

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

Amendments to Gas Transmission Charging Regime Minutes

10:00 Tuesday 28 March 2018

at Elexon, 350 Euston Road, London NW1 3AW

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	National Grid NTS
Alex Neild	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Charles Ruffell	(CR)	RWE Supply & Trading
Christiane Sykes*	(CS)	Shell
Colin Williams	(CW)	National Grid NTS
Danishtah Parker	(DP)	Cadent
David Cox*	(DC)	London Energy Consulting Ltd
David Mitchel	(DM)	SGN
Debra Hawkin*	(DH)	TPA Solutions
Gerry Hoggan	(GH)	ScottishPower
Jeff Chandler	(JCh)	SSE
Julie Cox	(JCx)	Energy UK
Kirsty Ingham	(KI)	ESB
Matt Hatch	(MH)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Paul Toole*	(PT)	NGN
Penny Jackson	(PJ)	npower
Phil Lucas	(PL)	National Grid NTS
Riccardo Rossi	(RR)	Centrica
Richard Miller	(RM)	Ofgem
Richard Pomroy	(RP)	Wales & West Utilities
Shiv Singh*	(SS)	Cadent
Sinead Obeng	(SO)	South Hook Gas

1. Welcome

Rebecca Hailes (RH) welcomed all to the meeting and advised the Workgroup how the agenda will run for the day.

Current status of each Modification

Modification	Raised by	Status
0621 v3.0	National Grid NTS	Amended 19-Feb-18
0621A v2.0	Storengy	Amended 05-Mar-18
0621B v2.0	SSE	Amended 09-Feb-18
0621C v2.0	Centrica	Amended 13-Mar-18
0621D v2.0	WWU	Amended 05-Mar-18
0621E v1.0	Uniper	
0621F v3.0	Interconnector UK	Amended 20-Mar-18
0621G v1.0	Vitol S.A	Submitted to Panel 15-Mar-18
0621H v1.0	ENI	Submitted to Panel 15-Mar-18
0621J v1.0	RWE Supply & Trading	Submitted to Panel 15-Mar-18

2. Approval of minutes (20 March 2018)

Due to the short timeframe from the last meeting, it was agreed that the minutes from 20 March 2018 will be accepted and approved at the next meeting on 04 April 2018.

3. Pre-Modification update

There were no Modifications of this status for this meeting.

RH advised the Workgroup of the New Modification deadline of 06 April 2018 and also how to withdraw a Modification should a proposer wish to.

4. Actions update

4.1. 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: Update 04 April 2018 meeting. **Carried Forward**

0621-0105: All to provide summary of issues and/or 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.

Update: RH reminded all proposers to provide the document to Joint Office as soon as possible.

Richard Miller (RM) said that if the proposers are only changing Section Y then Ofgem will only be interested in that section.

National Grid NTS confirmed that Section TPD B will be amended too.

When asked, RH confirmed the information that is required by clarifying Section Y and the Standard objectives.

NW also clarified that the information required is how each of the alternatives are tweaking the 0621 Modification and that information is also required. **Carried Forward**

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: Related to Action 0621-0202. **Closed**

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

Update: It was confirmed that this is commercially viable, some legal questions need to be addressed before this action can be closed. RM suggested it may be worth parking this and pick up once there is an Ofgem decision.

Richard Pomroy (RP) commented by advising that there is a need to make sure what the future is going to look like before the charges can be set and need to be aware of what is happening in the price control discussions. **Closed**

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

Update: A slide is included in the presentation material to be considered at Workgroup. It was confirmed that there is no difference in price. AB talked the workgroup through the analysis completed for this action. In summary, AB explained that it doesn't make any difference to the Exit prices as to whether you include or exclude existing contracts. Julie Cox (JCx) questioned, for Entry, is it the contract that expires that changes the charges which is potentially distortionary? CW the assumption has to be that if they are kept in, which reduces the capacity charge, assuming not going to change the clearing price.

CW confirmed that, in the current regime there is no revenue influence on capacity prices. **Closed**

0621-0206: 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.

Update: Including existing contracts in the calculations and the impact of that is higher complimentary charge. Either way if include or exclude there will be a different price – already have a differential pricing as to when capacity was bought. Therefore, Ofgem are interested to hear from the workgroup in the Workgroup Report as to whether there is undue discrimination. **Closed**

Deleted: as to whether to seek responses

0621-0210: Ofgem to clarify the compliance of UNC process under article 28 of TAR. Raised by All.

Update: Same as Action 0202 update 28 March. The Ofgem Decision on direction has provided some clarity around this. Ofgem are completing the final part of the Article 28 consultation. The Workgroup intend asking Joint Office to try to seek a view from Ofgem on the issues around Article 28. **Closed**

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

Update: The final version of the modification will have the publication table. This is due to be published 3 April. **Carried Forward**

0621-0301: ENI is to update the Alternative Modification to bring it in-line with the amended National Grid NTS Modification v3.0. Raised by RH.

Update: Superseded now as final modification is due 03 April. **Closed**

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

1. System implication of more than 4 decimal places – there are system implications
2. How can a meaningful discount be administered? This is a mod question rather than a systems question
3. Compliance of the discount under TAR – what is the likelihood proposer to put their rationale forward.

Update: Graham Jack (GJ) - Centrica - to answer this in the amended modification from Centrica is due 04 April from GJ. **Carried Forward**

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

Update: This is a 'seesaw' effect, the Workgroup would like to see the effect on gas year and regulatory year. Richard Pomroy (RP) said it would be useful to see if the charges are understated and what the likely effect will be taking in to account the projected charge for short haul. The analysis assumes there will be no take up of short haul which is unrealistic. The default in the model is that short haul is not included as this is Shipper specific but this can be switched on in the model as there are some assumptions built in. **Carried Forward**

0621:0305: National Grid to publish spreadsheets, the data that sits behind the analysis alongside the analysis – link to be provided.

Update: Ongoing from now and can be found here:
<https://www.gasgovernance.co.uk/0621/Analysis> **Closed**

Field Code Changed

5. 0621 Progress update

5.1. Alternative Modifications A-J

Ricardo Rossi (RR) provided an update on Alternative Modification 0621C advising that the intention is to provide a new version by 06 April 2018. In the amended Modification Centrica will be trying to address redistribution of tariffs given the Short Haul arrangements for transition and trying to achieve the definition of an enduring solution and then introducing an adjustment factor rolling back in to the transition period.

Jeff Chandler (JCh) provide an update on Alternative Modification 0621B advising that he is considering an amendment to the top up charge at IPs to ensure compliance with Article 35 of TAR.

There followed a discussion with regards to the TAR document with NW suggesting the use of Commodity as a recovery charge still needs addressing.

Julie Cox (JCx) added that with regards to compliance, the issue will come out in the Workgroup Report responses and the final consultation that goes to ACER.

RH said that this will be covered under relevant objective G.

5.1.1. 0621A update

Nick Wye (NW) provided an onscreen update on Alternative Modification 0621C reminding the Workgroup that Modification 0621A proposes an increase in the storage discount from 50% to 86% for both implementation phases and proposes a non-application of capacity-based revenue top-up charge, in the enduring phase, on storage capacity bookings.

NW went on to provide justification and provided analysis evidence for the proposal.

Please refer to the presentation material for further detail which can be found here: <https://www.gasgovernance.co.uk/0621/280318>.

Field Code Changed

5.1.2. 0621G update

Nick Wye (NW) provided an onscreen update on Alternative Modification 0621C reminding the Workgroup that Modification 0621G proposes that the revised OCC rate for the transition period should be applied to the Non-Transmission Tariff (SO equivalent), in addition to the Transmission Commodity Tariff.

NW went on to provide justification and provided analysis evidence for the proposal.

Please refer to the presentation material for further detail which can be found here: <https://www.gasgovernance.co.uk/0621/280318>.

CW advised that, for the enduring, National Grid NTS are proposing something different, through a review with the intention of raising a Modification almost immediately after Modification 0621 is finalised.

JCx said that this is a very serious issue as to how this would be handled. In the past panel have thrown things out when they are not very clear.

MH said that, in terms of compliance, the interim period will be an OCC regime. If a Review Group is setup to review going forward post 2021, it could have a long lead time.

New Action 0621-0306: National Grid NTS to consider timing of new Modification and what is best going forward.

Raised by: Workgroup

Due by: TBD

5.1.3. Features Comparison Table Workgroup Agreement (for LT preparation)

RH thanked Phil Lucas (PL) for producing this table.

PH ran through the comparison table which illustrates the principle differences between the Modification 0621 'baseline' Proposal and each of the 9 current Alternative Proposals.

PH confirmed that one of the key purposes of the table was to inform the development of Legal Text for each of the Alternatives. Given this, an important step is to verify with each of the respective Proposers that the differences we have identified from the Modification 0621 baseline are accurate.

Provisional agreement was sought from those Alternative Modification Proposer's present at the Workgroup meeting with the intention being to seek *final* agreement at the Workgroup meeting on 12 April 2018.

The current status of agreement from Alternative Proposers is as follows:

Proposal	Workgroup rep	Outcome (vs Comparison table v0.6) and Residual Actions
0621A	Nick Wye	Agreed.
0621B	Jeff Chandler	Not agreed. <i>Jeff Chandler to verify all highlighted differences.</i>
0621C	Riccardo Rossi	All agreed apart from: <ul style="list-style-type: none"> • Interruptible / Off peak adjustment elements • NTS Optional Charge elements <i>To be confirmed by Graham Jack / Riccardo Rossi</i>
0621D	Richard Pomroy	Agreed.

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0621E		[not present]
0621F		[not present]
0621G	Nick Wye	Agreed.
0621H	Anna Shrigley	All agreed apart from: <ul style="list-style-type: none"> intention for NTS Optional Charge is to reflect National Grid Proposal (not different, as shown in v0.6 of Comparison Table) exclusions from Revenue Recovery charges at non IPs in the Interim Arrangements <p><i>Latter point to be confirmed by Anna Shrigley.</i></p>
0621J	Charles Ruffell	Agreed.

New Action 0621-0307: 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.

New Action 0621-0308: 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.

The Final version of the National Grid NTS Modification will be released on 3 April, RH encouraged all proposers to update their Alternative Modification to be in line with the baselined National Grid Modification 0621.

AB advised that he will be providing individual CWD models according to the Alternative Modification.

5.2. Liaison with Ofgem

Julie Cox (JCx) headed this section of the meeting by referring to the presentation material provided for the meeting which can be found here: <https://www.gasgovernance.co.uk/0621/280318> explaining that the key issue is that if the Ofgem decision on Modification 0636 is not expected before Modification 0621 goes to consultation (May), and possibly not before the panel recommendation and 'minded to' decision which is needed as part of the impact assessment for 0621 and final consultation for TAR.

The consequence to this is that if Ofgem directs implementation of any of the 0636 Mods, the 0621 Mods will need to be amended to reflect that they are proposing a change from the new prevailing arrangements as implemented by Mod 0636 (assuming to be before Oct 19). Change is likely to be required to the proposal, solution, relevant objectives and supporting analysis / customer impacts sections.

It was confirmed that the Workgroup can ask Joint Office to write to Ofgem for a View. This is covered under UNC Modification Rules 12.8.

Field Code Changed

New Action: 0636 Workgroup to be made aware that Ofgem may not do an Impact Assessment on Modification 0636. Ofgem will continue to monitor and review as to whether this will be required or not.

Richard Pomroy (RP) said that Workgroup 0636 needs to get to Panel so that Modification 0621 can run to its allocated timescale.

It was confirmed that Ofgem has directed National Grid NTS to get WGR back to May 2018 UNC Panel.

It was confirmed that currently there are four Modifications under 0636 and 10 Modifications under 0621.

Energy UK does not believe that Joint Office and Ofgem can resolve these issues and therefore recommends Joint Office seeks a View from Ofgem.

Penny Jackson (PJ) mentioned that she thought that the original intention for 0636 was to plug a gap until 0621 is implemented.

The Workgroup and Ofgem debated what should be addressed in the letter highlighting specific questions, gaps and what View Joint Office is seeking Ofgem to address.

Richard Miller (RM) suggested that in the letter to seek a View, it is set out as clear as possible the view of the workgroup of what the impacts are.

RH mentioned that it is difficult to proceed comfortably because the Workgroup cannot foresee how the baseline is going to change.

Some members of the Workgroup disagree with the letter going to Ofgem for a View.

The Workgroup went on to complete an onscreen draft wording for a letter that the Joint Office may send to Ofgem requesting a View.

Penny Garner (PG) joined the debate with regards to whether or not the View should be requested.

If the Ofgem decision on Modification 0636 is made after the Modification 0621 Final Modification Report is submitted, there is the potential that the baseline for Modification 0621 will need to be changed.

Deleted: d

This item was deferred to 04 April 2018.

5.3. Update on final 0621 amendment

CW confirmed the Final version of Modification 0621 will be published on 3 April ahead of the NTSCMF meeting 4 April.

5.4. Legal Text drafting date progress

CW advised that a Lawyer will attend the Workgroup to walk through legal text on 12 April and it will be published ahead of the meeting 5 working days in advance.

The legal text for Alternative Modifications will be ongoing in the background. National Grid NTS will liaise with proposers of Alternative Modifications to ensure all assumptions are correct in order to finalise the Legal Text.

RH will be asking at April Panel a formal request for all Legal Text adding that the Workgroup is strongly advised that the Legal Text is reviewed by Workgroup prior to it going in to the report.

MH has advised Panel that the standard time of 15 days to provide Legal Text is not sufficient time as it is a significant piece of work.

5.5. Cost allocation assessment

CW took the Workgroup through a reminder of the Cost Allocation Assessment which started by giving a view of earlier views from February 2018 and comparing this with the proposal in the CWD Model.

Explaining that this is a feature of TAR code, for any of the proposals that go in to the ACER consultation will have to have this number defined, and if it is greater than 10%, it will need to be justified.

The material for this topic can be found in the presentation material provided by National Grid NTS and is published here:
<https://www.gasgovernance.co.uk/0621/280318>.

Field Code Changed

5.6. Analysis structure update

Referring to the analysis structure update Adam Bates (AB) updated the Workgroup on the current status of the intended structure to complete the analysis requests.

AB advised that not all analysis will be done by National Grid, some analysis will be required from each of the proposers of the Alternative Modifications to help provide the justification and impacts of their proposals.

National Grid will sense check the analysis produced.

A draft of the analysis structure update is available on the Joint Office website for discussion <https://www.gasgovernance.co.uk/0621/280318>.

Field Code Changed

New Action: All modification proposers to assess how they are going to provide the analysis required for their modification. By 04 April 2018.

RH showed onscreen the current analysis list.

AB talked briefly how the list is made up and what each column represents.

New Action: All to review the Analysis List ahead of next meeting 04 April 2018, if analysis is not on the list and a proposer feels it should be, please challenge and advise National Grid NTS.

6. Workgroup Report Development update

RH showed onscreen the draft intended structure of the Workgroup Report document and talked the workgroup through the suggested solution which can be found here: <https://www.gasgovernance.co.uk/0621/280318>.

Field Code Changed

RH confirmed that each Alternative Modification will have its own Workgroup Report.

Some users questioned if the complexity of the model could put analysis outcomes at risk if proposers are completing their own analysis.

7. Next Steps

Not discussed at this meeting.

8. Any Other Business

None discussed at this meeting.

9. Diary Planning

It was suggested and agreed that the timings for the next meeting on 04 April should be 10am start and future meetings should start at 9am and run through to 5pm.

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"> 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 Friday 20 April 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> Workgroup 0621 Analysis
10:00 Monday 23 April 2018	TBC	<ul style="list-style-type: none"> Focus on Workgroup Report
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 Friday 27 April 2018	TBC	<ul style="list-style-type: none"> Focus on Workgroup Report
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 02 May 2018	TBC	<ul style="list-style-type: none"> Focus on Workgroup Report
10:00 Thursday 03 May 2018	St Johns Hotel, 651 Warwick Road, Solihull B91 1AT	<ul style="list-style-type: none"> Focus on Workgroup Report
10:00 Tuesday 05 June 2018	Joint Office of Gas Transporters, Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	<ul style="list-style-type: none"> NTSCMF

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) 06 March 20 March	Carried Forward

				04 April	
0621-0105	11/01/18	2.0	<p>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.</p>	All 06 March 28 March 04 April	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 20 March 28 March	Closed
0621-0202	06/02/18	3.0	National Grid and Ofgem to consider Article 28 paragraph 2	National Grid (CW) Ofgem (RM) 06 March 20 March 28 March	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 20 March 28 March	Closed
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 20 March 28 March	Closed
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 20 March 28 March	Closed
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 20 March 28 March 04 April	Carried Forward

0621-0301	06/03/18	3.0 RH	ENI is to update the Alternative Modification to bring it in-line with the amended National Grid NTS Modification v3.0. Raised by RH.	ENI (AS) 20 March 28 March	Closed
0621-0303	20/03/18	4.1 Workgroup	Graham Jack (GJ), Steve Pownall (SP) and National Grid to explore: <ol style="list-style-type: none"> 1. System implication of more than 4 decimal places 2. How can a meaningful discount be administered? 3. Compliance of the discount under TAR – what is the likelihood 	Graham Jack (GJ), Steve Pownall (SP) and National Grid 28/03/18 04 April	Carried Forward
0621-0304	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) 28/03/18 04 April	Carried Forward
0621-0305	20/03/18	4.1	National Grid to publish spreadsheets, the data that sits behind the analysis alongside the analysis – link to be provided.	National Grid (CW/AB) 28/03/18	Closed
0621-0306	28/03/18	Workgroup	National Grid NTS to consider timing of new Modification and what is best going forward.		Pending
0621-0307	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	Pending
0621-0308	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)	Pending