

UNC Workgroup 0653 Minutes Updating the parameters for the NTS Optional Commodity Charge – Introducing the NTS Optional Capacity Charge

Wednesday 21 March 2018

**at Joint Office at Pure Offices, Lake View House, Tournament Fields,
Warwick CV34 6RG**

Attendees

Chris Shanley (Chair)	(CSh)	Joint Office
Helen Cuin	(HCu)	Joint Office
Andrew Pearce	(AP)	BP
Carlo Rossini	(CR)	Energy-Link
Chris Warner	(CW)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Kirsty Ingham	(KI)	ESB
Mark Rixon*	(MiR)	ENGIE
Matthew Hatch	(MH)	National Grid NTS
Nick Wye	(NW)	Waters Wye
Richard Fairholme	(RF)	Uinper
Sean Hayward	(SH)	Ofgem

Apologies

Charles Ruffell	(CR)	RWE
Mike Ronan	(MRo)	Anghinish Alumina
Steve Pownall	(SP)	Xoserve

* via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0653/220318>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 May 2018.

1.0 Outline of Modification

GJ explained the rationale for raising the modification and that the solution is essentially the same as UNC 0621C for OCC. It is a holistic solution with an October 2019 implementation date to get around the discrimination issues for IPs, which will be applicable to a capacity-based regime from then. He explained that this particular modification is looking to introduce an optional capacity charge, which could be based using a discount on LRMC, CWD, or another method.

MH clarified that this modification would need some analysis. GJ confirmed that some of the analysis that National Grid NTS are looking at for 0621C could also be utilised for UNC 0653 with minor differences. He explained that Centrica are undertaking some analysis internally however they will require some assistance from National Grid.

GJ acknowledged that a number of modifications are currently being assessed which are seen to be interim solutions. Although he had seen UNC 0653 being managed as an alternative modification to 0636 this was not agreed at Panel.

GJ questioned how this modification was going to be managed. RF questioned with Ofgem that if the 0636 modifications were submitted in April and UNC0653 was submitted in May, would Ofgem be minded to conduct an impact assessment on all the modifications together.

DH enquired if the capacity weighted model would be used to help derive the discount. GJ confirmed CWD need not be used. GJ confirmed that the solution required some refinement to capture that the new optional capacity charge could be utilised with any overarching charging methodology, and welcomed input from others to help develop the modification. CS suggested that a worked example may be useful to test out understanding of the proposed optional capacity charge and allow comparisons between supporting LRMC, CWD, postage stamp methodologies.

SH questioned how the other modifications currently being considered could be affected by UNC0653. The Workgroup discussed the practical ways of managing the development of this modification and the relationship with other inflight modifications that are yet to be implemented.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

None raised.

2.2. Initial Representations

None received.

2.3. Terms of Reference

CSH confirmed that the standard Workgroup Terms of Reference would be used for this Workgroup.

3.0 Next Steps

It was anticipated that the modification would be amended for further discussion in April with a view to submitting a Workgroup Report using analysis from UNC0621C to the May UNC Panel meeting.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
Following Transmission Workgroup (13.00) Monday 05 April 2018 TBC	Elaxon, 350 Euston Rd, London NW1 3AW	Amended Modification National Grid Analysis Development of Workgroup Report