

UNC Workgroup 0571 0571A Minutes
Application of Ratchet Charges to Class 1 Supply Points (and
Class 2 with an AQ above 73,200kWhs)

Thursday 28 July 2016

at Consort House, 6 Homer Road, Solihull. B91 3QQ

Attendees

Andrew Margan*	(AM)	British Gas
Andy Miller	(AM)	Xoserve
Angela Love*	(AL)	ScottishPower
Bob Fletcher (Chair)	(BF)	Joint Office
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Fraser Mathieson	(FM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Gavin Anderson*	(GA)	EDF Energy
Joanna Ferguson	(JF)	Northern Gas Networks
Karen Visgarda (Secretary)	(KV)	Joint Office
Lorna Lewin	(LL)	DONG Energy
Mark Jones*	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy*	(RP)	Wales & West Utilities
Sean Hayward	(SH)	Ofgem
Shanna Key	(SK)	Northern Gas Networks
Steve Britton*	(SB)	Cornwall Energy
Steve Mulliganie	(SM)	Gazprom
Tahera Choudhury	(TC)	Xoserve

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0571/280716>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 August 2016.

1.0 Introduction and Status Review

1.1. Review of Minutes (23 June 2016)

The minutes of the previous meeting were approved.

2.0 Workgroup Report

2.1. Review of Amended Modification(s)

Consideration deferred.

2.2. Consideration of Panel Questions

Consideration deferred.

2.3. Review of Legal Text

BF confirmed that legal text and commentary had been provided.

2.4. Completion of Workgroup Report

BF reviewed of the Workgroup Report on screen and SMu proposed if the data provided from the recent Xoserve actions responses concerning sites which had or had the ability to Ratchet, could be included in the Workgroup Report, in the form of an Appendix to provide greater clarity. RH said she would merge the two documents as requested.

Action 0701: Xoserve (RH) to merge the two existing action updates for inclusion in the Workgroup Report in the form of an Appendix.

Post Meeting Note: Updates were consolidated and provided. Action Closed

A lengthy general discussion then took place regarding how many Supply Points with an AQ exceeding 73,200kWh could potentially be put into Class 2. There was a general consensus that this detail was required to give greater context within the modification as to why the cut off point had been selected and the potential risk profile.

BF said in view of the extra data analysis that was now required, more time would now be needed and so an extension of up to 3 months would be requested from Panel. He added this extension should then encompass the Project Nexus 'Sweep Up' modification and ensure clarity around the treatment of sites being classified as Class 2 following Nexus implementation.

RH said she would provide the relevant statistics of how many Supply Points were above 73,200kWh, and that these would be separated out into AQ bandings.

Action 0702: Xoserve (RH) to supply information on the following:- Supply Points above 73,200kWh, separated out into AQ banding and total energy.

SH said more detail was to be included as to why the 73,200kWh limit is not unduly discriminatory and this needed to be added to the 'Why Change' section of the modification with supporting analysis. CB said she would amend the modification as directed by SH. Both SMu and GE said they would also add more detail regarding the overall rationale in respect of Class 2.

DM stated he believed these modifications should be considered as User Pays as Xoserve would need to operate differently or that systems may need to be changed to accommodate either modification.

A lengthy debate ensued surrounding whether the modification should be User Pays or not, with mixed opinions. Debate took place regarding when and which sites should have a ratchet charge. BF said that there was a need for justification as to why it was suggested that User Pays did not apply for each modification, with the detail and explanation overview. Following further lengthy discussion, it was agreed that Ofgem should provide a view on the User Pays area.

Action 0703: Ofgem (SH) to provide a view on User Pays for these modifications.

3.0 Review of Outstanding Actions

Action 0601: National Grid Distribution (CW) to double check whether the Project Nexus legal text covers off the protection considerations and to also provide an early overview of the potential PN sweep up modification.

Update: DM (on behalf of CW) explained that National Grid would be raising a new modification for the September Panel and this would be deemed a Project Nexus 'sweep up' modification to address the outstanding issues where the BRDs and legal text were inconsistent. It was then agreed this action could be closed. **Closed.**

Action 0602: Xoserve (RH) & National Grid Distribution (CW) to look to provide a Rough Order of Magnitude (ROM) and Agency Charging Statement (ACS) for modifications 0571/0571A.

Update: RH explained that Xoserve had not produced an ACS as these modifications were not classed as User Pays and that comments would be added in the modification concerning this area, so this action could then be closed **Closed**.

Action 0603: E.ON (CB) to review the 0571A legal text provided within the draft Workgroup Report (v0.3, dated 05 May 2016) and provide a view at the next meeting.

Update: CB explained that this detail had now been included in the Workgroup Report so the action could now be closed. **Closed**.

Action 0604: Xoserve (RH) to provide a breakdown of ratchets across Class 1 and 2 sites.

Update: RH explained that this information had been produced and so this action could now be closed. **Closed**.

4.0 Next Steps

The Workgroup recommended that Panel return the Workgroup Report for further assessment.

5.0 Any Other Business

None.

6.0 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
10:30 Thursday 25 August 2016	Elexon, 4th Floor, 350 Euston Road, London NW1 3AW	<ul style="list-style-type: none"> • Standard Agenda items plus • Consideration of amended modification(s), where appropriate • Completion of Workgroup Report

Action Table (28 July 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0601	23/06/16	2.4	To double check whether the Project Nexus legal text covers off the protection considerations and to also provide an early overview of the potential PN sweep up modification.	National Grid Distribution (CW)	Closed

Action Table (28 July 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0602	23/06/16	2.4	To look to provide a Rough Order of Magnitude (ROM) and Agency Charging Statement (ACS) for modifications 0571/0571A.	Xoserve (RH) & National Grid Distribution (CW)	Closed
0603	23/06/16	2.4	To review the 0571A legal text provided within the draft Workgroup Report (v0.3, dated 05 May 2016) and provide a view at the next meeting.	E.ON (CB)	Closed
0604	23/06/16	3.0	To provide a breakdown of ratchets across Class 1 and 2 sites.	Xoserve (RH)	Closed
0701	28/07/16	1.0	Xoserve (RH) to merge the two existing action updates for inclusion in the Workgroup Report in the form of an Appendix.	Xoserve (RH)	Closed
0702	28/07/16	1.0	Xoserve (RH) to supply information on the following:- Supply Points above 73,200kWh, separated out into AQ banding and total energy.	Xoserve (RH)	Pending
0703	28/07/16	1.0	Ofgem (SH) to provide a view on User Pays for these modifications.	Ofgem (SH)	Pending