expecting to amend Modification 0678 following Workgroup discussions today. It was intended to submit this by Friday 01 March.
24. AS confirmed that ENI will need to assess that 0678 now incorporates all elements of 0678D.
25. The Workgroup considered 0678D Compliance Assessment in particular Article 35. AS provided the Workgroup with ENI's legal view on Article 35 (published at <http://www.gasgovernance.co.uk/0678/270219>)
26. National Grid provided an updated version of the 0678 Comparison Table to assist the Workgroup with assessing the differences between Modification 0678 and the Alternatives. It was requested that all Proposers review the new Comparison Table in light of recent Modifications amendments to ensure it is still representative.

<p>Action 03-2702: All Proposers to review the 0678 Comparison Table published at http://www.gasgovernance.co.uk/0678/comparison and provide any required updates (Target Date 04 March 2019).</p>
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27. The Workgroup briefly considered the recent amendment to 06768C. JCh confirmed that all storage capacity will be except from revenue recovery charges.

28. The Workgroup considered adding an extra consideration within the Comparison Table for the implementation and the Charging effective date.
29. JT clarified that Dentons have been asked to draft legal text, but had not been formally asked to consider providing a view on compliance with TAR NC. JT noted that Denton's may want to provide views for Modification 0678 but no request has been made for a view on the Alternative Modifications. JT anticipated that Panel would want to ensure compliance.
30. CWi confirmed that National Grid will take legal advice regarding compliance for Modification 0678, it was suggested that the Proposers of the Alternatives may wish to do the same.
31. The Workgroup concluded Workgroup discussions and briefly reviewed the Agenda items for Thursday 28 February 2019.

The Critical Actions

The Actions recorded above will be available in the Action Log at:

<http://www.gasgovernance.co.uk/0678/270219>

Next Meeting

The next meeting will be held on Thursday 28 February 2019 at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA.

Please note meetings will start at 9:30am and finish at 4:00pm.

Agenda and papers: <http://www.gasgovernance.co.uk/0678/280219>

Details of planned meetings available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Teleconference	Workgroup Programme
09:30 Tuesday 29 January 2019	St John's Hotel, Warwick Road, Solihull, B91 1AT	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG01 <ul style="list-style-type: none"> • Approach • Compliance
09:30 Thursday 31 January 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG02 <ul style="list-style-type: none"> • Integration of RPM, • Forecasted Contracted Capacity (FCC), • Revenue Recovery • Existing Contracts
10:00 Tuesday 05 February 2019	Elexon, 350 Euston Road, London NW1 3AW	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG03 <ul style="list-style-type: none"> • Multipliers and Discounts • Shorthaul Approach
09:30 Monday 11 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG04 <ul style="list-style-type: none"> • Compliance • Forecasted Contracted Capacity (FCC)

09:30 Wednesday 13 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG05 - Postponed
09:30 Thursday 14 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG06 <ul style="list-style-type: none"> • Non-Transmission Charges. • Workgroup Report Approach • Relevant Objectives
09:30 Monday 18 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 451-364-066 screen sharing https://join.me/bob.fletcher	WG07 <ul style="list-style-type: none"> • Compliance • Workgroup Report
09:30 Wednesday 20 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG07a (introduced as part of 0678B) <ul style="list-style-type: none"> • Assessment of Alternative solutions • Workgroup Report
09:30 Monday 25 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG08 <ul style="list-style-type: none"> • Assessment of Alternative solutions • Compliance • Workgroup Report
09:30 Tuesday 26 February 2019	St John's Hotel, Warwick Road, Solihull, B91 1AT	Teleconference Number 0203 582 4515 Conference ID 451-364-066 screen sharing https://join.me/bob.fletcher	<ul style="list-style-type: none"> • Assessment of 0678 Amended Modification (v2) • Compliance • Relevant Objectives • Impact (results) of model 0678 • Comparison table 0678/A/B/C/D/E/F
09:30 Wednesday 27 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG09 <ul style="list-style-type: none"> • Legal Text (AM) • Compliance • Relevant Objectives
09:30 Thursday 28 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG09a (Envisaged as part of 0678C) <ul style="list-style-type: none"> • Assessment of Alternative solutions • Workgroup Report • Comparison table review • Amended Mods

<p>09:30 Monday 04 March 2019 (possible 8pm late finish)</p>	<p>Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA</p>	<p>Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice</p>	<p>WG10</p> <ul style="list-style-type: none"> • Workgroup Report • Compliance • Relevant Objectives
<p>10:00 Tuesday 05 March 2019 (NTSCMF)</p>	<p>Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA</p>	<p>Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice</p>	<p>WG10a</p> <ul style="list-style-type: none"> • Workgroup Report
<p>09:30 Wednesday 06 March 2019 (possible 8pm late finish)</p>	<p>Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA</p>	<p>Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice</p>	<p>WG11</p> <ul style="list-style-type: none"> • Finalise Workgroup Report