

UNC Workgroup 0665 Minutes

Introduction of suitable classification of Ratchetable Supply Points & ensuring accurate Capacity Allocations (SOQ)

Monday 17 December 2018

at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Alsarif Satti*	(AS)	Ofgem
Andy Clasper	(AC)	Cadent
Chris Warner	(CW)	Cadent
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates Ltd
John Cooper*	(JC)	BUUK
Jon Dixon*	(JD)	Ofgem
Kirsty Dudley*	(KD)	E.ON UK
Lorna Lewin	(LL)	Orsted
Lindsay Biginton*	(LB)	Utilitia
Louise Hellyer*	(LH)	Total Gas & Power
Mark Jones*	(MJ)	SSE
Megan Coventry*	(MC)	SSE
Michelle Whittington*	(MW)	EDF Energy
Oorlagh Chapman*	(OC)	Centrica
Rachel Clarke*	(RC)	Gemserv Ltd
Richard Pomroy	(RP)	Wales & West Utilities
Shanna Key*	(SK)	Northern Gas Networks
Steve Britton*	(SB)	Cornwall Insight
Steve Mulinganie	(SM)	Gazprom
Tracey Saunders*	(TS)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0665/171218>

1. Introduction and Status Review

1.1. Approval of Minutes (22 November 2018)

The minutes from the previous meeting were approved.

2. Review of Amended Modification

Gareth Evans (GE) provided a brief walkthrough of the proposed changes to the Modification seeking comments before final changes are made. He stated that the key changes relate to the application of ratchets, ratchet charges and potentially to the Network Exit Agreement (NExA).

He highlighted that there is no intention to increase the number of sites classified as Class 1 under the current criteria.

In terms of Governance, he stated that the proposals need to be progressed quickly so that parties understand the process, business rules and any associated guidelines that might apply.

The key changes relate to the Solution section, including a new section on:

- Site Classification
- Revised Ratchet Charge Calculation for Class 2 with a worked example
- Interaction with Provisional Maximum Supply Point Capacity.

Further work is still needed on the guidance document which will set out how the relevant Transporter will determine if a Supply Point is a Ratchetable Supply Point and also the appeal mechanism to enable a relevant Shipper to appeal to the UNCC.

A brief discussion took place in relation to the proposed appeal mechanism in terms of whether it is needed and how it could work. Two options were suggested in relation to how it could work which included either a sub-committee of the UNCC or an independent expert. Chris Warner (CW) advised that a similar approach to use an independent expert is used for offtake arrangements.

Bob Fletcher (BF) asked how an independent expert would be funded. GE suggested limiting any grounds of appeal to the process rather than interpretation of the facts. He suggested the guidelines document to be developed by SGN on behalf of Transporters includes a 'right to challenge' statement requiring the Transporter to engage with the Shipper in the case of a dispute.

Richard Pomroy (RP) explained that sites with unusual or sensitive profiles have the reciprocal right to request a NExA to help without the right to insist on one.

Shanna Key (SK) asked for clarification of the wording in paragraph 8 and whether it includes having a NExA on an IGT so for example could there be a NExA for a specific site between NGN and an IGT. RP confirmed that for a new IGT connection a NExA would be in place between a Transporter and an IGT although this process is currently managed via IGTAD provisions and that these would need to be considered as there might be an impact on IGTUNC.

GE suggested that he had concerns about a proliferation in the number of organisations seeking to request a NExA and that this might create additional work and impact Shippers. SM agreed, as he felt that some organisation might consider this as an option to fix minimum operational requirements for their site.

RP confirmed that there is no intention to make a NExA mandatory and although it sets out operational parameters such as ramp rates, it does not set rules for around pressure or capacity.

GE then provided a brief update on the amendments to the Revised Ratchet Charge Calculation. In terms of the Ratchet Period he said that Ofgem have previously queried why it is not possible to have ratchets all year round.

GE also stated that this is a winter application. DA confirmed that the Capacity Reconciliation Charge (CRC) is not charged in the summer months. He stressed the importance of not examining the detail of the example provided in the Modification explaining that it is for cost illustration purposes.

3. Consideration of Legal Text

Discussion deferred to the next meeting.

4. Development of Workgroup Report

Deferred to the next meeting.

5. Review of Outstanding Actions

Action 1101: Transporters to provide a view on a suitable AQ threshold value for Class 1 sites. This could be supported by analysis to show how many sites would fall within each of Class 1 and 2.

Update: SM provided an update stating that as Class 1 and Class 2 split was not supported so Workgroup agreed to close this action. **Closed**

6. Next Steps

BF confirmed that ideally the *Guidelines for the determination of Ratchetable Supply Points* document will be needed for the consultation and if the document is not ready in time for consultation, then the Modification at minimum needs to make reference to the document, its purpose and how it is to be established and governed.

A brief discussion then took place on the potential system changes for a 2019/20 implementation. DA indicated that it would be difficult to deliver to these timescales because the June 2019 system release process is complete, and the next release would be November 2019. GE asked if some sort of transitional activity could be implemented

SM was concerned that changes will be delayed for yet another winter. Jon Dixon (JD) repeated SM's concerns stating that whilst he understood the process of the management of system changes in releases, it should be possible to take forward urgent and important changes outside of the published timescales. He stressed that Ofgem would find it unacceptable for the changes not to be implemented in a timely way.

GE confirmed that he would provide an amended Modification as soon as possible and work closely with Xoserve on the required system changes. He sought assurance from Dave Mitchell (DM) and Andy Clasper (AC) that the guidelines document would be available in January.

BF concluded the discussion by stating that the next steps are to complete the Workgroup Report at the January meeting and in the meantime a Rough Order of Magnitude (ROM) request would be made to Xoserve.

New Action 1201: Joint Office (BF) to request a Rough Order of Magnitude for UNC 0665.

BF asked Rachel Clarke (RC) what the likely impact is on IGTs? RC advised that IGTs would be considering the impacts of the proposals and the possible development of ratchet charges if required although it was too early to say at this time.

7. Any Other Business

None.

8. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10:30, Thursday 24 January 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Amended Modification Consideration of Legal Text and guidelines document Review of impacts and costs Development and Completion of Workgroup Report

Action Table (as at 17 December 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	22/11/18	2.0	Transporters to provide a view on a suitable AQ threshold value for Class 1 sites. This could be supported by analysis to show how many sites would fall within Class 1 and 2.	DNs	Closed
1201	17/12/18	6.0	Joint Office (BF) to request a Rough Order of Magnitude for UNC 0665.	Joint Office (BF)	Pending