

**UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 02 July 2020
via Microsoft Teams**

Attendees

Lorraine O'Shaughnessy Chair	(LOS)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Angus Paxton	(AP)	Poyry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Christiana Sykes	(CS)	Shell
Chris Wright	(CW)	Exon Mobil
Emma Buckton	(EB)	Northern Gas Networks
Iwan Hughes	(IH)	VPI Immingham
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Pavanjit Dhesi	(PD)	Interconnector
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor

Copies of all papers are available at: www.gasgovernance.co.uk/0705/020720

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

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all parties to the meeting.

1.1. Approval of minutes (04 June 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

None to approve.

1.3. Review of outstanding actions

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

Amended Action 0404: National Grid (JR) to explore longer-term options for the exit capacity regime (including mirroring the entry regime on the exit side and zonal options and feed into consultation. Review Date: September 2020.

Update: Jennifer Randall (JR) explained the two-stage approach which had been discussed and agreed at the last meeting. JR suggested amending the action and confirmed an update will be provided in September. **Carried Forward**

0501: Grid to develop consultation regarding the User Commitment options in September.

Update: JR confirmed an update will be provided in September. **Carried Forward**

0601: Exit User Commitment: Ofgem (ML) to provide an update from NTSCMF which will be circulated to Workgroup.

Update: Max Lambert (ML) confirmed this related to an NTSCMF Action, he believed David O'Neill would be providing the draft determinations to NTSCMF next week (07 July), when an update can then be provided to Transmission. **Carried Forward.**

2. Discussion

2.1. Entry User Commitment

JR provided an update on the Capacity Access Review and provided an overview of National Grid's proposal in relation to the substitution and the incremental process.

During the June Workgroup, JR advised that a draft Modification would be provided for July Panel however after analysing the requirements, JR confirmed that to implement these changes a change to the Entry Capacity Release Methodology Statement would be required and there would be a need to apply to Ofgem for a derogation to the requirement for an independent examination. JR clarified there would be no changes to the UNC. JR explained the need to appoint an independent examiner to make the changes and that National Grid are beginning to talk to Ofgem about applying for a derogation.

New Action 0701: *Entry User Commitment:* National Grid (JR) to provide a progress update on the changes to the User Commitment requirements in the ECR methodology.

2.2. Exit User Commitment

JR provided a summary of the User Commitment Reduction and confirmed that this option is considering whether User Commitment for capacity within baseline could be reduced, either to 1 year or to zero. JR recapped that at June's Transmission Workgroup the concern with this option is that it could lead to capacity bookings jumping around meaning that analysis for substitution and funded incremental capacity is undermined and inefficient solutions being identified.

JR explained that to quantify the issue National Grid have undertaken 2 pieces of analysis to quantify the risk and help draw up some assumptions. JR confirmed that further work will be undertaken with DNs and an update will be provided in due course.

New Action 0702: *Exit User Commitment:* National Grid (JR) to discuss the User Commitment Reduction analysis with DNs and provide an update on progress next month.

Julie Cox (JCx) enquired if this would be a UNC or methodology change. JR anticipated this being a methodology change at the moment but would confirm if this is the case.

New Action 0703: *Exit User Commitment:* National Grid (JR) to confirm whether a change to the Exit User Commitment requirements for capacity within baseline would require a UNC or Methodology change.

JR went onto explain Substitution confirming that a supporting presentation has been provided as a guide to the Exit Capacity Substitution Methodology for workgroup to review and feedback any comments to her <https://www.gasgovernance.co.uk/0705/020720> JR explained the option around providing more information about a capacity signal which is to be met through substitution. JR confirmed that a notice is provided regardless of how the capacity signal met through substitution is made (Enduring / QSEC or PARCA).

JCx asked about the PARCA process and the appropriate notice timings for substitution.

JR explained that Anna Stankiewicz (AS) had previously presented the timescales and the post notice actions. AS clarified the need to consider the mechanism to allow a response, as there is no process currently in place to react to a notice following enduring substitution requests. AS suggested, there would be a need to go back to the PARCA route, to use an opportunity to request capacity, as a quick fix.

JCx wished to consider the benefits and transparency, and that parties can only apply for PARCAs at certain times of the year. Considering the July process and booking up to baseline JCx believed this was an administration process and that the “closed” period could be reduced. JR explained the reconciliation process and substitution triggers, she clarified this is an all or nothing process whereas PARCA could provide other options.

Paul Youngman (PY) stressed he was struggling with Ofgems’ view that there is plenty of capacity available for all users in terms of the PARCA rationalising process. He challenged why the industry have got a process where capacity is effectively nullified and challenged the purpose of the process, if there is excess capacity everywhere. JR explained there is not an excess of capacity everywhere, excess is not available in certain areas and this is why the PARCA process exists.

JR explained the fundamental nature of substitution where there is not an excess of capacity in certain places, and the capability of the network.

Max Lambert (ML) agreed to take away the concerns/comments raised about the PARCA process, and view of available capacity.

New Action 0704: *Substitution:* Ofgem to review the concerns raised about the availability of excess capacity and previously provided view, that there is plenty of capacity available through the PARCA process.

JR agreed to provide more analysis from National Grid at the next meeting.

It was suggested that National Grid also undertake a review of the 3-month process and work through a scenario for the Workgroup as it was understood the booking process under PARCA didn’t need 3 months.

New Action 0705: *Substitution:* National Grid (JR) provide a view of the 3-month PARCA process.

The Workgroup considered the substitution process, where the substitution is coming from and better transparency.

JR went on to explain that when a notice is provided, it is asked whether this can be more specific in terms of the location. JR explained when a PARCA application is made, confidentiality agreements come into effect, limiting the information that can be shared about PARCAs with the industry. JR clarified that a further paper had been provided with some supporting information on the process. The Workgroup considered the Confidentiality statements, disclosure agreements and what options were available.

New Action 0706: *Substitution:* National Grid (JR) to consider transparency of projects and the use of Confidentiality statements and disclosure agreements.

New Action 0707: *Substitution:* National Grid (JR) to look at reducing analysis timescales required post enduring application process if that process were to be limited to capacity within baseline and impact this may have on the PARCA process being unavailable.

Malcom Montgomery (MM) explained in relation to capacity disruption, if consumption is in the opposite direction the substitution is unwound.

The Workgroup was also concerned with the prioritisation downstream. Shiv Singh (SS) asked about donor points and explained why DNs are not a donor point.

JR explained that there is an option around whether a party who is active at the entry/exit point that capacity is to be used to fulfil a substitution application can be given first refusal of that capacity. JR explained at the last Workgroup National Grid explained the disadvantages of a First Refusal option and that the process could end up in a perpetual cycle of substitution analysis.

JCx believed that the substitution process is overly complicated and needed further consideration. Angus Paxton (AP) believed this was created to mitigate the baselines in the licence, and originally raised in the context of entry capacity and the same concept is applied to exit.

JR confirmed a review is on the radar and agreed substitution needed further consideration. JR explained what is required and wished to note that this is more than minimal work.

JR presented a further option around whether National Grid can place greater reliance on the information DNs provide under UNC OAD Section H.

Bethan Winter (BW) challenged if this is applied to Shippers and not DNs. ML confirmed there are provisions for Shippers and provisions for Shippers and DNs.

Nick Wye (NW) asked for an overview of the short and longer term solutions. LOS suggested a timeline to provide this information. JR confirmed that this would be beneficial.

New Action 0708: National Grid (JR) to provide a timeline of work under the CAR in preparation for Panel update in October 2020 and to provide better visibility of the options.

3. Exit Consultation

See Action 0601.

4. Next Steps

Workgroup to consider:

- Entry User Commitment Update and how methodology change is progressed
- Exit User Commitment and Substitution and progress on any proposals

5. Any Other Business

None.

6. Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:00 Thursday 06 August 2020	Teleconference	Entry User Commitment Exit User Commitment

		Substitution Timeline of Short / Long term solutions Commence development of Request
10:00 Thursday 03 September 2020	Teleconference	Development of Request Workgroup Report
10:00 Thursday 01 October 2020	TBC	Completion of Request Workgroup Report

Action Table (as at 02 July 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0404	02/04/20	2.1	Amended: National Grid (JR) to explore longer-term options for the exit capacity regime (including mirroring the entry regime on the exit side and zonal options and feed into consultation. Review Date: September 2020.	National Grid (JR)	Carried Forward until September
0501	07/05/20	2.1	National Grid to develop consultation regarding the User Commitment options in September.	National Grid (JR)	Carried Forward until September
0601	04/06/20	2.2	<i>Exit User Commitment:</i> Ofgem (ML) to provide an update from NTSCMF which will be circulated to Workgroup	Ofgem (ML)	Carried Forward
0701	02/07/20	2.1	<i>Entry User Commitment:</i> National Grid (JR) to provide a progress update on the changes to the User Commitment requirements in the ECR methodology.	National Grid (JR)	Pending
0702	02/07/20	2.2	<i>Exit User Commitment:</i> National Grid (JR) to discuss the User Commitment Reduction analysis with DNs and provide an update on progress next month	National Grid (JR)	Pending
0703	02/07/20	2.2	<i>Exit User Commitment:</i> National Grid (JR) to confirm whether a change to the Exit User Commitment requirements for capacity within baseline would require a UNC or Methodology change.	National Grid (JR)	Pending
0704	02/07/20	2.2	<i>Substitution:</i> Ofgem to review the concerns raised about the availability of excess capacity and previously provided view that there is plenty of capacity available through the PARCA process	Ofgem (ML)	Pending

0705	02/07/20	2.2	<i>Substitution:</i> National Grid (JR) provide a view of the 3-month PARCA process	National Grid (JR)	Pending
0706	02/07/20	2.2	<i>Substitution:</i> National Grid (JR) to consider transparency of projects and the use of Confidentiality statements and disclosure agreements.	National Grid (JR)	Pending
0707	02/07/20	2.2	<i>Substitution:</i> National Grid (JR) to look at reducing analysis timescales required post enduring application process if that process were to be limited to capacity within baseline and impact this may have on the PARCA process being unavailable.	National Grid (JR)	Pending
0708	02/07/20	2.2	National Grid (JR) to provide a timeline of work under the CAR in preparation for Panel update in October 2020 and to provide better visibility of the options.	National Grid (JR)	Pending