

**UNC Workgroup 0500 Minutes**  
**EU Capacity Regulations – Capacity Allocation Mechanisms with**  
**Congestion Management Procedures**

**Wednesday 08 October 2014**

**ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Ian Hollington	(IH)	Secretary
Alison Chamberlain	(Ach)	National Grid NTS
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	Centrica
Colin Williams*	(CWi)	National Grid NTS
Charles Wood	(CWo)	Denton's
Danielle Stoves	(DS)	Interconnector UK
David McCrone	(DM)	Ofgem
David Tenant	(DT)	Denton's
Isabelle Magne *	(IS)	GDF Suez
Graham Jack	(GJ)	Centrica
Lesley Ramsey	(LR)	National Grid NTS
Lisa Martin	(LM)	Ofgem
Malcolm Montgomery	(MM)	National Grid NTS
Matthew Hatch	(MH)	National Grid NTS
Nick Wye	(NW)	Waters Wye
Richard Miller	(RM)	Ofgem
Richard Riley	(RR)	National Grid

*\*via teleconference*

*Copies of all papers are available at: <http://www.gasgovernance.co.uk/0500/081014>*

*The Workgroup Report is due to be presented at the UNC Modification Panel by 20 November 2014.*

**1. Review of Minutes and Actions**

**1.1 Minutes**

The minutes of the previous meeting were accepted.

**1.2 Actions**

**0901:** National Grid NTS to confirm what information is reported to Users for LT UIOLI under utilisation.

**Update:** MM advised that Colin Hamilton is to present the information to the November workgroup meeting and that the monitoring reports should be sent to the relevant users and Ofgem towards the end of October. He confirmed that Users would receive copies of their specific reports. It was agreed that this action could be closed. **Closed**

**2. Workgroup Report**

This was not discussed at today's meeting.

**2.1 Amended Modification**

This was not discussed at today's meeting.

## 2.2 Consideration of Legal Text

CWo presented the legal approach document and explained that a consolidated approach had been taken as there was a need to provide legal text for a number of modifications which were interlinked and it would create implementation issues should each modification have its own text. He did consider the effects on the text if not all of the modifications received approval but was of the opinion that this was the best approach.

CWo continued with a presentation covering the European Interconnector Document (EID) and the Interconnector Agreement, which he advised was not fully complete. RM asked if the agreement posed any changes or operated similarly to the interoperability code and CWo answered that the ancillary agreements were between National Grid and the Shippers.

LM asked if the term interconnector applied to Moffat and CWo clarified that this applied to interconnectors in any EU member state. He did advise that some of the rules regarding interconnector points may need to be changed if the imminent licence alterations caused a change to be made to any of the existing terms in the proposed text.

MH noted that a Shipper has to be registered to flow gas through an interconnector and in response to a question from GJ, CWo clarified the term "parties" to mean National Grid and the Interconnector Shippers and the term "this document" refers to EID in the UNC.

The group discussed cooperation and the exchange of information between National Grid and any adjacent TSO's.

CWo moved on to a presentation covering section B of the EID, which dealt with capacity. AS questioned the substitution rules and how these would apply to the new Bacton ASEP. MM replied that they would be dealt with under the Substitution methodology review next year, and the incremental code when it came into force. LM noted that if there is lots of unsold IP capacity and a signal for incremental at UKCS it would not seem the right solution for NGG to incur costs in providing incremental at UKCS when there is unused capacity which would allow additional UKCS entries to flow. AS also asked about booking capacity for reverse flow and MM advised that the current view was that National Grid do not propose any change to the existing rules for offering interruptible capacity for the reverse flow service.

CWo agreed to amend the text regarding forward interruptible capacity

The workgroup discussed the document being written in the spirit of adjacent TSO's being signed up to Prisma and the issue of it being an imposition on other parties. CWo answered that the document can only be put forward on this basis. LM asked if anyone who was allocated legacy capacity under section 166 was required to sign up to Prisma and CWo said he would look into making an amendment based on a carve out from the transitional document.

GJ queried the process for changing the Prisma rules and DMc advised that he was not aware of an open forum for signatories to raise changes. MH agreed to provide information on this subject at the next meeting.

**New Action 1001: MH to provide information on the process for changing Prisma rules by the November workgroup meeting.**

MH proposed that any large sections such as the detailed auction designs be accepted without the need to go through them in detail as these were prescriptive via the CAM Regulation. The meeting accepted this with the exception of the section on Competing Capacity, which RM wished to be covered.

GJ asked whether bundled auctions for day ahead interruptible applies to all capacity products. Interruptible capacity is only sold as an unbundled product; for firm capacity then as much capacity as possible is bundled for all firm auctions.

In response to a question from RM, MM advised that the concept of a reserved price for entry and exit auction prices still exists.

There was a discussion on the number of decimal places used in the units and MM agreed to check but believed that pence and cents per kilowatt hours were used.

This led onto a discussion about the formula used in section 3.1.4 and MM referred to a presentation previously given in the June meeting which demonstrated that only the mismatch can be sold. MM said he would review this calculation and that CWo would amend the document accordingly.

CWo discussed the legal text for business rules and confirmed that if a bid fell out of the range it would be deemed to be at the lower end of the range. A number of errors in 4.92 and 4.93 were noted regarding the acronym and CWo agreed to look at the wording. GJ asked for a glossary of terms to be produced for the EID, which MH agreed to produce with BF noting that it needs to be consistent with code.

**New Action 1002: MH to produce a glossary of terms for the European Interconnector Document.**

CWo then went through the section covering Competing Capacity.

GJ asked about adjacent TSO's ability to set prices in order to gain an advantage and LJ advised that Ofgem have to agree the charging methodology so could control any potential attempt manipulate prices.

RM and MM discussed how bids are dealt with in Prisma where demand exceeds what is available with MM advising that the use of price steps would reduce demand until the situation was resolved which RM said he would review within the proposal. RM pointed out that part of section 5.4.3 appeared to repeat part of 5.3.1 which CWo agreed to look into along with a reference to a section (f) which did not appear in the document.

Bundled and unbundled withdrawals was discussed and RM advised that Ofgem planned to publish a guidelines document covering this in regards to neighbouring regulators. RM offered to seek guidance on whether this document will include this topic.

AS questioned whether overrun prices will be set or daily auction prices from October 2015 be used, MM answered that daily auction prices will apply but it is something that National Grid will need to give further thought to.

CWo presented information on the Transition document advising that before any changes (that anyone wishes to make via modification 0501 coming into effect) can be made, it needs to be taken into code.

MM advised that it would be best if no ad-hoc enduring exit requests were received after July 2015 which the meeting supported. It was agreed that this should be included in the modification.

The issue of quoting a firm date of 1 November 2015 was discussed and what would happen if this date needed to change with the best viable solution to change the text being the raising of an urgent modification. CWo agreed to look at the options available to provide a contingency and report back at the next meeting.

**New Action 1003: CWo/MM to look at the options available to provide a date contingency (1/11/15) and report back at the next meeting.**

MM summarised the current position advising that the charging objectives will be included in the final version and information regarding surrender aggregate quantities will be published on the National Grid web site with a comment on this inserted into the

modification document. He said he would discuss the definition of the legal rules for the sale of kilowatt hours per day (the remainder of the day product) with CWo.

In response to a question from GJ, MH replied that for within day prices the existing 100% discount would continue to apply.

MM went on to discuss contingency arrangements with the current rules considered inadequate as Prisma currently has no contingency arrangements in place. He advised that National Grid proposed an enhanced rule to be introduced until Prisma includes a contingency arrangement whereby the trigger for suspending overruns would be an outage of six hours. The workgroup discussed this as some members thought that a period of six hours was too long. Members were asked to feedback suggested views and MH agreed to discuss this with National Grid Operations with a view to National Grid declaring a “difficult day” and come back to the November meeting with a firm proposal.

**New Action 1004: MM to discuss the options and provide the workgroup with a proposal for dealing with an outage to Prisma.**

CWi dialled into the meeting to go through a presentation on Section Y. He confirmed that the European Interconnector document covers many sections of this area under Section B, however Section Y does include information on calculations and the provision of information so this has been included for auction details.

CWo agreed to ensure that the European Interconnector document cross referenced the fact that these charges apply to the National Grid element only.

**3. Next Steps**

This section was not discussed at today’s meeting.

**4. Any Other Business**

GJ raised a number of questions regarding the long term use it or lose it guidance notes.

Where National Grid submit confidential reports to Ofgem will the Shippers affected receive a copy and when the monitoring reports will be available. MM advised that they would receive a copy, the reports would be available from the end of October and that they would make this more clear in the document.

A further question as to why National Grid would not provide information on capacity transfers also. MH replied that National Grid’s view was that this information should be provided by the Shippers as to reasons why LTUIOLI should not apply as the Shipper has offered capacity on the secondary market to other Users.

A final question as to when the guidance document from Ofgem covering capacity withdrawals was expected to be published. It was advised that Ofgem expected to publish their document by the end of 2014 although no firm date was currently available.

**5. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows, however additional short notice meetings may be required.

Time / Date	Venue	Workgroup Programme
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Tuesday 21 October 2014	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Workgroups: 0500 and 0501/0501A/501B 0501/0501A/0501B Workgroup Report completion
Wednesday 05 November 2014	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF	Workgroups: 0500 and 0501/0501A/0501B 0500 Workgroup Report completion

### Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	16/09/14	2.4	National Grid NTS to confirm what information is reported to Users for LT UIOLI under utilisation.	National Grid NTS (MH)	Closed
1001	08/10/14	2.2	MH to provide information on the process for changing Prisma rules by the November workgroup meeting.	National Grid NTS (MH)	Pending
1002	08/10/14	2.2	MH to produce a glossary of terms for the European Interconnector Document.	National Grid NTS (MH)	Pending
1003	08/10/14	2.2	CW/MM to look at the options available to provide a date contingency (1/11/15) and report back at the next meeting	Denton's (CW)	Pending
1004	08/10/14	2.2	MM to discuss the options and provide the workgroup with a proposal for dealing with an outage to Prisma	National Grid NTS (MM)	Pending