

UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 02 April 2020
Via Teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid
Ritchard Hewitt	(RH)	BBLC
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0705/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (05 March 2020)

The minutes from the previous meeting were approved.

2.0 For April discussion and onwards, as below:

JR provided a presentation which covered User Commitment for Entry and Exit Capacity providing the current User Commitment regime followed by Options for workgroup members to review and report back to JR any questions.

JR presented the following slides:

Zonal arrangements

JR advised National Grid are still progressing options for Zonal arrangements in the background.

2.1. User Commitment

Entry User Commitment: Current

Entry User Commitment: Option A

Adam Bates questioned the pros and cons (there is no baseline capacity). He added this is very similar to the SouthHook Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release Net Present Value (NPV) test in UNC, he advised he does not agree with the suggested con that there is reduced capacity commitment, therefore there is a risk.

New Action 0401: Entry User Commitment: Option A: JR to provide more evidence regarding cons. JR to liaise with Ofgem.

Entry User Commitment: Option B

Entry User Commitment: Option C

Entry User Commitment: Option C Scenarios

NW made a comment with regards to scenarios 2 & 3, the cost associated with securing that capacity, is inhibiting others from buying that capacity which makes option C unrealistic.

Next step: National Grid will look at future capacity bookings to see how likely scenario 1 is, JR will provide more feedback.

AB said that Option C would change the NPV test and this links to why Modification 0667 was rejected.

New Action 0402: Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the NPV test and why Modification 0667 was rejected.

JR went on to present the **Exit User Commitment: Current regime.**

Exit User Commitment: Option A

1 year User Commitment, with inclusion of a financial commitment for funded obligated incremental capacity to be signalled.

Exit User Commitment: Option B

Differing levels of User Commitment dependent on how capacity signal is met; capacity commitment more akin to Entry for funded obligated incremental.

Exit User Commitment: Option C

Ability to move User Commitment between Exit points within a zone for capacity below baseline.

Bethan Winters (BW) asked National Grid to identify what section H is used for and clarify back to Workgroup in terms of Option C.

New Action 0403: Exit User Commitment: Option C: National Grid (JR) to identify what section H is used for and clarify back to Workgroup in terms of Option C.

Exit User Commitment: Option D

Removal of enduring product, replacing with shorter-term applications / auctions (quarterly / monthly).

Emma Buckton (EB) asked why National Grid are looking at applications rather than an annual product.

Dave Adlam (DA) said that option D would mean the creation of more products and would allow Users to book what they need reflecting what they intend to use and wondered how substitution would work and that they would need to commit to the 1 in 20.

JCh said that from a direct connect perspective, he would be looking at day ahead or within day rather than quarterly or monthly.

New Action 0404: Exit User Commitment: Option D: National Grid (JR) to look further into option D and provide more clarity.

LOS confirmed that the purpose of today was for National Grid to report back to workgroup on the User Commitment Options and to get initial feedback.

LOS placed an action on all Workgroup participants to review the options provided by JR from National Grid and refer any questions direct to JR in order to identify any high areas of concern so that Workgroup have a clear understanding where the preferred options lie for next month.

New Action 0405: All Workgroup participants to review the options provided by National Grid and refer any questions to JR direct.

2.2. Substitution

This was not covered at this meeting.

2.3. DN Capacity booking process

Dave Adlam confirmed that the DN Capacity Booking process topic is closed and can be taken off the agenda.

3.0 Panel Interim Report – April Panel

It was agreed this would be taken off the agenda as it was covered as part of the March 2020 Workgroup meeting.

4.0 Review of Outstanding Actions

Action 0202: National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.

Update: The update for this action was covered in the discussion in Agenda item 2.1. **Closed**

5.0 Next Steps

LOS confirmed that the next steps were as detailed below:

Areas for consideration during May:

- User Commitment updates
- Substitution
- Review of Amended Request

6.0 Any Other Business

None.

7.0 Diary Planning

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

Workgroup meetings will take place as follows

Time / Date	Venue	Workgroup Programme
10:00 Friday 07 May 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • User Commitment Update • Substitution • Review of Amended Request
10:00 Friday 04 June 2020	TBC	Detail planned agenda items. <ul style="list-style-type: none"> • Development of Workgroup Report

Action Table (as at 02 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0202	06/02/20	2.2	National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.	National Grid (JR)	Closed
0401	02/04/20	2.1	Entry User Commitment: Option A: JR to provide more evidence regarding cons. JR to liaise with Ofgem	National Grid (JR)	Pending
0402	02/04/20	2.1	Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the NPV test and why Modification 0667 was rejected	National Grid (JR)	Pending
0403	02/04/20	2.1	Exit User Commitment: Option C: National Grid (JR) to identify what section H is used for and clarify back to Workgroup in terms of Option C	National Grid (JR)	Pending
0404	02/04/20	2.1	Exit User Commitment: Option D: National Grid (JR) to look further into option D and provide more clarity	National Grid (JR)	Pending
0405	02/04/20		All Workgroup participants to review the options provided by National Grid and refer any questions to JR direct	All Workgroup participants	Pending