

UNC Workgroup 0592S Minutes

Separation of National Grid Transmission and Distribution owned networks - Transitional invoicing arrangements

Thursday 04 August 2016

Ellexon, 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees

Amrik Bal	(AB)	Shell
Andrew Malley	(AM)	Ofgem
Andrew Pearce	(AP)	BP Gas
Angus Paxton	(AP)	Poyry
Anthony Miller	(AM)	Centrica Storage
Charles Ruffell	(CR)	RWE
Chris Brown	(CB)	Ofgem
Colin Hamilton	(CH)	National Grid NTS
David Byrne	(DB)	National Grid Distribution
Dimitris Stefanou	(DS)	Poyry
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JCa)	EDF Energy
Karen Visgarda (Secretary)	(KV)	Joint Office
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Marshall Hall	(MHI)	Oil & Gas UK
Michelle Toussaint-Bourne	(MTB)	Ofgem
Paul Rogers	(PR)	National Grid Distribution
Peter Bolitho	(PB)	Waters Wye Associates
Phillip Hobbins*	(PH)	National Grid NTS
Richard Fairholme*	(RF)	Uniper UK
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0592S/040816>

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

1.0 Outline of Modification

LJ introduced the modification explaining that it was the third of the sales modifications, which were enabling modifications for the sale of the Gas Distribution Networks. He explained the modification had been presented at the July Panel and that it had also been discussed within the Distribution Workgroup on 28 July 2016, and it would be reported at the August Panel.

PR then presented the '0592S – Separation of National Grid Transmission and Distribution owned networks – Transitional invoicing arrangements' presentation. He explained that due to the sale of a majority share in the Gas Distribution part of National Grid Gas, the modification was required to enable National Grid Gas plc (NGG) to issue Transportation Charge invoices to Shipper Users, which included Transportation Charges for National Grid Gas Distribution Limited (NGGD) – the name of the separated business. He said this would be for an interim period following the transfer by NGG of its Gas Distribution business to NGGD on 01 October 2016 (which is the expected 'hive-

across' date). He explained that this modification addressed a risk that the necessary system changes in UK Link to allow separate billing of Transportation Charges by each of NGG and NGGD may not be in place in sufficient time. PR was keen to stress that this would be for an interim period only and the aim was to put in place separate invoicing arrangements before a sale takes place, expected in early 2017. NGGD would provide Shippers and Transporters 20 business days notice on the change of invoicing arrangements.

PB said he understood the modification, but queried why, as National Grid had sold some networks 10 years ago via the Blackwater project, a separation process had not taken place then. PR answered that this was related to the Licence conditions at the point of sale, which applied a 'minimum change' principle. LJ believed that there was no expectation at that time of a further separation of NGG. PR then moved on to overview the timeline schematic of the process. He also said if anyone had any specific questions to contact himself or David Byrne regarding any Legal Text queries.

LJ then performed an on-screen review of the Workgroup Report, drawing attention the minor amendments in relation to the Impact Assessment and Relative Objectives sections. PB asked if there was anything that could 'disrupt' or 'block' the modification from a licence perspective. PR said that it was expected that Ofgem would transfer the licence to National Grid Gas Distribution Limited (NGGD), adding that if Ofgem refused to transfer the licence, then NGG would stay 'as is'. A suitable statement was added to the Report.

2.0 Initial Discussion

2.1. Initial Representations

None received.

Issues and Questions from Panel - *'requested to make a recommendation on SG, with a clear explanation of the material effect'*.

LJ then reiterated that the question from Panel had been discussed in the Distribution Workgroup on 28 July 2016 and that all the attendees were in agreement that the modification was Self-Governance. It was subsequently also agreed by the Transmission Workgroup that it should be Self-Governance on grounds of little impact on Shippers.

3.0 Next Steps

LJ confirmed that the modification would be presented to Panel on 18 August 2016.

4.0 Outstanding Actions

LJ explained that the Distribution Workgroup had raised a couple of actions during the meeting on 28 July 2016, and that these were now closed.

DX0701: National Grid Gas (TB/DB) to amend the wording in the modification to clarify this interim invoicing arrangement would end prior to the sale of NGGD.

Update: LJ said this action was now closed as the amended modification had subsequently been published on 04 August 2016. **Closed.**

DX0702: Xoserve (MB) to provide notice to the industry of when the invoicing process will change.

Update: LJ said this action was now closed as the information had been provided within the amended modification. **Closed.**

5.0 Any Other Business

None.

6.0 Diary Planning

No further meetings were scheduled.

Action Table (As of 04 August 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
DX0701	28/07/16	1.0	National Grid Gas (TB/DB) to amend the wording in the modification to clarify this interim invoicing arrangement would end prior to the sale of NGGD.	National Grid Distribution (TB/DB)	Closed
DX0702	28/07/16	1.0	Xoserve (MB) to provide notice to the industry of when the invoicing process will change.	Xoserve (MB)	Closed