

UNC Workgroup 0582S Minutes

Amendments to reflect separation in legal ownership of NTS and National Grid owned LDZs to facilitate the sale of National Grid's Gas Distribution Business

Thursday 02 June 2016

Elxon, 350 Euston Road, London NW1 3AW

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Chris Newitt	(CN)	National Grid Distribution
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
Craig Dean	(CD)	National Grid LNG
David Byrne	(DB)	National Grid Distribution
David Reilly	(DR)	Ofgem
David Tennant*	(DT)	Dentons
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Dickson	(GD)	Interconnector UK
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Gazprom
Mark Johnson	(MJ)	National Grid LNG
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Phil Hayward	(PHa)	Opus Energy
Phillip Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve
Sue Higgins	(SH)	National Grid Distribution

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0582/020616>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 June 2016.

1.0 Outline of Modification

Noting that this had already been discussed at the Distribution Workgroup, and was being presented to the Transmission Workgroup for its awareness, CW introduced the modification.

SH outlined the purpose and process being followed to effect the transfer of assets between entities and the changes that are required to achieve separation. Movements between Licences and responsibilities may be required; in most cases services will be provided by the same resources/personnel.

Matters raised by stakeholders were briefly detailed and SH explained how these would be addressed and managed.

An indicative process/progress timeline was illustrated. Ofgem's consent for disposal of the majority shareholding was anticipated by 01 October 2016.

NR asked what actions were to be expected of Shippers and when, noting that timelines were very tight if it was anticipated that new Framework Agreements/novation signings by Directors were to take place in advance of the sale, as Shippers would need to review any documents prior to signing. For Shippers to have their Directors available at the right time required as much advance notice as possible. SH acknowledged this and affirmed she was already considering how this could best be managed. NR pointed out August should be avoided, bearing in mind holidays, etc. RF agreed with NR, that Shippers needed a timetable as soon as possible to clarify expectations of times/persons/documents.

It was understood that there would only be a short document to sign and SH agreed that a timeline would be helpful. This was something being worked upon and Shippers could expect to see further information soon.

2.0 Associated Draft Modification Proposal - Separation of NTS and National Grid distribution networks – Calculation of Credit Limit and Value at Risk

CW then advised that the Transportation credit-related changes were going to be addressed via a separate modification. The modification would seek to separate the existing combined National Grid Gas (i.e. NTS and Distribution) credit position into the separate companies and an orderly transition was required. It would effect changes to the UNC Transition Document to enable the calculation of the Transportation Code Credit Limit and determination of the Value at Risk immediately following the hive-across date.

This was not likely to be a self-governance modification. CW outlined its purpose and key points. GJ expressed concern at the tight timescales to get this modification progressed.

It was intended to raise this modification at the June UNC Modification Panel, with its first Workgroup meeting to then be convened under the Distribution Workgroup on 23 June 2016. All parties were encouraged to participate, either in person or via teleconference.

3.0 Workgroup Report 0582S

The draft Workgroup Report was then reviewed, and attention drawn to the comments made on pages 3, 6 and 15.

CB asked what would happen if the novation signings were not completed by the time of 'hive-across'; SH indicated that this was being planned for, including contingency plans.

CB asked what would be the impact of any non-signings on other parties, to what risks/costs would signatories be exposed? SH responded that this concern had also been raised at the Distribution Workgroup and that the answer would also be shared with Transmission Workgroup (see Action 0502, in the Action Table below).

NR asked whether the Implementation section catered for the potential for withdrawal of self-governance status should 0582S be aligned (in governance terms) with the new credit modification. LJ thanked NR for this thought and amended the Report accordingly.

4.0 Next Steps

LJ confirmed that the Workgroup Report 0582S was to be submitted to the June UNC Modification Panel.