

UNC Workgroup 0449 Minutes

Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures

Thursday 04 April 2103

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Charles Ruffell	(CR)	RWE Npower
Chris Wright	(CW)	Centrica
Clement Perry	(CP)	Ofgem
Colin Williams	(CW1)	National Grid NTS
Erika Melen	(EM)	Scotia Gas Networks
Ewan Thorburn	(ET)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
Jane Butterfield	(JB)	Gemserv
Jeff Chandler	(JC)	SSE
Julie Cox	(JCx)	Energy UK
Mark Cockayne	(MC)	Xoserve
Mike Wassell	(MW)	National Grid NTS
Peter Bolitho	(PB)	Waters Wye Associates
Phil Broom	(PB1)	GDF Suez
Richard Griffiths	(RG)	National Grid NTS
Richard Lea	(RL)	Gazprom
Ritchard Hewitt	(RH)	National Grid NTS
Sean McGoldrick	(SM)	National Grid NTS
Steve Pownall	(SP)	National Grid NTS
Tom Farmer	(TF)	Ofgem

Copies of all papers are available at: www.gasgovernance.co.uk/0449/040413

The Workgroup Report is due to the UNC Modification Panel on 20 June 2013.

1.0 Outline of Modification

FH introduced the modification and explained its purpose. The CMP process will apply from October 2013 to Interconnector points and to existing capacity allocation processes. As the CMP regulations are closely linked to the proposed Capacity Allocation Mechanism (CAM) Regulation any solution will need to be reviewed as part of CAM, the CMP oversubscription and will be facilitated through a combination of operational processes and existing Gemini system functionality. FH explained how this was proposed to be done, trying to use processes that National Grid NTS knows will work, to cover the period between 01 October 2013 and when CAM is implemented. FH explained that he had tried to include as much detail as possible within the modification to inform the

reader's understanding, as it was likely that legal text would take some time to prepare.

2.0 Discussion

Certain concepts under CMP will require the development of new system functionality - it could not be done 'overnight' and by the time this was likely to have been developed CAM will need to be addressed. JCx believed it was good that National Grid NTS had tried to address this gap through this modification.

FH confirmed a ROM had been raised with Xoserve, and that he had also asked for confirmation that the ways in which it was envisaged to use the existing functionalities was appropriate. It was recognised that it will introduce a greater level of complexity but the legal text would provide further clarity.

Referring to the Solution, TD suggested including Bacton. FH noted this for consideration along with a review of Interconnector point paragraphs.

Ofgem had raised a number of concerns regarding the CMP mechanisms and CP indicated that this was to make sure that the modification addresses the spirit of what the Guidelines were aiming to achieve. FH responded that National Grid NTS had tried to match these where it could and that other ways of doing would add extra levels of complexity. FH explained what could/could not be allocated, and that it was trying not to discourage parties from surrendering. By marrying up to auction periods it helps to simplify and encourage parties to participate, while trying to avoid too much unnecessary complexity. Shippers present agreed with FH's views, deeming it a sensible approach. PB added that it was a difficult job to implement this and that he considered that National Grid NTS was doing very well.

CP referred to Ofgem's point 1.3 "*we note that users may not submit more than one surrender offer per calendar quarter per interconnection point aggregated system entry point. Again, we consider this to limit the amount of capacity that can be surrendered, thus undermining the intention of the mechanism;*" and asked if FH could consider including. FH explained how he saw the surrender process to work, and how certain methods might increase complexity (date/time stamp) and force an adaptation of the window. Parties had the flexibility already, and a date/time stamp would only perhaps affect a prioritization. FH asked for views; CW observed that he saw no benefit to that. There was no benefit to incentivizing a Shipper to release, for example, 10 minutes earlier within the window. JCx agreed with this view. Allocation is agreed once all the bids are in and pro-rated is catered for. CW believes simplicity is key and working with existing systems.

CP referred to Ofgem's point 1.8 "*The modification is silent on long-term use-it-or-lose-it (UIOLI). We consider that a long-term UIOLI mechanism should be included in this code modification and look forward to receiving proposals for this in line with the CMP Guideline requirements*" and questioned should long-term UIOLI be included or be a separate modification. FH indicated that this would be difficult for National Grid NTS to consider at the moment, and explained what he saw CMP as involving; more clarity was required on how this would work and a view would probably be required from Ofgem at a later point. National Grid NTS was uncomfortable with it being a requirement on National Grid NTS to take capacity off Users.

PB observed there has to be a problem before you should develop a mechanism to address what may not be there until a future date. National Grid NTS will be

monitoring various areas; it will need to be agreed what should be monitored and how to deal with any issues identified.

CW gave examples of how a party might not want to make inefficient trading decisions on circumstances outside of a party's control.

CP agreed the Guidelines were not as clear as they might be. It needs to be demonstrated to the Commission that a mechanism is in place ready for use; this could be discussed with National Grid NTS.

Next Steps

The legal text will be provided and the Workgroup will review line by line to make sure it is appropriate and all are happy with it.

3.0 Any Other Business

None raised.

4.0 Diary Planning for Review Group

The next Workgroup meeting will take place at 10:30 on Monday 22 April 2013, at the Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table – Workgroup 0449

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update