

UNC Workgroup 0571 0571A Minutes
Application of Ratchet Charges to Class 1 Supply Points (and
Class 2 with an AQ above 73,200kWhs)
Thursday 24 November 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan	(AM)	British Gas
Andy Clasper	(AC)	National Grid Distribution
Colette Baldwin	(CB)	E.ON Energy
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
David Mitchell	(DM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Gavin Anderson*	(GA)	EDF Energy
Huw Comerford	(HC)	Utilita
John Welch	(JW)	RWE npower
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Nicola Garland	(NG)	Ofgem
Rachel Hinsley	(RH)	Xoserve
Robert Cameron-Higgs*	(RCH)	Flow Energy
Sean Hayward	(SH)	Ofgem
Shanna Key	(SK)	Northern Gas Networks
Steven Britton*	(SB)	Cornwall Energy
Steve Mulinganie	(SM)	Gazprom

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0571/241116>

The Workgroup is due to report to the UNC Modification Panel on 16 February 2017.

1. Review of Minutes (27 October 2016)

The minutes of the previous meeting were approved.

2. Consideration of Amended Modification(s)

Modification 0571A

A draft amended modification was provided for review and CB explained the proposed changes made following previous Workgroup discussions; these were centred on providing a more detailed explanation of the drivers for raising an alternative solution (why customers can be treated differently by use of consumption rather than customer type and why it is appropriate to do so - examples provided). SH indicated he would review the evidence provided.

CB will formalise the amended modification and submit for publication.

Modification 0571

No further changes had been made to this modification.

3. Consideration of legal text

No issues were raised regarding the text provided for each modification.

4. Development of Workgroup Report

The Workgroup reviewed its report.

Funding was discussed. Shippers did not believe they should be asked to pay for suppression of invoices as the existing systems had such functionality available. GE pointed out it would avoid an increase in the occurrence of ratchets/challenges, and therefore be less work/cost for Transporters. CW believed the costs to be marginal both ways. No consensus was reached on who should fund these proposals or how. It was confirmed neither Proposer had changed their views on the User Pays elements.

DM was concerned that neither modification had appeared to look at the Transporters' Safety Case in any depth. Network Sensitive Loads (NSLs) were a previous mechanism called into use; pinch points still exist on the networks and these still have to be managed. DM explained about changes in direction of flow and the difficulties of getting gas to different areas of the networks on a local and national basis than was previously the case. BF pointed out that there were natural constraints on sites and equipment such as service and meter sizes. SM argued that penal ratchet charges should not be used as a tool for managing constraints in the networks as these were applied after the event and that other mechanisms should be available. DM noted it was in a Shipper's gift to move sites into the most appropriate Product Class. MJ felt that Shippers control the process from allocation Supply Points to Product Classes so the impact of Ratchets should not always be considered as a direct impact on Consumers as Shippers have made this choice for them.

The Workgroup then considered its recommendations to the UNC Modification Panel.

Recommendations

The Workgroup recommended that these modifications should now be issued to consultation, and also that Panel should request consultation respondents to provide their views on the User Pays status of these modifications.

5. Review of Outstanding Actions

1001: Xoserve (RH) to provide a Rough Order of Magnitude for Modifications 0571 0571A in time for consideration at the 24 November Workgroup meeting.

Update: RH advised that High Level Cost (HLC) estimates had been discussed with the Transporters; the range was likely to be between £100k - £300k. Xoserve had provided a draft Agency Charging Statement (ACS) for each modification for information purposes.

Closed

1002: Xoserve (RH) to provide evidence of any potential system constraint impacts in time for consideration at the 24 November Workgroup meeting.

Update: RH confirmed it was not a parameterised value; it was coded. **Closed**

6. Next Steps

CB will formalise the amended modification and provide for publication, following which the Workgroup Report will be finalised.

The Workgroup Report will then be submitted to the December UNC Modification Panel for its consideration.

7. Diary Planning

No further meetings were required.

Action Table (24 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	27/10/16	2.	To provide a Rough Order of Magnitude for Modifications 0571 0571A in time for consideration at the 24 November Workgroup meeting.	Xoserve (RH)	Closed
1002	27/10/16	2.	To provide evidence of any potential system constraint impacts in time for consideration at the 24 November Workgroup meeting.	Xoserve (RH)	Closed