
UNC Workgroup 0598 Minutes
Amendments to Capacity Allocations Mechanisms to comply with
EU Capacity Regulations
Tuesday 15 November 2016

at Energy UK, Charles House 5-11 Regent Street, London SW1Y 4LR

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Charles Ruffell	(CR)	RWE
Colin Williams*	(CW)	National Grid NTS
David Reilly	(DR)	Ofgem
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JC)	SSE
Julie Cox	(JCo)	Energy UK
Laura Johnson*	(LJ)	National Grid NTS
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
Sarah Cooper	(SC)	Interconnector

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0598/151116>

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

1.0 Outline of Modification

LR and MH provided an overview of the 'Supporting Slides for UNC Modification 598' presentation during which MH explained that the reasoning behind the indicative timeline dates provided on slide 3. In short, an Ofgem decision on the modification is needed by no later than 06 March 2017 in order to align with the 'Entry into Force' date. MH explained that he would also be seeking ENTSOG clarification on the potential differences between the CAM and demand assessment dates.

Moving on, MH provided a brief overview of the yet unpublished ENTSOG calendar (formal release is scheduled for January 2017), which basically mirrors the information provided on slide 11 with regards to next year's capacity auctions. When asked, MH agreed to see if ENTSOG members would agree to an earlier release of the calendar.

When asked whether stakeholders had requested provision of rolling quarterly auctions in the revised version of CAM, DR confirmed this to be the case, whilst pointing out that actual take up figures for the additional auctions remains unclear at this time.

Moving on to look at slides 11 through to 15, MH advised that there had been no real changes, apart from the calendar date aspects since previous iterations. MH went on to

confirm that ENTSOG has considered the impacts of bank holidays (including May Day which had the potential to clash with the May 2018 auction), however the only EU wide Bank holidays considered are Easter and Christmas. Furthermore, as there are no ENTSOG calendar changes to reflect the specific GB Bank Holidays the auction will still go ahead and be run.

Discussions then focused on concerns relating to the potential Tariff Code impacts on existing contracts, which could see certain contracts exposed or not to floating rather than fixed prices. DR explained how the existing contracts might be exposed by entry into force related impacts, especially bearing in mind that the industry is still awaiting clarification of the Article 35 Tariff Code position. It was suggested that care would be needed to look to discourage inappropriate behaviours from developing (i.e. cross subsidy related aspects etc.).

New Action 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.

As discussion moved on, MH quickly explained how IP capacity is allocated as soon as the PRISMA process completes from an auction perspective, which is where the contract is struck. MH then also explained the associated time delay (i.e. confirmed later in the day or the day after) in the information being migrated into the Gemini system. When asked, MH confirmed that QSEC involves a totally different process for all other (non IP) points and had a different timescale involved in allocation of capacity.

MH advised that whilst National Grid NTS are aware that systems would need to be able to differentiate between legacy and new auction provisions, discussions with Xoserve on the matter remain ongoing – fortunately the more complex interruptible aspects have now fallen away and are no longer needed to be included at this time. MH also pointed out that there would be minimal system changes required in order to get the CAM provisions into place, as the bulk of the functionality already exists in PRISMA anyway.

Concerns were then voiced relating to system development updates being provided at the Change Overview Board (COB) due to its composition, as it seems that there are fewer Transmission, and more Supplier parties attending these meetings.

Moving on to consider capacity conversion matters, MH explained that National Grid NTS are keen to solicit industry views on this matter. In quoting Article 21.3, MH also explained that National Grid NTS would be looking to bring forward a UNC modification once the capacity conversion aspects become clearer. When asked whether or not converting current capacity would result in it becoming legacy capacity, MH advised that this and other questions would be tabled at the forthcoming ENTSOG Capacity Workgroup meeting scheduled to take place the following day. It was noted that the ENTSOG legal team are also discussing this matter today.

When it was suggested that concerns have been voiced across the wider EU spectrum relating to various capacity conversion aspects, it was recognised that tensions exist between TSO and Stakeholder aspirations. Responding, MH indicated that once this Workgroup has progressed in a timely fashion (i.e. discussion would not hold up progression of the CAM modifications), he would welcome feedback from impacted / interested parties so that he could then feed this back to ENTSOG, especially concerns around stakeholder engagement etc. It was noted that Colin Hamilton of National Grid NTS is also providing regular monthly CAM progress updates to the Transmission Workgroup.

Moving on to consider the statements on slide 13 – Emergency, the consensus amongst those parties in attendance, was that National Grid NTS's proposal to remove the wording within Modification 0598 giving priority in, an emergency situation, to firm capacity at IP(s) over firm capacity at storage (main bullet point 3), was appropriate. DR pointed out that the original statement related to CAM Article 6 provisions requested by a single EU Member

State. In quoting Article 2.1, MH suggested that the matter is now out of scope, as the new text has no purchase (teeth) per se.

In considering the 'TAR NC: Transparency Requirements' slide 14, DR suggested that these items could possibly necessitate some licence changes in due course, especially around corresponding NRA / TSO obligations etc. DR pointed out that in his opinion the TAR definitions around publications should not be included in the licence or code at this time in order to minimise complexity. In accepting the points being raised, MH recognised that there might be a need for an additional transparency related UNC modification in due course to address industry concerns whilst still ensuring that this current CAM modification is able to progress through the process with minimal delay.

When asked whether or not there would be any potential Gemini User impacts associated with the change to the auction dates and PRISMA, MH indicated that there are no impacts anticipated at this time.

When asked whether the modification could be amended to clarify that it relates to IP's only, MH advised that this is already covered within the purpose of the modification statement.

At this point attention focused back onto slides 6 to 10 with the arrival of the National Grid NTS charging team members (Laura Johnson and Colin Williams)

CW opened this part of the presentation by explaining that it is based on materials provided at the 02 November 2016 NTSCMF meeting.¹ LJ advised that there are no entry price changes involved.

In considering the 'CAM Code links to Tariff Code' slide, MH advised that the July 2018 auctions are for capacity in 2019.

DR explained that the 'floating payable price' is in respect of both backward and forward aspects for any contracts concluding after the entry into force date (April 2017) for the Tariff Code. CW noted that the provisions allow for continuation of the current methodology.

Concluding, LJ provided a brief overview of the 'Interconnection Point Prices – Example' slide and explained that the information provided is a short and sweet version of the NTSCMF presentation slides.

2.0 Initial Discussion

2.1. Initial Representations

None received.

2.2. Issues and Questions from Panel

None raised.

3.0 Next Steps

MH confirmed that he would be looking to provide an amended modification in time for consideration at the next Workgroup meeting. As well as a review of the changes, consideration would be given to aspects such as the self-governance status, entry into force impacts and what rules Ofgem would be asked to make a decision on.

When it was briefly suggested that there might be benefit in combining modification 0598 and 0597, this was quickly discounted on the grounds that it could potentially over complicate matters.

4.0 Any Other Business

¹ A copy of the NTSCMF materials can be found at: <http://www.gasgovernance.co.uk/ntscmf/021116>

None.

5.0 Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:00 Friday 02 December 2016	Consort House 2-6 Homer Road, Solihull, B91 3QQ	Detail planned agenda items. <ul style="list-style-type: none"> • <i>Consideration of amended modification</i> • <i>Consideration of self-governance status</i> • <i>Consideration of potential Entry into Force impacts</i> • <i>Consideration of what aspects Ofgem would be asked to base a decision on</i> • <i>Development of Workgroup Report</i>
10:30 Tuesday 13 December 2016	Energy UK Offices, Charles House, 5-11 Regent Street, London, SW1Y 4LR	Detail planned agenda items. <ul style="list-style-type: none"> • <i>Development of Workgroup Report</i> <ul style="list-style-type: none"> • <i>Consideration of User Pays</i> • <i>Consideration of Relevant Objectives</i> • <i>Consideration of Legal Text and Workgroup recommendation(s)</i>
10:30 Tuesday 03 January 2017	Consort House 2-6 Homer Road, Solihull, B91 3QQ	Detail planned agenda items. <ul style="list-style-type: none"> • <i>Completion of Workgroup Report</i>
10:30 Tuesday 13 January 2017	Consort House 2-6 Homer Road, Solihull, B91 3QQ	To be confirmed.

Action Table

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)	Pending