

UNC Workgroup 0621 0621A 0621B 0621C 0621D 0621E 0621F Amendments to Gas Transmission Charging Regime Minutes

10:00 Wednesday 21 February 2018

at Elexon 4th Floor, 350 Euston Road, London, NW1 3AW

Attendees		
Rebecca Hailes	(RHa)	Chair
Helen Bennett	(HB)	Secretary
Adam Bates	(AB)	National Grid NTS
Alex Nield	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Anna Shrigley*	(AS)	Eni Trading & Shipping
Charles Ruffell	(CR)	RWE
Christiane Sykes	(CS)	Shell
Colin Williams	(CW)	National Grid NTS
Danishtah Parker*	(DP)	Cadent
David Mitchell	(DM)	SGN
Debra Hawkin	(DH)	TPA Solutions Ltd
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsty Ingham	(KI)	ESB
Marcel Neef	(MN)	BBL
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax Power Limited
Pavanjit Dhesi	(PD)	Interconnector
Penny Jackson	(PJ)	npower
Phil Lucas*	(PL)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Robin Dunne*	(RD)	Ofgem
Robert Wigginton*	(RW)	Wales & West Utilities
Sinead Obeng	(SO)	South Hook Gas
Steve Pownall	(SP)	Xoserve
William Webster*	(WW)	Oil and Gas UK
<i>*via teleconference</i>		

Copies of papers are available at: <https://www.gasgovernance.co.uk/0621/210218>

1. Welcome

RH welcomed all to the meeting.

There was general discussion when the meeting opened regarding the many alternative modifications that are in progress, RH reminded the workgroup that the deadline for submitting alternative modifications for 0621 to the March UNC Panel is 02 March 2018.

2. Timeline Update for 0621

There followed a discussion regarding the current timescales for the UNC and EU consultations. CW updated the Workgroup on the timeline for 0621. The slides referred to were shown to the February UNC Panel and will be made available also on the webpage for this meeting (see: <https://www.gasgovernance.co.uk/0621/210218>)

CW clarified that the date when National Grid needed to start calculating prices was May 2019. At last 6 weeks had been set aside for this task to ensure there is time for checking and certainty using the new methodology. Working backwards from this meant the date by which the Ofgem decision would be needed was March 2019.

The red box on the timeline slide indicates a period of 5 months. TAR requires that a decision is forthcoming by 5 months after the final consultation is completed,

Workgroup participants asked about aspects of the Regulatory Impact Assessment done by Ofgem, asking in particular when Ofgem would be able to send out the material for consultation (along with its "minded to" position). RH clarified that, as currently planned, the July UNC Panel will make its recommendation decision on 19 July 2018. RD advised that Ofgem could not commit to a timeline at this stage.

There was a reference to the outstanding **action 0621-0204**, Ofgem confirmed they have not any comments from the Workgroup, therefore it is assumed the Workgroup agrees. The Workgroup strongly expressed they require a 'minded to' position in its impact assessment. This will be reflected in the diagram when it is updated.

This action is now **closed**.

GJ asked, with regards to the Regulatory Impact Assessment, is there any scope for any slack within the 5-month period showing on the plan?

RH updated the workgroup that Modification 0621 and all its alternatives will now report to the May UNC Panel. The UNC consultation and the interim EU consultation which will both run simultaneously are shown in the plan as 25 business days.

Workgroup participants agreed that 15 business days was unlikely to be long enough and agreed that they will require 25 business days for the UNC consultation.

GJ asked whether there was a plan B? CW confirmed that a derogation to licence would likely be required.

JCh flagged that if challenged through one of the appeal routes, a CMA review would take 2 months. CW clarified that such an eventuality was not normally planned for.

It was confirmed that this Workgroup needs to have everything finished, including the Workgroup Report, by close of play 10 May 2018 in order that it can be submitted to the May UNC Panel.

RH also confirmed that at the February UNC Panel, Ofgem and Panel strongly requested that any further alternatives to 0621 be submitted to the March UNC Panel in order to allow sufficient time for them to be assessed at Workgroup. This is because of the many tasks which must be completed after the UNC process has completed by National Grid and Ofgem in relation to implementation of the Modification and its implementation of

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TAR NC and the requirement for a decision by Ofgem by March 2019 in order to allow National Grid to set its prices in 2019.

NW mentioned that a further alternative will be submitted next week ahead of the deadline.

RF (a Panel Member) added and confirmed to the Workgroup that alternative modifications already submitted can be amended right up to UNC Modification Panel date.

3. Amendments to 0621

PL talked through an onscreen review of the change marked version of the amended modification 0621, the key points are noted below, for more detail, please see the change marked version (v3.0) of the amended modification that is published here: <https://www.gasgovernance.co.uk/0621/>

- The Timetable has been changed to reflect that modification 0621 will report to the 17 May UNC Panel.
- Section 3.26 Page 8 – the reference to flow based has been removed from the NTS Optional Charge section.
- Section 3.28.4 Page 9 – an additional paragraph has been inserted and the end date of historical contracts definition has been revised.
- Page 10 – two additional charges with low materiality and which also will not be changed have been added to the list.
- Definitions Table Page 12 – an update to the definition of Interim Contracts.
- Page 17 – clarifying actual price = reserve price of the relevant year plus auction premium initially contracted for.
- Page 18 –
At this point JCh asked if the values would be included in to the Uniform Network Code (UNC). CW advised that the amended modification is amended to what is known up to 16 February 2018 (the publication date) as there is an Ofgem clarification outstanding.
JCx added that the timeliness of this decision is key as it may affect some of the alternative modifications.
New Action 0621-0210: Ofgem to clarify the compliance of UNC process under article 28 of TAR.
Raised by All.
Update due by 06 March 2018
- Page 19 – consistency of terminology updated.
- Page 20 – amendments made to reflect the approach of the interim and enduring regime.
PL confirmed that Fully Adjusted Capacity is a defined term in Code.
With the addition of the sentence that states ‘It is proposed that the Transmission Services Revenue Recovery charge rate may be adjusted at any point within the gas year’ the Workgroup would like clarification from Ofgem if there will be a Licence change that would allow National Grid to allow the change at any time.
New Action 0621-0211: Ofgem to clarify if any licence changes are intended to be incorporated.
Raised by All.
Update due by 06 March 2018
- Page 21 – clarifies capacity mentioned is Fully Adjusted (a defined term).

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- Page 22 – confirms the distance cap of 60km.
When asked, CW confirmed that the 60km is 60km in a straight line.
- Page 26 – JCx asked how compliance with TAR is being shown
New Action 0621-0213: CW to update the publication dates table to show compliance with TAR
Raised by JCx
Update due by 06 March 2018.
- Section 8 – showing reference to appendix 1 – Impacts of proposal on capacity auctions
New Action 0621-0212: Raised by JCx. National Grid to advise - With regards to RPI values, once published, do they ever get changed? What is the process and the timeframe for this to happen?
Raised by JCx
Update due by 06 March 2018.

4. CWD Model analysis

CW/AB showed an onscreen review of scenario-based analysis using the CWD Model.

New Action 0621-0214: National Grid to provide Baseline assumptions and scenarios with commentary outputs from the model including:

- Postage Stamp
- Existing reserve plus TO conversion
- Explain the conversion of units
- Extremes rather than averages in GDNs and Power Stations

Raised by All

Update due by 06 March 2018 and 15 March 2018

5. Development of the Workgroup Report

The Workgroup agreed that updates to the Workgroup Report would be better made at the next meeting planned for 06 March. There will be a session concentrating on Interruptible and Multipliers aimed at finalising the workgroup report for these two topics.

6. Systems update

SP explained that Xoserve are working closely with National Grid and have formed an 0621 Project Team. There have been a number of workshops occurring developing business rules and taking in to account the various alternatives. He added that these changes are fundamental system changes.

JCx asked if a timeline has been developed? SP advised that Xoserve has passed this to National Grid and this will be shared shortly.

RH requested an update from National Grid at the next meeting on the 06 March 2018.

CW said that the alternatives are all quite well defined adding that in terms of Systems and Process impacts and Legal Text considerations, what National Grid have done for their modification, they will do for all the alternatives.

If there are different ways in which a solution can be completed, National Grid will talk to the proposer of the alternative.

National Grid are also looking at compliance with TAR code.

7. Action updates

0621-1205: National Grid to include analysis on the revenue recovery proposals under UNC0621 to help demonstrate the potential levels of charges and revenues.

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Update: CW confirmed this is Work in Progress.

Carried Forward

0621-0101: CW will produce a timeline and what/how the inputs for anticipated capacity component are fed in to that timeline.

Update: Placed as an Appendix in the amended modification – the Workgroup require further clarification that the appendix satisfies this action.

Carried Forward

Due 06 March

0621-0102: CW to add on to the timescales the different Systems development requirements for the different alternate Modifications. By the beginning of May.

Update: SP advised he does not expect this change proposal to be going through the DSC Change procedures because it does not need their sign off for funding.

Carried Forward

Due 06 March and 20 March

0621-0105: All to provide summary of issues; concerns for inclusion in the 0621 Workgroup Report.

NG to provide a summary of the areas of discussion to be included in the Workgroup Report.

NW and JCh to provide a summary as to what justifies the % being suggested in each of the Alternate Modifications 0621A and 0621B.

Carried Forward

Due 06 March

0621-0107: NG to clarify the system process around updating short haul rates and who is in control of what.

Update: During the onscreen review of the amendments made to modification 0621, Short haul rates were discussed and it was confirmed that this action still needs to be answered.

Carried forward

Due 06 March

0621-0201: National Grid to consider the different tariff periods for different purposes in relation to Article 28 and confirm back to the Workgroup.

Update: Tied to discussions earlier in this meeting.

Carried forward

Due 06 March

0621-0202: National Grid and Ofgem to consider Article 28 paragraph 2.

Update: Tied to discussions earlier in this meeting.

Carried forward

Due 06 March

0621-0203: All to give comments to CW and RM on the timescale being proposed.

Update: No comments received.

Closed

0621-0204: All - If anybody disagrees that Ofgem should provide a 'minded to' position in its impact assessment to advise as soon as possible.

Update: Workgroup strongly requires a 'minded to' position in its impact assessment.

Closed

0621-0205: New piece of analysis linked to Action 0707 – exploring the existing contracts effect on exit and entry prices – enduring.

Carried forward

Due 06 March

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8. Any Other Business

None

9. Diary Planning

The Workgroup agreed and discussed a number of extra Workgroup meetings that are required to ensure the Workgroup Report is submitted to the UNC May Panel by 11 May 2018.

Workgroup agreed that one or two sessions where the workgroup could run the model with National Grid and explore analysis scenarios could take place and that these would not need Joint Office secretariat resources.

Proposed dates and confirmed venues are shown in black in the table below.

Time / Date	Venue	Workgroup Programme
17:00 Friday 02 March 2018	<i>Deadline for new modifications for March UNC Panel</i>	
10:00 Tuesday 06 March 2018	Energy UK, Charles House, 5-11 Regent Street London SW1Y 4LR	<ul style="list-style-type: none"> • NTSCMF and Workgroup 0621
10:00 Thursday 15 March 2018	Location TBC	<ul style="list-style-type: none"> • NG led Analysis with WebEx • (NB: this meeting will not be under Joint Office governance)
10:00 Tuesday 20 March 2018	Elexon, 350 Euston Rd, London NW1 3AW	<ul style="list-style-type: none"> • Workgroup 0621
10:00 Wednesday 28 March 2018	Elexon, 350 Euston Rd, London NW1 3AW	<ul style="list-style-type: none"> • Workgroup 0621
10:00 Tuesday 04 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> • NTSCMF and Workgroup 0621
10:00 Thursday 12 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> • Workgroup 0621
10:00 Thursday 19 April 2018	Elexon, Lavender Room, 350 Euston Rd, London NW1 3AW	<ul style="list-style-type: none"> • NG led Analysis with WebEx • (NB: this meeting will not be under Joint Office governance)
10:00 Wednesday 25 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> • Workgroup 0621
10:00 Tuesday 01 May 2018	Elexon, 350 Euston Rd, London NW1 3AW	<ul style="list-style-type: none"> • NTSCMF and Workgroup 0621
10:00 Wednesday 09 May 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	<ul style="list-style-type: none"> • Day 1 Workgroup 0621
10:00 Thursday 10 May 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	<ul style="list-style-type: none"> • Day 2 provisional Workgroup 0621 • (Submit to panel)
10:00 Tuesday 05 June 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	<ul style="list-style-type: none"> • NTSCMF

As at 21 February 2018					
Action Ref	Meeting Date(s)	Minute Ref/ Raised by	Action	Owner/ Update due by	Status Update
0621-1205:	20/12/17		National Grid to include analysis on the revenue recovery proposals under UNC0621 to help demonstrate the potential levels of charges and revenues.	National Grid (CW)	Carried Forward
0621-0101	11/01/18	2.0	CW will produce a timeline and what/how the inputs for anticipated capacity component are fed in to that timeline.	National Grid (CW)	Carried Forward
0621-0102	11/01/18	2.0	CW to add on to the timescales the different Systems development requirements for the different alternate Modifications. By the beginning of May.	National Grid (CW) 06 March 20 March	Carried Forward
0621-0105	11/01/18	2.0	Action reworded from 21 February 2018: All to provide summary of issues; concerns for inclusion in the 0621 Workgroup Report. NG to provide a summary of the areas of discussion to be included in the Workgroup Report. All proposers of Alternative modifications should submit a summary explaining why your alternative better furthers the relevant objectives than those set out by National Grid split by Transition and Enduring. All proposers of Alternative modifications should submit a summary explaining as to what justifies the % being suggested in each of the Alternate Modifications.	All 06 March	Carried Forward
0621-0107	23/01/18	4.0	NG to clarify the system process around updating short haul rates and who is in control of what.	National Grid (CW) 06 March	Carried Forward
0621-0201	06/02/18	3.0	National Grid to consider the different tariff periods for different purposes in relation to Article 28 and confirm back to the Workgroup	National Grid (CW) 06 March	Carried Forward
0621-0202	06/02/18	3.0	National Grid and Ofgem to consider Article 28 paragraph 2	National Grid (CW) Ofgem (RM) 06 March	Carried Forward
0621-0203	06/02/18	3.0	All to give comments to CW and RM on the timescale being proposed.	All	Closed

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0621-0204	06/02/18	3.0	All - If anybody disagrees that Ofgem should provide a 'minded to' position in its impact assessment to advise as soon as possible.	All	Closed
0621-0205	06/02/18	4.0	New piece of analysis linked to Action 0707 – exploring the existing contracts effect on exit and entry prices – enduring.	National Grid (CW) 06 March	Carried Forward
0621-0206	20/02/18 Day 1	4.1 JCh	Is Ofgem concerned over potential price discrimination between new contracts and legacy contract holders with regards to the paper raised by JCx on 20 February 2018. Update due 06 March 2018.	Ofgem (RM) 06 March	Pending
0621-0207	20/02/18 Day 1	4.1 JCh	Raised by JCh. Ofgem to advise on what they intend to do re: Legacy Contracts – will they allow legacy contracts to be surrendered? Update due 06 March 2018.	Ofgem (RM) 06 March	Pending
0621-0208:	20/02/18 Day 1	JCh	National Grid to advise that, if all of Direct Connects started using Firm Exit Capacity, is the National Grid Network able to cope with that?	National Grid (CW) 06 March	Pending
0621-0209	20/02/18 Day 1	All	National Grid to investigate the possibilities of using a square root of the distance to mitigate the magnifying effect of long distances at the extremities of the Network	National Grid (CW) 15 March	Pending
0621-0210	21/02/18 Day 2	All	Ofgem to clarify the compliance of UNC process under article 28 of TAR. Raised by All. Update due by 06 March 2018	Ofgem (RM) 06 March	Pending
0621-0211	21/02/18 Day 2	All	Ofgem to clarify if any licence changes are intended to be incorporated.	Ofgem (RM) 06 March	Pending
0621-0212	21/02/18 Day 2	JCx	National Grid to advise - With regards to RPI values, once published, do they ever get changed? What is the process and the timeframe for this to happen?	National Grid (CW) 06 March	Pending
0621-0213	21/02/18 Day 2	JCx	CW to update the publication dates table to show compliance with TAR	National Grid (CW) 06 March	Pending
0621-0214	21/02/18 Day 2	All	National Grid to provide Baseline assumptions and scenarios with commentary outputs from the model including: <ul style="list-style-type: none"> • Postage Stamp • Existing reserve plus TO conversion • Extremes rather than averages in GDNs and Power Stations 	National Grid (CW) 06 March 15 March	Pending