

**UNC Workgroup 0621; 0621A; 0621B; 0621C; 0621D; 0621E; 0621F;  
 0621G; 0621H; 0621J**

**Amendments to Gas Transmission Charging Regime Minutes**

**10:00 Wednesday 04 April 2018**

**at St Johns Hotel, 651 Warwick Road, Solihull, B91 1AT**

<b>Attendees</b>		
Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	National Grid NTS
Alex Nield*	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Charles Ruffell	(CR)	RWE Supply & Trading
Charlie Friel	(CF)	Ofgem
Christiane Sykes*	(CS)	Shell
Colin Williams	(CW)	National Grid NTS
Danishtah Parker	(DP)	Cadent
David Cox	(DC)	London Energy Consulting
David Mitchell	(DM)	SGN
Debra Hawkin	(DH)	TPA Solutions
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Kirsty Ingham	(KI)	ESB
Kully Jones	(KJ)	National Grid NTS
Matthew Hatch	(MH)	National Grid NTS
Nahed Cherfa	(NC)	Statoil
Nick Wye	(NW)	Waters Wye
Paul Toole*	(PT)	NGN
Paul Youngman*	(PY)	Drax
Pavanjit Dhesi*	(PD)	Interconnector
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Sarah Carrington	(SC)	National Grid NTS
Sinead Obeng	(SO)	SouthHook Gas

\*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/ntscmf/040418>

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (20 March 2018)

The minutes from 20 March were approved.

## 2.0 Pre-Modification discussions

There are no pre-Modifications for discussion.

## 3.0 Actions update

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

**Update:** Sarah Carrington (SC) gave an onscreen presentation of the Gas Regulatory Change Programme provided for the meeting and is published here:

<https://www.gasgovernance.co.uk/0621/040418>.

SC advised that there are 5 staff working on this programme and that the project is large and complex, for this reason it has been split in to Part A and Part B.

- Part A being quick wins and low impacts;
- Part B being major changes required to systems and processes and would include the modifications.

There will be a firmer idea of requirements when the Analysis and Design workshops are completed at the end of August 2018.

For further detail, please see the published presentation. **Closed**

**0621-0105: Action reworded from 21 February 2018:** All to provide summary of issues; concerns for inclusion in the 0621 Workgroup Report.

National Grid 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.

**Update:** This is ongoing as the Workgroup Report is updated. **Carried Forward**

**0621-0213:** CW to update the publication dates table to show compliance with TAR.

**Update:** This will be an appendix in the new National Grid 0621 Modification. **Carried Forward**

**0621-0303:** Graham Jack (GJ), Steve Pownall (SP) and National Grid to explore:

1. System implication of more than 4 decimal places – National Grid thinks there are implications.
2. How can a meaningful discount be administered? National Grid said that depending on what discount is requested depends on how it would be applied, this depends on the proposed solution.
3. Compliance of the discount under TAR – what is the likelihood  
Further input is required from Xoserve to complete this action. It is thought that this would be a significant change to implement.

**Update:** It was suggested that the prices could be published with a clear understanding of the 6 decimal places and maybe put the 4 decimal places in the system.

An impact assessment is required from Xoserve to determine the impacts of changing from 4 to 6 decimal points. GJ mentioned that it might be difficult to manage discounts where these were 4 or more decimals points down as rounding up might overstate the discount.

**Carried Forward**

**0621-0304:** National Grid to look at the transition of revenue recovery years from now up to 2022.

**Update:** This will be in the updated analysis. The extension to 2022 will be 2021 revenue increased by RPI. JCh advised not required for 2022. **Closed**

#### **4.0 0621 Progress update**

##### **4.1. Review Final Amendments to 0621 Modification proposal**

Phil Lucas (PL) went through a page turning exercise of the proposed changes to Modification 0621.

Colin Williams (CW) advised that the Final version will be published by 06 April 2018 explaining that there is just the Existing Contracts topic left to be finalised.

Please see the published change marked document here:

<https://www.gasgovernance.co.uk/0621/040418>.

NW mentioned Modification 0621G is likely to be withdrawn as this is now covered in the National Grid proposed amended modification.

CW explained that, with regards to Final Reference Prices, on Exit, it makes very little or no difference due to the number of exit points but for Entry there is a little bit more of an influence.

There will be an updated CWD Model by early next week (9, 10 April 2018).

CW advised of other areas that may require amendment:

Application of Revenue Recovery Charge at Interconnection Points – there are legal conversations ongoing.

Abandoned Capacity. This is not a Workgroup 0621 topic but will possibly be restarted and taken through via a Transmission Workgroup modification discussion.

##### **4.2. Agree Comparison Table (full and simplified)**

PL confirmed that some comments have been received and these have been incorporated in to the Comparison Table.

Clarification is required from all proposers that National Grid has interpreted the Alternative Modifications correctly. Proposers need to check and clarify that the Comparison Table (Summary and detailed tables) is an accurate reflection.

PL also confirmed that this Comparison Table will be used to form the basis of Legal Text and therefore urges proposers to check and clarify with National Grid as soon as possible. The final version will be updated by 12 April 2018.

Graham Jack (GJ) advised that Centrica are currently updating their Alternative Modification adding that there are likely to be further changes.

CW stressed that, even if an Alternative Modification is not yet finalised, can the proposer please share the intent of the Modification with National Grid so that the Comparison Table can reflect the correct interpretation for the Legal Text to be considered.

##### **4.3. Analysis Results update**

Adam Bates (AB) showed onscreen the Analysis List that was discussed at the 28 March 2018 Workgroup meeting (<https://www.gasgovernance.co.uk/0621/280318>).

CW advised that, by default, anything that is not on the list is either because:

- a) It is better to be considered as part of the impact assessment, or
- b) It will be considered as part of the consultation.

National Grid will assume that Proposers are content with the Analysis Topics List unless they are informed otherwise.

CW informed the Workgroup that at the next Workgroup meeting on 12 April National Grid will start to share their Analysis results, the vast majority of analysis for the Workgroup Report will be completed by the middle of April.

Richard Fairholme (RF) suggested that as a piece of analysis is completed, it is published straight away.

An Analysis web page has been created on the Joint Office website, here: <https://www.gasgovernance.co.uk/0621/Analysis>.

When asked, CW confirmed that all analysis will be compared with a mixture of current process and Modification 0621.

#### **4.4. Existing contracts (JCx)**

The Workgroup were informed that Julie Cox (JCx) has provided a presentation for this topic area but is unfortunately unable to attend today's meeting therefore, this agenda item will be deferred to 12 April 2018.

CW clarified the presentation relates to all Modification 0621 and all of the alternatives.

It was confirmed that the Workgroup Report will summarise where National Grid considers each modification is compliant and potential impacts and touch points.

CW reminded the Workgroup of the results of analysis presented at 28 March 2018 meeting where it was confirmed that, if existing contracts are included the effect on prices are:

Exit – no impact

Entry – prices 28% lower

### **5.0 Development of the Workgroup Report**

#### **5.1. Workgroup response to initial draft of first batch of Section 6 topics**

Bob Fletcher (BF) showed onscreen section 6 of the Workgroup Report.

It was agreed that the Analysis List needs to be the starting point as being more appropriate for this section and then re-write section 6.

BF then went on to explain the intended structure of the Workgroup Report advising that there will be an individual report for each Alternative, and that all individual reports will be included in the same report.

He went on to explain that once the final version of the National Grid Modification is published, this will give the Proposers of the Alternative Modifications a chance to update/amend their Modifications.

Matt Hatch (MH) suggested it would be beneficial to agree a date for amending current Modifications by and agree a date when new Alternatives cannot be raised by.

BF advised that, to publish the Workgroup Report in time for the UNC Panel meeting on 17 May, the Workgroup Report would need to be published by Thursday 03 May (this takes account of the May Bank Holiday)..

Joint Office are making time in the diary for potential meetings outside of the meeting dates shown in the above table, such as, 24, 26 and 30 April. The intention is for Joint Office to hold meeting rooms for 24, 26 and 30 April should the Workgroup require them.

BF also said that the Workgroup could ask at the April 2018 UNC Panel meeting, if Panel would accept the Workgroup Report at short notice which would give a little extra time, past 3 May, should the Workgroup need it to complete the Workgroup Report.

It was agreed that there would be an introductory meeting around Legal Text at 12 April meeting, with the intention that the Legal representatives will be at meeting for the first part of the meeting. CW advised that the changes to Section B are no different to what the Workgroup are used to and that Section Y part A is a complete re-write.

There will be a full walkthrough of Legal Text on 25 April for Modification 0621 and potentially a walkthrough of Legal Text on 27 April for all of the 0621 Alternatives.

There is a possibility that meetings may need to be planned in on 3 and 4 May.

The Workgroup agreed with PL suggestion of a key messages summary document as a communication to be sent at the end of each meeting which will be consolidated to form the minutes for the meetings. This will commence from the next planned meeting on 12 April.

BF confirmed, in terms of the approach, the timeline could be as follows:

<b>0621 Workgroup Key Dates</b>		
<b>Date</b>	<b>Focus for the meeting</b>	<b>Venue</b>
06-Apr	Amended National Grid Modification	
12-Apr	Initial view of Legal Text and 0621 Amended Modification	St Johns Hotel, Solihull
17-Apr	Proposer of Alternative Modifications submit their Amended Modifications	
20-Apr	Analysis and review of amended modifications	St Johns Hotel, Solihull
23-Apr	Workgroup Report development	Solihull venue TBC
24-Apr	Placeholder if required	
25-Apr	Legal Text Review - 0621	St Johns Hotel, Solihull
26-Apr	Placeholder if required	
27-Apr	Legal Text Review - 0621 Alternatives	St Johns Hotel, Solihull
30-Apr	Placeholder if required	
01-May	NTSCMF and Workgroup Report development	Elxon, London
02-May	Workgroup Report completion	Solihull venue TBC
08-May	Placeholder if required	
17-May	May UNC Panel	

## 6.0 Any Other Business

### 6.1. Review draft of Workgroup letter to JO/Ofgem seeking a “view”

BF showed onscreen the draft Communication to Ofgem for the Workgroup to review. There were varying comments made, some attendees do not feel that sending the communication will achieve anything, whilst others are happy for Joint Office to make the request to Ofgem.

Charlie Friel (CF) suggested that as much information as possible should be put in to the letter as the Workgroup are best placed to know the impacts that should be considered, adding that Ofgem will do their best to move on this as quickly as possible.

BF, referring to the 2<sup>nd</sup> paragraph, suggested that there are processes already in place to manage the situations that may arise where text from different modifications overlaps.

The consensus within the Workgroup on the letter is for the Joint Office Chair to send on behalf of the Workgroup.

The Workgroup also agreed to inform the April 2018 UNC Panel meeting of the letter that is being sent to Ofgem.

MH reminded the Workgroup that if the baseline changes, the analysis may have to be done again.

An addition to the letter was suggested, adding in the potential risk that the underlying methodology could be impacted which could result in a threat to timeline for TAR Code compliance.

CF said that Ofgem are expecting supplementary information as to what the impact could be, some form of understanding of the change is fundamental.

## 6.2 Review draft of Workgroup letter to JO/Ofgem seeking a “view”

JCh explained that he has emailed National Grid regarding the CWD Model, the number of drop down options in the user input screen, depending on which choice is made it can alter the output quite a lot.

CW suggested that National Grid will run a Webex session within next week’s meeting, 12 April, to show Users how to process this.

### 1.0 Diary Planning

1.1. Additional workgroup meetings in April as needed

1.2. Agree agenda items and actions for next meeting

The Workgroup discussed the start times of future meetings and agreed that a 10am start with a 4pm finish is preferable.

Time / Date	Venue	Workgroup Programme
10:00 Tuesday 04 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> <li>• NTSCMF and Workgroup 0621</li> </ul>
10:00 Thursday 12 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> <li>• Workgroup 0621</li> <li>• Initial view of Legal Text</li> <li>• Review amended Modification 0621</li> </ul>
10:00 Friday 20 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> <li>• Workgroup 0621</li> <li>• Analysis</li> </ul>
10:00 Monday 23 April 2018	Solihull venue TBC	<ul style="list-style-type: none"> <li>• Review amended Alternative Modifications</li> <li>• Focus on Workgroup Report</li> </ul>
10:00 Wednesday 25 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> <li>• Legal Text Review for Modification 0621</li> <li>• Workgroup 0621</li> </ul>
10:00 Friday 27 April 2018	Solihull venue TBC	<ul style="list-style-type: none"> <li>• Legal Text Review of Alternative Modifications</li> <li>• Workgroup 0621</li> </ul>
10:00 Tuesday 01 May 2018	Elexon, 350 Euston Rd, London NW1 3AW	<ul style="list-style-type: none"> <li>• NTSCMF and Workgroup 0621</li> </ul>
10:00 Wednesday 02 May 2018	Venue TBC	<ul style="list-style-type: none"> <li>• Focus on Workgroup Report</li> </ul>

#### As at 28 March 2018

Action Ref	Meeting Date(s)	Minute Ref/ Raised by	Action	Owner/ Update due by	Status Update
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) <del>06 March</del> <del>20 March</del> 04 April	Closed

<b>0621-0105</b>	11/01/18	2.0	<p><b>Action reworded from 21 February 2018:</b>                  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.</p>	All <del>06 March</del> <del>28 March</del> Ongoing	<b>Carried Forward</b>
<b>0621-0213</b>	21/02/18 Day 2	JCx	CW to update the publication dates table to show compliance with TAR.	National Grid (CW) <del>06 March</del> <del>20 March</del> <del>28 March</del> 12 April	<b>Carried Forward</b>
<b>0621-0303</b>	20/03/18	4.1 Workgroup	Graham Jack (GJ), Steve Pownall (SP) and National Grid to explore: <ol style="list-style-type: none"> <li>1. System implication of more than 4 decimal places</li> <li>2. How can a meaningful discount be administered?</li> <li>3. Compliance of the discount under TAR – what is the likelihood</li> </ol>	Graham Jack (GJ), Steve Pownall (SP) and National Grid <del>28/03/18</del> 12 April	<b>Carried Forward</b>
<b>0621-0304</b>	20/03/18	4.1 Workgroup	National Grid to look at the transition of revenue recovery years from now up to 2022.	National Grid (CW/AB) <del>28/03/18</del> 04 April	<b>Closed</b>
<b>0621-0306</b>	28/03/18	Workgroup	National Grid NTS to consider timing of new Modification and what is best going forward.		<b>Pending</b>
<b>0621-0307</b>	28/03/18	National Grid	Jeff Chandler (JCh), Graham Jack (GJ), Riccardo Rossi (RR), Anna Shrigley (AS) to respond to their particular outstanding items as noted on the Comparison Table.	JCh, GJ, RR, AS	<b>Pending</b>
<b>0621-0308</b>	28/03/18	National Grid	Phil Lucas (PH) to email Richard Fairholme (RF) and Pav Dhesi (PD) seeing verification of the difference from the baseline as noted on the Comparison Table.	National Grid (PL)	<b>Pending</b>