

UNC Workgroup 0534S Minutes
Maintaining the efficacy of the NTS Optional Commodity
(‘shorthaul’) tariff at Bacton entry points

Thursday 02 April 2015

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni
Charles Ruffell	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
David McCrone	(DM)	Ofgem
David Reilly	(DR)	Ofgem
Debra Hawkin*	(DH)	TPA Consultants
Ethel Afrane	(EA)	National Grid NTS
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalves	(FG)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
John McNamara	(JM)	National Grid NTS
Julie Cox*	(JCo)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Mark Lyndon	(ML)	National Grid NTS
Marshall Hall	(MH)	Oil & Gas UK
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	sisman energy consulting
Phil Broom	(PB)	GdF Suez
Rachel Hinsley	(RH)	Xoserve
Richard Fairholme*	(RF)	E.ON
Ric Lea	(RL)	Deloitte
Sayf Al-Hadi	(SA)	Centrica

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0534/020415>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2015.

1.0 Outline of Modification

In introducing the modification, FG provided a brief onscreen review of the Gazprom presentation from the 19 March Panel meeting.¹

2.0 Initial Discussion

¹ A copy of the Gazprom Panel presentation is available to view on the Joint Office web site at: <http://www.gasgovernance.co.uk/panel/190315>.

2.1. Initial Representations

There were no initial representations to consider.

2.2. Issues and Questions from Panel

There were no issues or questions from Panel to consider.

2.3. Development of Workgroup Report

The Workgroup undertook an onscreen review of the draft Workgroup Report (v0.1), during which the main discussions points were captured, as follows:

Section 3 - Solution

When asked, FH confirmed that the current Bacton ASEP definition would not stay in effect after the Bacton split.

FH suggested that this modification is dependant on other modifications relating to EU Codes and Bacton and FG agreed to amend the modification to reflect this.

National Grid NTS had already commissioned Xoserve to provide a Rough Order of Magnitude (ROM) assessment to ascertain how the Solution might be achieved. FH also pointed out that, whilst National Grid NTS have requested that Xoserve investigate possible solutions (i.e. an interim non system based solution), they do acknowledge that there might be timeline overlap issues to address.

In considering the current User Pays statement, FH believes that the statement that there would be no User Pays costs associated with this modification is fundamentally incorrect since he believed that a new or amended service was indeed being introduced. FH indicated that, whilst he has some sympathies with the industry around issues associated with the Bacton split, National Grid NTS might request that the self-governance status for the modification is reconsidered. He then noted that even if the Workgroup advocate a manual (interim) based solution/process there could still be User Pays costs involved.

FH suggested that they might be minded to raise an alternative proposal to reflect this, however LJ pointed out that it is perfectly normal for the Workgroup Report to capture differing views on various aspects, without the need to raise an alternate.

Several differing opinions were offered around the similarities between this proposal and 0501C (Eni), with the suggestion that the justifications and arguments used about the User Pays aspects of 0501C would/could also stand for this modification.

PB noted that the Proposer (and the industry) are beholding to National Grid NTS to develop a suitable system solution and, should costs be deemed by parties to be too high, National Grid NTS can expect to be challenged. Responding, FH pointed out that National Grid NTS is not opposed to the modification but, as Xoserve operate the 'shorthaul' process, much depends on the outcome of the ROM.

When asked why the sum of the two ASEPs is not a clear 'match up', FH explained that it is a reflection of the unintended consequences of the European changes.

NW observed that the information is already available, and it is simply how you combine it in order to invoice parties that is the crucial consideration. NW also strongly believed that, as this was again to restore parties to the level of service they enjoyed prior to the EU-related changes, there were no User-Pays charges applicable.

It was suggested that National Grid NTS's position on User Pays for EU related modifications might benefit from a review, as it does not concur with other industry players views. LJ reminded participants that it is perfectly normal for National Grid NTS (or any other party for that matter) to have opposing views and this would be dutifully recorded within the Workgroup Report.

In acknowledging the fact that the User Pays rules were originally drafted well in advance of the EU legal changes, LJ pointed out that it is up to Ofgem to take this matter into account when undertaking a decision.

Section 5 – Implementation

FH reiterated that whilst National Grid NTS are not opposed to the modification, they do question the viability of the proposed 01 November 2015 implementation date aspiration.

LJ noted that in light of the recent Ofgem’s 0501 send back, the Workgroup may need to reconsider the modification timelines.

3.0 Next Steps

In looking to summarise progress and identify a suitable way forward, LJ reminded those present that the Workgroup Report is due to be submitted to the June Panel and therefore suggested that at least one more (dedicated) Workgroup meeting would be needed to conclude development of the Workgroup Report.

LJ agreed to look to schedule another Workgroup meeting for Thursday 30 April 2015, preferably at a London venue.²

4.0 Any Other Business

None.

5.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:00 Thursday 30 April 2015	Elexon Office. 350 Euston Road, London. NW1 3AW.	Standard Workgroup considerations plus: Reconsideration of self governance status Consideration of ROM (if available) Consideration of User Pays status Consideration of potential system impacts Consideration of potential timeline impacts Consideration of any retrospective adjustment related requirements (inc. possible manual workarounds) Impact of other industry modifications Consideration of implementation dates Development/completion of Workgroup

² Post meeting note: a room has been booked at the Elexon Office, 350 Euston Road, London. NW1 3AW for Thursday 30 April 2015 with the meeting due to commence at 10:00am.

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