

UNC Workgroup 0665 Minutes

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

Thursday 24 January 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Amy Rawding*	(AR)	Northern Gas Networks
Andy Clasper	(AC)	Cadent
Chris Warner	(CW)	Cadent
Dave Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Edward Fyfe*	(EF)	SGN
Ellie Rogers	(ER)	Xoserve
John Cooper*	(JC)	BUUK
John Welch*	(JW)	npower
Kate Mulvany	(KM)	British Gas
Lorna Lewin*	(LL)	Orsted
Louise Hellyer*	(LH)	Total Gas & Power (joined late)
Mark Jones*	(MJ)	SSE
Radhika Kalra*	(RK)	E.ON
Richard Pomroy	(RP)	Wales & West Utilities
Rowan Hazell*	(RH)	Cornwall Energy
Shanna Key	(SK)	Northern Gas Networks
Steve Mulinganie*	(SM)	Gazprom
Tracey Saunders	(TS)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0665/240119>

1. Introduction and Status Review

1.1. Approval of Minutes (17 December 2019)

The minutes from the previous meeting were approved.

2. Review of Amended Modification

Steve Mulinganie (SM) took the Workgroup through the Business Rules set out in the solution section of the amended Modification. He reminded Workgroup that Class 1 sites will be subject to the existing Ratchet Charging regime and Class 2 sites will be subject to the amended Ratchet Charging regime. In addition, Gas Transporters will be able to designate additional Supply points as Class 1.

Business Rule 4:

A discussion was held on Business Rule 4a which states that Transporters may seek to designate a site as Class 1 within 180 Supply Point Business Days of the Modification being approved. A number of points were raised in discussion of this Business Rule:

- a. Dave Addison (DA) pointed out that 180 Supply Point Business Days is 9 months and his understanding from previous discussions was that this would be set at 6 months. He also suggested that the wording should be consistent in relation to the use of calendar/working days.
- b. David Mitchell (DM) queried the need for this Business Rule as by the time the Modification is implemented, there will potentially be less than 180 Days prior to the start of Gas Year 2019/20 and that this is inconsistent with other Business Rules, and one specifically Rule 7.
- c. Richard Pomroy (RP) suggested that a period of 6 months allows time for site analysis to be undertaken and the initial assessment and should be considered a transitional rule.
- d. Workgroup were in broad agreement that a transitional and enduring process is required but there were some views that Business Rule 1 was not needed as Business Rule 7 covers the same area.
- e. A brief discussion took place on the implementation date and potential system changes needed for 2019/20. DA indicated that a build time of 30 weeks is anticipated. He reminded Workgroup that there are no scheduled releases available prior to 01 October. SM noted that at the last meeting Ofgem had challenged this position emphasising that changes needed to be made in a timely way and that system releases should be considered a guide and not an absolute. DA stated that the scale of this change is not appropriate to be included within a minor release as the solution suggests the need for a file format, the process for implementation and prioritisation is established through the DSC arrangements. Implementation of Business Rule 4a may therefore require some transitional arrangements.
- f. Andy Clasper (AC) pointed out a contradiction between Business Rules 4a and 7 paragraph 2. Transporters recognised the benefits of keeping Business Rule 4a whilst acknowledging there may be an impact on the Legal Text in terms of transition arrangements for Year one.

New Action 0101: Gazprom (SM) to a) amend Business Rule 1 to replace “180 Supply Point Business Days” with “6 months” b) review if Business Rule 1 is still needed and c) reword “Supply Point Business Days” to “Supply Point Systems Business Days”.

Business Rule 2:

DM queried if the Modification should make reference to Class 3 and 4 Sites to confirm that they are out of scope:

New Action 0102: Gazprom (SM) to include an avoidance of doubt statement to clarify that the Ratchet Charging regime does not apply to Class 3 and 4 sites.

Business Rule 7:

AC raised a query in relation to what would happen if a Class 3 or 4 site was re-designated as Class 2 Daily Metered and whether that would mean it is not considered until Winter 2020. It was noted that DNOs might want to understand and keep under review the potential impacts of specific Class 3 & 4 sites and although they would not be included formally until they were moved to Class 1 or 2. In addition, he pointed out that if the Transporter fails to identify new Class 1 sites within the 40 Supply Point Business Days ahead of the relevant Gas Year Ratchet period (October to May) then the Transporter cannot nominate the site. SM felt this was covered in the rules as there would be a business as usual process where Transporters would include this within their new sites evaluation process.

RP also suggested that the Modification needs to be clear that the process can apply to any Supply Meter Points.

SM clarified that if a Supply Point is currently Class 4 it can be designated as Class 1 through this process and if a Shipper doesn't change the classification to Class 1, CDSP would reclassify the site as Class 1.

In relation to paragraph 1 of Business Rule 7, DM suggested that the requirement in the last sentence "unless the CDSP has been informed that the Supply Meter Point is unable to be Daily Read" may already be in the UNC

Business Rule 9:

Business rule 9 states an appeal must be raised within 30 Supply Point Business Days of the Shipper being informed of the Transporter notification. However, Business Rule 7 states that the reclassification should be within 20 Supply Point System Business Days. SM agreed to amend Business Rule to say the appeal must be raised within 20 Supply Point Business Days in line with Business Rule 7.

New Action 0103: Gazprom (SM) to amend Business Rule 9 to say the appeal must be raised within 20 Supply Point Business Days.

Business Rule 4c:

DM asked how "a material increase in consumption" would be defined. RP suggested that this would not be a defined term in the UNC but would be described in the Guidelines document.

Business Rule 11:

DM suggested that this paragraph provides information so it is not a Business Rule and suggested that it would therefore be better included in the "Why Change" section of the Modification.

General comments:

Chris Warner (CW) stated that the terminology used in the Modification in relation to Ratchet Charging Regime is not correct because the UNC is a regime therefore this should be Ratchet Charging Arrangements.

The discussion concluded with a brief consideration of implementation. SM reminded Workgroup that the preference is to have an implementation by the start of Gas Year 2019/20 and a decision is therefore needed by 31 March/01 April 2019. BF clarified the current reporting timescales to the Modification Panel confirming that the Workgroup Report is due to be discussed at the March meeting. SM suggested that the timescales need to be brought forward to the February Panel meeting and he would welcome the opportunity for an additional Workgroup meeting to finalise the Workgroup Report.

DA also suggested that SM consider initiating an early Change Proposal to the DSC Change Management Committee.

DA raised 2 further questions for SM to consider in relation to the Confirmations and outstanding offers:

1. Once a network has designated that a site is subject to Class 1 arrangements, when would Xoserve apply the Network Designation Flag on UKLink. Should this be straight away, or should this allow for any appeals? SM suggested that the flag is applied on notification as appeals should be rare.
2. Should outstanding offers be cancelled or should they 'go live' and when would the 20 days clock start?

3. Review of Impacts and Costs

Considered as part of the discussion on Agenda item 2.0.

4. Consideration of Legal Text and Guidelines Document

Legal Text was not available for discussion at the meeting, but a draft Guidelines document was provided by David Mitchell. DM stated that the document identifies the circumstances under which Transporters designate sites that could be subject to Supply Point Ratchet Charges before taking Workgroup through each of the examples.

The following comments and observations were made through discussion in addition to some live changes made to the document by BF:

- a. Class 2 Supply Meter Points bullet one– RP to provide additional wording in relation to the example provided. It was suggested that the example be provided in a separate annex for training purposes.
- b. Class 2 Supply Meter Points bullet two – agreed to delete the note at the end of the paragraph (“Note that Transporter will have the sole discretion when identifying Such Supply Meter Points”). It was agreed that the title and the introductory paragraph should make the scope explicit in terms of Class 2 moving to Class 1.
- c. Class 2 Supply Meter Points bullet three – not all the text was considered relevant. It was suggested that the paragraph is reduced to “Class 2 Supply Meter Points that have a disproportionately high peak instantaneous demand”.
- d. Class 2 Supply Meter Points bullet four – it was not clear how collective responsibilities would work in practice as individual sites cannot be held responsible for the actions of others and it was agreed that this needs more consideration and re-drafting.
- e. Class 2 Supply Meter Points bullet five – SM suggested that the document needs to be understandable by consumers and he sees it as being helpful to show them why they will be treated in a particular way. The document is potentially helpful in providing information and the reasons for particular actions. DM had not appreciated that the document would be used for customers and agreed to review the wording in light of this.
- f. Disputes Process – some minor changes were suggested by Workgroup to this section including a new bullet confirming that the Transporter will either uphold or reject the appeal.

5. Development of Workgroup Report

Deferred to the next meeting.

6. Review of Outstanding Actions

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

Update: BF confirmed that a ROM was requested so this action was closed. **Closed**

7. Next Steps

BF confirmed that in order to report to the February Modification Panel, the amended Modification and Legal Text is needed as soon as possible.

CW asked what the implications are for IGT daily metered Supply Points that could be in scope as there are likely to be Class 2 sites that are eligible. John Cooper suggested that this is covered by the IGTAD document, but CW believed that this covers capacity as it does not specifically identify sites but uses and abstract CSEP supply points.

DA reported that there is a Ratchet Charge for IGTs for DNO aspects and IGT is notified where the SOQ has increased but there is no visibility on IGT charges. CW sought further clarification on where the contractual arrangements are set out and whether the scope of the modification covers this. RP's view was that the Modification should apply to the upstream component i.e. the CSEP Supply Point.

CW sought clarification on whether this Modification applies to IGT Supply Points or whether a separate IGT Modification is needed? SM confirmed that IGTs are not in scope of this Modification.

8. Any Other Business

None.

9. Diary Planning

Further details of planned meetings are available at:

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

Time / Date	Venue	Workgroup Programme
13:30, Friday 08 February 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Amended Modification Consideration of Legal Text and Guidelines document Development and Completion of Workgroup Report

Action Table (as at 24 January 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	17/12/18	6.0	Joint Office (BF) to request a Rough Order of Magnitude for UNC 0665.	Joint Office (BF)	Closed
0101	240119	2.0	Gazprom (SM) to a) amend Business Rule 1 to replace "180 Supply Point Business Days" with "6 months" b) review if Business Rule 1 is still needed and c) reword "Supply Point Business Days" to "Supply Point Systems Business Days".	Gazprom (SM)	Pending
0102	240119	2.0	Gazprom (SM) to include an avoidance of doubt statement to clarify that the Ratchet Charging regime does not apply to Class 3 and 4 sites.	Gazprom (SM)	Pending
0103	240119	2.0	Gazprom (SM) to amend Business Rule 9 to say the appeal must be raised within 20 Supply Point Business Days.	Gazprom (SM)	Pending