

UNC Workgroup 0410/0410A Minutes Responsibility for gas off-taken at Unregistered Sites following New Network Connections

Thursday 28 March 2013

ENA, 52 Horseferry Road, London SW1P 2AF

Attendees

| | | |
|--------------------------|-------|----------------------------------|
| Bob Fletcher (Chair) | (BF) | Joint Office of Gas Transporters |
| Lorna Dupont (Secretary) | (LD) | Joint Office of Gas Transporters |
| Alex Ross-Shaw | (ARS) | Northern Gas Networks |
| Andrew Margan | (AM) | British Gas |
| Chris Warner | (CW) | National Grid Distribution |
| Colette Baldwin | (CB) | E.ON UK |
| Dave Corby* | (DC) | National Grid NTS |
| David Addison | (DA) | Xoserve |
| David Mitchell | (DM) | Scotia Gas Networks |
| Edward Hunter | (EH) | RWE npower |
| Elaine Carr* | (EC) | ScottishPower |
| Gareth Evans | (GE) | Waters Wye Associates |
| Hilary Chapman | (HC) | Xoserve |
| Joanna Ferguson | (JF) | Northern Gas Networks |
| Jon Dixon* | (JD) | Ofgem |
| Lorna Lewin | (LL) | DONG Energy |
| Mark Jones* | (MJ) | SSE |
| Naomi Anderson | (NA) | EDF Energy |
| Rob Cameron-Higgs* | (RCH) | Wales & West Utilities |
| Steve Mulinganie | (SM) | Gazprom |

* *via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0410/280313

The Workgroup Report is due to be presented to the UNC Modification Panel on 18 April 2013.

1. Review of Minutes and Actions from previous meeting

1.1. Minutes

The minutes of the previous meeting were accepted.

1.2. Actions

1101: Ownership of/responsibility for 'neutrality pot' - National Grid NTS to elucidate its concerns and provide a view to Ofgem as to why it thinks the Licence is directly impacted.

Update: DC sought clarification on a number of points relating to the legal text. JF agreed to address the mix/consistency of defined terms. DC indicated that he still retained concerns with regard to the Licence. JF had raised similar issues (kWh and price multiples to create something that is not energy) and commented that views appear to be irreconcilable at this juncture. DC indicated that he was happy to see his concerns recognised and acknowledged. The action was agreed closed. **Closed**

0101: Northern Gas Networks to provide the draft legal text to National Grid NTS to review and conclude Action 1101.

Update: The text for both Modifications had been provided and was included within the draft Workgroup Report, published for review at this meeting. **Closed**

2. Workgroup Report

The Workgroup reviewed its Report and the legal texts provided.

Modification 0410

Implementation was discussed. DA expected it would be longer than 6 months; a sensible timescale was agreed.

Facilitation of the relevant objectives was discussed. JF and CW observed that unfunded liabilities and risks were apparent for DNs. Mitigating the risks was outside of the scope of the modification. It was believed there might be Licence impacts relating to SSCD4.

Costs were considered. It was confirmed that the development costs might range anywhere between £200k and £625k, depending on whether a new system was required. Operation costs for Year 1 were likely to be in the region of £225k - £338k.

The benefits were considered and GE provided an additional statement (regarding the AUGS figures).

Impacts were discussed.

The legal text was considered. Site visit scheduling was discussed and JF clarified the Transporters' intentions. GE observed that he might have to consider changing the Solution. CW believed that the modification might require varying to add sufficient clarity to the text. JF confirmed that inconsistencies in terminology and additional clarity would be addressed, as would the paragraphing conventions. After renewed consideration GE did not believe the modification would need to be varied.

Modification 0410A

Facilitation of the relevant objectives was discussed. CW believed that to test the dual issue the Modification should be returned to Workgroup for a greater in depth discussion.

DA confirmed that Xoserve had not analysed the two processes working together. GE explained why it was not double jeopardy. CW believed there was still a risk and that analysis of one against the other should be carried out.

GE questioned if it was possible that both modifications might be implemented. BF indicated that they are not true alternatives both can be implemented, but this may set up other issues. The Workgroup could request an extension from Panel to give more assessment time, or could ask for the modifications to be decoupled and dealt with separately.

JF believed that some sites might fall into both processes and this may create the double jeopardy.

It was suggested that Panel might be requested to seek a preliminary view from Ofgem on whether it might be seriously considering implementing both modifications, rather than one of the two.

Costs were considered. It was confirmed that costs associated with the implementation of 0410A would be borne by the Transporters and no additional costs were envisaged.

The legal text was considered, and concerns were discussed.

Paragraph 2.12.1 – An error was noted and the word order will be amended.

DA raised concerns regarding the intent/effects for energy balancing.

Paragraph 2.12.3(b) – Inconsistencies in the presentation of UNC terms were noted and would be addressed. SM questioned where the liability would sit in relation to each party where a Shipper has no relationship with the Supplier. Shippers did not believe the proposed statement could be enforced. CW restated that the legal text reflected what was in the modification and encouraged parties to include any such concerns in their representations. SM believed that the Shippers’ concerns with this legal text highlighted a fundamental flaw with this modification – it was about the party requesting/creating the MPRN being the one to accept the consequences of so doing.

Paragraph 2.12.6 – AM questioned what ‘the report’ was to mean in practice.

Following these discussions the Workgroup Report was completed to reflect the views expressed, and will be submitted with recommendations to the April UNC Modification Panel for its consideration.

3. Any Other Business

None.

4. Diary Planning for Workgroup

No further meetings required.

Action Table

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|---|--|---------------|
| 1101 | 22/11/12 | 2.0 | <i>Ownership of/responsibility for ‘neutrality pot’</i> - National Grid NTS to elucidate its concerns and a provide view to Ofgem as to why it thinks the Licence is directly impacted. | National Grid NTS (DC) | Closed |
| 0101 | 07/01/13 | 2.0 | Northern Gas Networks to provide the draft legal text to National Grid NTS to review and conclude action 1101. | Northern Gas Networks (ARS) / National Grid NTS (DC) | Closed |