

UNC Workgroup 0407 Minutes
Standardisation of notice periods for offtake rate changes for all
National Grid NTS Exit Users
Tuesday 30 October 2012
31 Homer Road, Solihull B91 3LT

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alison Chamberlain	(AC)	National Grid Distribution
Bethan Winter	(BW)	Wales & West Utilities
Darren Lond	(DL)	National Grid NTS
David Mitchell	(DM)	Scotia Gas Networks
Eddie Blackburn	(EB)	National Grid NTS
Harvey Beck*	(HB)	Ofgem
Helga Clarke	(HC)	National Grid NTS
James Whiteford	(JW)	National Grid NTS
Lewis Hodgart*	(LH)	Ofgem
Leyon Joseph	(LJ)	Scotia Gas Networks
Rhys Ashman	(RA)	National Grid NTS
Rob Cameron-Higgs	(RCH)	Wales & West Utilities

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0407/301012

The Workgroup Report is due to the UNC Modification Panel by 21 February 2013.

1.0 Analysis and Working Assumptions

TD explained that, at the October Modification Panel, it was determined that the modification be returned to the Workgroup so that consideration could be given to analysis as and when it becomes available. However, at present no analysis from either the DNs or National Grid NTS was available for review.

DL gave a presentation, reiterating that the scope of the NTS analysis being undertaken by GL Noble Denton was to identify any NTS investment associated with the implementation of Modification 0407. The proposal to remove the 2 hour 5% rule on the NTS effectively leads to an increased disparity between changes made at NTS offtakes and changes at entry points. The NTS Design Margin covers this, as demand changes would be met through more rapid NTS/LDZ offtake changes. The NTS Design Margin is used within the system planning process to establish the need for operational linepack.

A chart was displayed that illustrated how flows can change. Responding to a question from RCH, EB indicated the analysis would look at the historical performance and theoretical demand profiles, look at the current rules, actual performance and the possible approach under Modification 0407. Differences

between the profiles will be analyses and the consequent linepack depleting effect, which will change the necessary Design Margin. NTS will then consider and review this in terms of investment requirements.

RCH wanted to know if a scenario would be modelled using the optionality already available in Section I of the OAD, assuming these rules would be applied to Direct Connects. DL responded that the analysis assumes all other rules are in place and exercised. RCH would specifically like to see this particular modelling scenario captured, and asked for clarity - was it in or out of scope. LH assumed that the optional rule would be executed if required, and so the modelling should assume this to be the case.

DL indicated that analysis was expected to be available by the end of November and would be presented to the Workgroup by GL Noble Denton. RCH asked how many scenarios/outcomes were being looked at. EB explained the various steps and how one outcome built upon another to capture various obligations (baseline obligations, flex, pressure, use of unsold exit capacity). He added that change to the Design Margin will generate costs, but these were not believed to be very great.

RCH referred to the RIIO business plan submissions and potential investment costs to support flexibility. EB confirmed nothing had been included in the RIIO submissions that would cover 0407 related costs. RCH asked whether, if investment was driven by 0407, this would address some of the flexibility issues in the Business Plan? EB explained that the Business Plan included investment linked to the central corridor (east/west) but NTS would need to consider effects of changes to Design Margins across the whole system.

TD then asked the DNs to confirm the position regarding their analyses. RCH confirmed that each of the DNs was working on its respective analysis, and this was also expected to be ready by late November. The methodology is being discussed and a (standard) version will be produced in time for the next meeting. A view on costs will be provided (with and without 0407).

2.0 Finalisation of Workgroup Report

LH asked TD to clarify the process/timescales for when the formal consultation might commence.

Following review of the analyses, the Workgroup Report will be updated to reflect the position. It will then be submitted to the UNC Modification Panel for consideration, at which point the Panel may or may not decide to issue it for formal consultation. The timeline is hard to predict with any confidence without seeing the analyses and understanding what they indicate.

3.0 Any Other Business

None raised.

4.0 Diary Planning for Review Group

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

The next Workgroup meeting will be accommodated within the Offtake Arrangements Workgroup on Wednesday 12 December 2012, at 31 Homer Road, Solihull B91 3LT.