

**UNC Workgroup 0541/A/B Minutes**  
**Removal of uncontrollable UNC charges at ASEPs which include**  
**sub-terminals operating on a 06:00 - 06:00 Gas Day**

**Tuesday 19 January 2016**

**31 Homer Road, Solihull B91 3LT**

**Attendees**

Andrew Pearce	(AP)	BP Gas
Charles Ruffell	(CR)	RWEST
Dora Ianora*	(DI)	Ofgem
Francisco Gonçalves	(FG)	Gazprom
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Karen Visgarda (Secretary)	(KV)	Joint Office
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Nick Wye	(NW)	Waters Wye Associates
Phil Lucas	(PL)	National Grid Transmission
Steve Nunnington	(SN)	Xoserve
Thomas Grove	(TG)	Centrica

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0541/190116>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 April 2016.

**1.0 Review of Minutes and Actions**

**1.1 Minutes (09 December 2015)**

The minutes of the previous meeting were approved.

**1.2 Actions**

**0803:** *Draft Business Rules* - To be provided for each solution.

**Update:** LJ and both Proposers agreed that this action could now be closed as the Business Rules for Modifications 0541A and 0541B had now been produced. **Closed**

**1001:** MH and Shippers to investigate compiling evidence with regard to the 5-5 and 6-6 Gas Day data from the Terminals and scaling factors with regard to the aggregation data.

**Update:** Following a lengthy discussion, participants had divided opinions regarding whether this evidence was required. It was subsequently agreed that this action could be closed for several reasons; the time needed to produce the analysis, that it would only be a small data sample, and finally that it would be of limited use because it was at an aggregated terminal level only. It was also agreed that the principle had been proven elsewhere in the report. **Closed.**

**2.0 Impact of the Withdrawal of 0541**

**2.1 Modification 0541**

LJ explained following the withdrawal of Modification 0541, he had kept the Workgroup Report 'whole and complete' for consistency purposes and had made reference within the document, that 0541 had been withdrawn.

It was agreed that the withdrawal of 0541 had no detrimental impact on Modification 0541A or Modification 0541B, as both were 'stand alone' modifications, with no inter-dependencies linked to Modification 0541.

## **2.2 Modification 0541A**

No formal amendment provided at this time. AP agreed that he would provide an amended modification once the 0541A Business Rules were agreed.

## **2.3 Modification 0541B**

An updated draft had been provided and the relevant changes included in the draft Workgroup Report. FG agreed that he would provide an amended modification now that the 0541B Business Rules were agreed.

## **3.0 Business Rules (BR)**

### **3.1 Modification 0541A**

AP confirmed that Modification 0541A was very similar to 0541B, and the BR had been based on those already agreed by the Workgroup. AP further explained that National Grid NTS had already commented on the BR as presented. Clarification was made of the difference between amendment (to data, before invoicing) and adjustment (to charges, after invoicing). LJ explained that, if there was a 'Retrospective' element, then a thorough and detailed assessment would need to be included against Ofgem's guidance for retrospectivity, especially as Ofgem had previously returned Modification 0551 concerning this matter.

General discussion took place surrounding this topic and it was agreed that points 21, 22, and 23 within the Retrospective Amendment section necessitated such justification in the Report.

With the Workgroup's agreement that the BR were fit for purpose, AP confirmed he would produce the formally amended Modification 0541A.

### **3.2 Modification 0541B**

PL reiterated no further word changes were needed within the Business Rules for 0541B, as these had been addressed previously, as had the Retrospective element.

## **4.0 Review of Legal Text**

### Legal Text for Modification 0541B

Prior to considering the legal text, PL apologised that he had not had time to review the document, due to receiving it late and this was the reason there was no accompanying commentary. PL confirmed that commentary would be available for the next meeting.

LJ also requested that PL highlight to the Legal Team not to use comments/questions embedded in the document, as these were lost when a document was converted into a PDF for the Joint Office website. PL confirmed he would speak with the Lawyers about this matter.

The Workgroup overviewed the Legal Text, specifically focusing on the comments and associated questions raised by the Lawyers, first of which were:-

## Section A

**2.2.3** A “GMT System Entry Point” is a System Entry Point connecting a Connected Delivery Facility which:

(b) operates a GMT Day [1],

**Comment:** *Is any mechanism needed to say how NG NTS knows? Should it be limited to those in existence as of 1.10.15?*

A lengthy discussion took place regarding whether or not there should be a list produced, with participants having varying opinions. PL suggested a statement could be published on the Joint Office website and asked SN if Xoserve needed a formalised statement. SN explained that Xoserve did not need to be that specific, as they confirm direct to the terminals. Further general discussion ensued surrounding how National Grid NTS would identify and maintain the GMT System Entry Point lists/statements. It was agreed that PL should supply an overview of how the lists would be identified and maintained, but that a formal additional mechanism wasn't necessary.

## Section E

**11.1.3** In respect of each GMT System Entry Point and each Day, each Delivering User shall submit to National Grid NTS, not later than the Entry Close-out Date, as statement (“GMT Entry Allocation Statement”) specifying;

(d) the quantity of gas delivered by that User to the Total System on that GMT Day at that GMT System Entry Point. [1]

**Comment:** *Should the hourly metering data be provided with the EAS?*

General discussion took place regarding if the hourly metering data should be provided with the Entry Allocation Statement (EAS). Participants suggested that this was unnecessary, however PL should clarify if this data was needed by National Grid NTS.

**11.1.4** The GMT Entry Point Daily Quantity Delivered shall be derived by National Grid NTS from hourly metering data, obtained in accordance with the relevant Measurement Provisions and] provided by Delivering Users in respect of the relevant GMT System Entry Point.

**Comment:** *Will this have been ascertained per the Measurement Provisions or is this a different set of metering?*

It was suggested that the question related to 11.1.4 was the same issue as for 11.1.3

**11.1.6** If for any GMT Day in respect of a GMT System Entry Point the conditions in paragraph 11.1.5 are not satisfied the GMT UDQI for each Delivering User shall be determined by allocating the GMT Entry Point Daily Quantity Delivered between the

Delivering Users in proportion to the Nominated Quantities under their respective Input Nominations for the Gas Flow Day in respect of that GMT System Entry Point.

**Comment:** *Does this work as the nomination will be for 5 to 5? Will it be pro-rated on basis of 5to5 or 6to6? (see BR 4b)*

PL explained that this directly reflected 4b as is stated in the Business Rules and was only used in a pro-rated basis for 6to6. LJ suggested that comments regarding 4b should be added to the Business Rules.

The Workgroup agreed that Legal Text should be formally requested at Panel now that the BR were agreed. It was noted that the Text would need a line by line review at the next meeting, and that the relevant Lawyer might be best placed to support this.

## 5.0 Development of Workgroup Report

The draft Workgroup Report v0.5 was reviewed. LJ drew attention to the changes made since the previous meeting, especially concerning the amendments FG had supplied regarding reasons to change the Code, which had also been updated in the Modification. A brief discussion took place concerning these amendments, including the scheduling and balancing charges.

### *User Pays*

LJ asked what progress had been made relating to the costs. SN explained that the ROMs would not be available until April at the earliest, due to the amount of analysis still required. He explained the analysts were presently fully engaged in EU changes and so had no other capacity.

LJ explained that the Panel would need to see a cost breakdown of User Pays, despite them not being 'hard coded', and if high-level costs were available, then the Modification might be submitted to Panel in February. He also explained the other option would be to wait until the defined costs were available, which realistically might not be until May, which would significantly delay the submission process.

General discussion took place regarding the costing breakdown and how waiting for the detailed costs would increase the delay still further. SN and PL explained that they had High Level Costs (HLCs) only at this stage, based on similar requirements with little 'requirements analysis'. SN and PL then provided the following HLCs:-

*0541A or 0541B - System and process changes\**

*For an offline database: In the range £100k to £300k, plus annual operating costs of [£x]*

*OR*

*For a Gemini-based solution: In the range £500k to £1m, plus annual operating costs of [£x]*

General discussion took place regarding these costs and SN explained that an offline database meant the process was very manual and would come with higher operating costs. He explained this was the reason Xoserve would be recommending the fully automated Gemini-based solution. PL reiterated that these costs were high level and should be caveated accordingly, as they were based on previous implementations. Further discussion took place regarding both the capacity and capability of the manual solution's ability to process a high number of late 'close-out' invoices. PL explained this was the reasoning for having a fully automated system.

GJ then asked what would be the timeline for the implementation of the fully automated system and whether that would be in a few months or a year or more? SN explained that Xoserve could not yet propose a potential implementation timeline, as the detailed analysis had not yet been carried out and this would have to be assessed accordingly.

LJ confirmed the position Xoserve were presently in and explained that it was not good practice to think about changing code due to timelines. He also explained from the Modification perspective, it would be an Ofgem decision on whether to implement, but the Transporters make the decision when it should be implemented.

### *Relevant Objectives - Proposer's Views*

LJ explained the Proposers had amended the Relevant Objectives section in response to Ofgem's request. DI sought clarification on Point 4. - End-user demand uncertainty can be factored in the price making it more controllable, in relation to NBP. (Page 12)

Both NW and FG explained that the Shippers have a contractual relationship with the customer, and the GMT Shipper delivers directly into the system, so the customer is the

NBP. FG further explained within 'upstream' the costs are controllable and calculated a month later, however, in 'downstream' there is no control by the producer.

#### *Workgroup Assessment -*

##### *Justification for Retrospectivity*

General discussion took place surrounding the area of Justification for Retrospectivity and PL asked the Proposers if DECC had supported the change. NW confirmed that DECC did support this change and it had been discussed in detail.

LJ edited points 1 & 3 on screen with input from participants. Point 2 needed further detail to give greater clarity:-

##### *Relevant Objectives*

The participants then discussed the Workgroup view of the impact on the Relevant Objectives. LJ updated the Report on screen to capture the views expressed. This was to be seen as a 'first cut view' and would be refined at the next meeting. Participants were encouraged to review the content offline and feed any amendments to LJ to save time at that meeting.

##### *Implementation*

LJ explained that at the present time the Workgroup were unable to form a view on the implementation. This was due to the corresponding processes and analysis could not be completed during this assessment, as had been detailed in the User Pays section.

General discussion took place surrounding the 'Back Stop' period and SN said he would investigate this area and feedback at the next meeting.

**New Action 0101: Xoserve (SN) to provide feedback on the 'Back Stop' period.**

##### *Recommendation*

All participants agreed with the Workgroup Statement.

##### *Appendices 3 and 4*

LJ posed the question whether both of the appendices were still needed and FG said he thought they were. LJ explained that if they were to remain, then each one needed an explanation to put them into context. TG suggested that it would be more sensible to keep Appendix 3 and to remove Appendix 4. It was then agreed that AP and FG would produce an explanation for Appendix 3, to then be added into the Workgroup Report.

**New Action 0102: BP Gas (AP) and Gazprom (FG) to produce an explanation narrative summary for Appendix 3.**

## **6.0 Next Steps**

LJ confirmed the next steps.

The draft Workgroup Report would be updated to reflect the discussions and views from the meeting, and republished as version 0.5 with the date of 19 January 2016 (post meeting).

The next meeting would be held on Tuesday 16 February 2016 at the Elexon Offices in London, with the aim to review the formally amended Modifications for 0541A & 0541B, review the Legal Text and further develop the Workgroup Report.

No further Workgroup meeting was scheduled.

## 7.0 Diary Planning

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

Workgroup meeting will take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 16 February 2016	Orange Room, ELEXON, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> <li>Review Formal Amendments to the Modifications 0541A/0541B</li> <li>Legal Text 0541A/0541B</li> <li>Completion of Workgroup Report</li> </ul>

### Action Table (19 January 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0803	06/08/15	2.1	<i>Draft Business Rules</i> - To be provided for each solution.	BP Gas (AP), EDF Trading (SE), and Gazprom (FG)	<b>Closed</b>
1001	06/10/15	1.0	MH (Oil & Gas UK) and Shippers to investigate compiling evidence with regard to the 5-5 and 6-6 Gas Day data from the Terminals and scaling factors with regard to the aggregation data.  <i>Update 10 Nov:</i> JG to assess how the data can be gathered.	Oil & Gas UK (MH) & Shippers	<b>Closed</b>
0101	19/01/16	5.0	Xoserve (SN) to provide feedback on the 'Back Stop' period.	Xoserve (SN)	<b>Pending</b>
0102	16/01/16	5.0	BP Gas (AP) and Gazprom (FG) to produce an explanation narrative summary for Appendix 3.	BP Gas (AP) & Gazprom (FG)	<b>Pending</b>