

UNC Workgroup 0598 Minutes
Amendments to Capacity Allocations Mechanisms to comply with
EU Capacity Regulations
Friday 02 December 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Anna Shrigley*	(AS)	Eni Trading & Shipping
Colin Hamilton	(CH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Helen Bennett	(HB)	National Grid NTS
James Thomson*	(JT)	Ofgem
Lesley Ramsey	(LR)	National Grid NTS
Lucy Manning	(LM)	Gazprom
Malcolm Montgomery	(MM)	National Grid NTS
Matthew Hatch	(MH)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Silke Goldberg	(SG)	National Grid NTS

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0598/021216>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 January 2017.

1.0 Introduction and Status Review**1.1. Approval of Minutes (15 November 2016)**

The minutes of the previous meeting were approved.

2.0 Consideration of Amended Modification**2.1 Presentation - Update on amendments**

Noting that the final CAM text no longer gives priority to firm capacity at IPs over storage into exit points in emergency situations, MH confirmed that the modification will now only contain the auction/calendar date changes (the Annual Yearly Capacity Auction will move from March to July (from 2018), and the four Annual Quarterly Capacity Auctions are to be held during each capacity year (the first one being held in August 2017).

The ENTSOG Calendar, located at: <http://www.entsog.eu/publications/capacity-allocation-cam/2016#2-CAM-NC-EARLY-IMPLEMENTATION-DOCUMENTS-AND-AUCTION-CALENDAR>, was accessed onscreen and MH drew attention to the various pertinent dates. This was now considered to be fully aligned, where appropriate, with the dates relating to this Modification 0598.

The Shippers present confirmed they had not been made aware of the publication of the ENTSOG calendar, and MH therefore undertook to provide to the Joint Office an appropriate informative note for circulation to GB parties.

Action 1201: ENTSOG calendar (publication and location) - MH to provide to the Joint Office an appropriate informative note for circulation to GB parties.

2.2 Presentation - TAR NC Update

In response to Action 1101, CH gave a presentation, outlining the closing process steps for the EU TAR NC.

A timeline comparing the application of TAR NC alongside NTS auctions was illustrated. The incremental process will not have concluded prior to Entry into Force (EIF); the consequences of this and what it means will require more explanation.

CH then provided more detail on Article 35 (Existing Contracts), noting that for GB the UNC is the relevant contract. With EIF expected to be around 01 April 2017, CH confirmed that the Annual Auction in 2017 would be the last auction where capacity would be protected under Article 35.

However, he pointed out that there were additional questions outstanding in relation to the Article 35 and examples were given. Dialogue was ongoing with National Grid Legal and the ramifications for commodity and capacity were being explored; and the exact treatment of IPs and existing capacity contracts was still to be determined.

AS referred to the forced allocated capacity related to the split at Bacton and asked how this was affected. She believed there still to be an issue regarding treatment of existing capacity holdings and that this artificially forced allocation should be taken into account. MH explained what capacity was protected; anything allocated after 01 April 2017 would sit under the 'new world' charging regime; what a party had been allocated prior to this date is classed as an existing contract for the purposes of Article 35. He reiterated the earlier point, that the precise treatment under the new regime had yet to be worked out and was not part of the remit of Workgroup 0598 - CH was taking this issue to the NTS Charging Methodology Forum next week. The Article 35 discussions might endure for some time, and there was likely to be an emerging picture over time.

2.3 Amended Modification

A draft revised modification was provided for review, and LR gave an overview of the proposed amendments. A discussion ensued.

Self-governance status

LR considered that it might now be considered as self-governance due to the removal of aspects of the modification that were no longer required by the final CAM Code text, and that a change in status might be appropriate.

The Workgroup discussed this and was happy to support and recommend a change to self-governance.

Systems

GJ observed that at the last meeting an issue was identified whereby capacity might need to be tagged as legacy/non legacy, and asked when this might be in place. CH confirmed that the National Grid NTS IS team had been alerted to this issue and will have to identify when the capacity was bought so they can allow for the different treatments going forward. MH added that it might also concern capacity trading and transfers; an impact analysis was being performed regarding the Tariff Code changes, so it was 'on the radar'. Other modifications will be brought forward in due course to address the required Tariff changes.

Implementation

This was discussed; MH advised that a definitive effective date would not be able to be confirmed until it was known for certain that EIF was actually going to be on 01 April 2017 - it could be another date (possibly either side of 01 April 2017).

Legal Text

The legal text was reviewed, with SG providing a commentary on the requirements and no major issues were raised. A written commentary will be provided in support of the text.

3.0 Development of Workgroup Report

CS drew attention to item 3.3 on the published agenda '*Consideration of what aspects Ofgem would be asked to base a decision on*', and suggested that Workgroup participants give this some thought prior to the next meeting.

4.0 Review of Actions Outstanding

1101: National Grid NTS (MH) to provide a view on any potential capacity bidding timeline impacts on existing network code contracts and Tariff Code entry into force dates.

Update: CH gave a presentation; see 2.2, above. **Closed**

5.0 Next Steps

The amended modification will be finalised (as version 2) and provided to the Joint Office for formal publication, along with the legal text and the legal text commentary.

It is anticipated that the Workgroup Report will be reviewed at the next meeting and finalised on the 20 December 2016, with the intention of submitting it to the January 2017 UNC Modification Panel for its consideration.

6.0 Any Other Business

None raised.

7.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Time/Date	Venue	Workgroup Programme
10:30, Tuesday 13 December 2016	Energy UK Offices, Charles House, 5-11 Regent Street, London SW1Y 4LR	<ul style="list-style-type: none"> Development/completion of Workgroup Report
10:30, Tuesday 20 December 2016	Consort House 2-6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> Development/completion of Workgroup Report
10:30, Tuesday 03 January 2017	Consort House 2-6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> <i>To be confirmed</i>
10:30, Tuesday 13 January 2017	Consort House 2-6 Homer Road, Solihull B91 3QQ	<ul style="list-style-type: none"> <i>To be confirmed.</i>

Action Table (as at 02 December 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	15/11/16	1.0	To provide a view on any potential capacity bidding timeline impacts on existing network code contracts and Tariff Code entry into force dates.	National Grid NTS (MH)	Closed
1201	02/12/16	2.1	<i>ENTSOG calendar (publication and location)</i> - MH to provide to the Joint Office an appropriate informative note for circulation to GB parties.	National Grid NTS (MH)	Pending