

UNC Workgroup 0485 Minutes
Introduction of Long-term use-it-or-lose-it mechanism to facilitate
compliance with EU Congestion Management

Friday 25 April 2014

31 Homer Road, Solihull B91 3LT

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Clement Perry*	(CP)	Ofgem
Colin Hamilton	(CH)	National Grid NTS
Richard Fairholme*	(RF)	E.ON UK
Ricky Hill	(RHi)	British Gas

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0485/250414

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 June 2014.

1.0 Review of Minutes and Actions

1.1 Minutes

The minutes of the previous meeting (03 April 2014) were accepted.

1.2 Actions

None outstanding.

2.0 Discussion

Draft Revised Modification

CH reiterated the drivers and explained the high level principles. It was stressed that this was a 'bridging' modification for the pre CAM phase, ie to get the industry through one auction cycle.

The proposed process and interactive roles of parties were discussed in more detail. The level of involvement of National Grid NTS following issue of its monitoring report was questioned. Whilst recognising that National Grid was trying to helpfully pre-empt the formal step of Ofgem's involvement, with the offer an opportunity for informal dialogue and demonstration that behaviour in respect of identified under-utilisation had been appropriate, there were concerns that any information provided could be misinterpreted and that it would carry the veneer of National Grid's perception and interpretation. There may also be instances where a party would not wish to provide commercially sensitive information to the Transporter. There were also concerns regarding timeframes for provision of information, and that any degree of reluctance or failure to provide information might be seem to be a presumption of guilt. CP explained that it was hoped that all evidence provided in demonstration would be extremely clear, but that the 'door would be open' for any Shipper who wanted to discuss or elaborate on any information so provided to National Grid NTS.

It was reiterated that there really should be no need for National Grid NTS to be involved and that its remit should end at the point of issuing its factual report to Ofgem.

- NTS produces report containing information which invokes trigger
- NTS informs Shipper if they are 'triggered'
- Once Shipper and Ofgem have received their individual information from National Grid, the expectation is that Shipper approaches Ofgem or vice versa and dialogue occurs
- National Grid NTS react to subsequent instruction, if any, from Ofgem, depending on outcome of Shipper/Ofgem dialogue.

The EU requirements were silent on many aspects, including timeframes. RF believed the onus should be on Ofgem to provide guidance in this respect. CP reiterated that this was an interim modification and the likelihood was that it would never be called into use.

CH then moved on to explain the surrender process. The order in which capacity would be drawn upon was clarified: unsold goes first, then voluntary surrenders, and then lastly this 'forced withdrawal' is reallocated.

Different scenarios were discussed. CP confirmed that as long as a party could demonstrate that it had offered on the secondary market (there might be no buyers at that time), and could demonstrate that it had taken steps to reasonably manage its capacity position, there would be no adverse outcome.

CH explained to what extent the party losing the capacity would be liable and how and when it would be recompensed.

CMP: Long Term Use-it-or-lose-it Guidance Note

CH indicated he would like Shipper feedback on the draft Guidance Note.

Action 0401: Shippers to review the draft document "*CMP: Long Term Use-it-or-lose-it Guidance Note*" and provide feedback to colin.j.hamilton@nationalgrid.com.

As there was minimal Shipper representation at this meeting, it was suggested that Action 0401 also be drawn to the attention of the EU Workgroup attendees (by email) for their consideration.

Next Steps

CH will review and revise the modification in light of the day's discussions, and prepare the legal text ready for the Workgroup to review at the next meeting.

LJ, on behalf of this Workgroup, will ask the UNC Modification Panel to formally request the legal text for this modification at its May meeting.

3.0 Workgroup Report

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 June 2014. The intention is to finalise this at the next meeting on 22 May 2014.

4.0 Any Other Business

None raised.

5.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The next meeting will take place on Thursday 22 May 2014 at 31 Homer Road, Solihull B91 3LT, and will immediately follow the Workgroup 0489 meeting.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	25/04/14	2.0	Shippers to review the draft document " <i>CMP: Long Term Use-it-or-lose-it Guidance Note</i> " and provide feedback to colin.j.hamilton@nationalgrid.com .	Shippers	Pending