

**UNC Workgroup Urgent 0560 Minutes  
Addressing under-allocation of flows from BBL arising from  
misalignment of reference conditions**

**Thursday 05 November 2015**

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

**Attendees**

Les Jenkins (Chair)	(LJ)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Anna Shrigley	(AS)	Eni
Antony Miller	(AM)	Centrica
Bill Goode	(BS)	National Grid
Charles Ruffell	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
Danielle Stoves	(DS)	Interconnector
David Reilly	(DR)	Ofgem
Duncan Michie*	(DM)	KPMG
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalvez	(FG)	Gazprom
Gareth Davies	(GD)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
John Costa	(JCo)	EDF Energy
John McNamara	(JMc)	National Grid NTS
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Gazprom
Marshall Hall	(MH)	Oil & Gas UK
Nick Wye	(NW)	Waters Wye
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme*	(RF)	E.ON
Steve Nunnington	(SN)	Xoserve
Sue Ellwood	(SE)	Gas Terra
Terry Burke	(TB)	Statoil

\*via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0560/051115](http://www.gasgovernance.co.uk/0560/051115)

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 November 2015.

## 1.0 Outline of Modification

LJ introduced the Urgent Modification 0560 and explained the urgent timeline directed in the Ofgem decision letter of 21 October. The main purpose of the meeting was to understand and assess the impacts of the proposal and to complete a Workgroup Report in readiness for the Consultation process.

SE provided an overview of the Modification and explained to the Workgroup the reasoning and requirement for the modification to be treated as urgent and retrospective. The Solution was transitional, until the approved Modification 0519 was implemented on 01 May 2016, and was based upon this approved methodology. It had evolved after

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further discussion with National Grid NTS and Xoserve to include monthly invoice adjustments rather than a single reconciliation at the end of the transitional period.

## **2.0 Initial Discussion**

### **2.1. Initial Representations**

LJ introduced a draft letter provided by Mark Cockayne, on behalf of the Energy Balancing Credit Committee, which described concerns about the potential impact of the proposal on affected Users' indebtedness. SE was aware of this, but felt that the Solution had moved on since the letter was prepared. It was suggested that the amended Solution makes the credit risk non-material since monthly invoice adjustments were now being proposed.

### **2.2 Completion of the Workgroup Report**

The Workgroup discussed the content with special emphasis on the Solution, Imbalance, Shrinkage and Retrospective aspects of the proposal, and SE provided further clarification to the questions raised from the Workgroup surrounding these areas.

FG suggested that there was a further driver from the EU Gas Regulation requirement for TSOs to provide network access on a non-discriminatory basis since, without this modification, BBL users might be disadvantaged, with a consequential impact on competition between shippers. Other parties agreed and the Report was updated to record these discussions.

Apart from clarifying several non-material items and the latest view of Implementation, no other concerns with the proposal were recorded.

It was felt that a question should be added to the Consultation Template seeking views from the industry as to whether any of the Ofgem Criteria for Retrospectivity were met. LJ annotated the Workgroup Recommendation accordingly and added the Criteria to an Appendix in the Report for ease of reference for respondents.

### **2.3 Legal Text**

SE and PH presented the Suggested Text and Commentary, and no issues were raised. LJ asked that National Grid confirm this as final Text in time for the Consultation.

## **3.0 Next Steps**

SE committed to finalising the proposal in recognition of the discussions and to provide it to the JO in time for consultation as per the approved Urgent timeline.

LJ explained that, because of the compressed timescale that did not include the normal Panel consideration at this stage, the Workgroup Report would be issued for Consultation no later than close on 10 November 2015, for presentation to Panel on 19 November 2015.

## **4.0 Any Other Business**

None.

## **5.0 Diary Planning**

No further Workgroup Meetings are planned.