

UNC Request Workgroup 0779 Minutes
Introduction of Entry Capacity Assignments
Tuesday 07 September 2021
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook
Alex Nield	(AN)	Storengy
Amber Talbot	(AT)	Storengy
Andrew Blair	(ABI)	Interconnector
Anna Shrigley	(ASh)	Eni
Anna Stankiewicz	(AS)	National Grid
Ashley Adams	(AA)	National Grid
Ben Hanley	(BH)	NGN
Bethan Winter	(BW)	Wales & West Utilities
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(DH)	National Grid
David Mitchell	(DM)	SGN
Davide Rubini	(DR)	Vitol
Hannah Reddy	(HR)	Corella
Henk Kreuze	(HK)	Vermillion
Ian Laing	(IL)	Wood Plc
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Joseph Leyon	(JL)	SGN
Julie Cox	(JCx)	Energy UK
Lauren Jauss	(LJ)	RWE
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Nik Cole	(NC)	Shell
Pavanjit Dhesi	(PD)	Interconnector
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Rachel Hinsley	(RHl)	National Grid
Richard Fairholme	(RF)	Uniper
Richard Hewitt	(RH)	Hewitt Home and Energy Solutions
Samual Dunn	(SM)	Interconnector
Samuele Repetto	(SR)	EDF Trading
Sarah Cooper	(SC)	Interconnector
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom

Steven Britton (SB) Cornwall Insight
Tracey Saunders (TS) Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0779/070921>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 February 2021.

1.0 Outline of Modification

Daniel Hisgett (DH) introduced the Modification and explained that it proposes an enhancement to the current assignment arrangements by providing the ability to assign Capacity at Entry Points both in full and in part, providing an enhanced level of flexibility when managing Capacity portfolios.

Eric Fowler (EF) noted the submission of an Alternative Modification which was considered by the Transmission Workgroup under pre-modification discussions and would be presented to the September UNC Modification Panel.

DH provided a brief overview of the Modification to allow the movement of capacity liability between shippers to:

- reduce their administrative burden and risks associated with long-term transfer of capacity to other Users;
- give new entrants an alternative to the short-term auctions; and
- enable the benefits and potential discounts associated with holding both the capacity and liability simultaneously.

DL confirmed the capacity assigned under this Modification would be assigned at the floating price. This enables capacity to be assigned and reassigned over and over without need for tagging and tracing of capacity in Gemini. Capacity would become liable/eligible for any additional charges or discounts associated with floating price capacity at the Entry Point.

Noting earlier discussions held within the Transmission Workgroup Pre-Modification discussions it was acknowledged that this Workgroup may be able report earlier than 6 months.

DH provided an overview of the analysis required for the potential impact of EC Rate versus Discounted Reserve Prices for Storage Sites and interactions with Modification 0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap. DH explained in either case the interaction with Revenue Recovery Charges (RRC) cannot be modelled.

DH provided a view on the Development, Consultation and Implementation timeline and the potential need for 6 months system development. He clarified that National Grid were not opposed to an October 2022 implementation. A non-October implementation would need to be weighted against a potential for RRC.

DH enquired if further alternatives were envisaged if there are if these can be highlighted to National Grid to allow consideration.

DH provided a summary of the anticipated discussion points. These were related to Flexibility, Assigned Timescales, Existing Contract protections and Interaction with Modification 0777. Please refer to page 4 of the presentation for the full details of the required discussion points.

DH agreed further to views expressed within Workgroup 0777 Removal of Obstacles to Market Withdrawal, he concurred that these Modifications would not impact each other and could be implemented without conflict if both approved.

Lauren Jauss (LJ) was unsure if Modification 0779 met assignee long-term requirements, Nick Wye (NW) believed the benefits maybe diluted by the approach taken by National Grid.

It was anticipated that Modification 0779 would be considered along with the proposed Alternative Modification and would require a combined Workgroup Report assessing the merits of both Modifications and whether both modifications would be submitted.

LJ questioned if Modification 0779 could be considered a Self-Governance. DH believed there was a bigger principle to be considered and that Modification 0779 could have material effect on transportation and contractual arrangements for Shippers.

Julie Cox (JC) enquired, when looking to assign capacity, how to determine which capacity is assigned (existing verses new capacity), and if parties will need to nominate which. DH agreed this could be considered as an option for development and confirmed he would ask for this to be considered within the ROM in particular, if there would be any system restrictions. JC believed each entry on the Gemini system had a start and end date (this maybe a default date) and there may be some overlaps if there are many initial bookings in the system. DH acknowledged there may be options within the current system capability which could be examined, and it would be worthwhile looking at what system options might be available.

LJ clarified with the Alternative Modification there would be an actual end date, not a default date.

It was agreed to defer further discussions until next month when the Workgroup would be able to consider both this Modification and the Alternate having had more time to consider the merits of the two proposals.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

See item 1.0 above.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at <https://www.gasgovernance.co.uk/0779/070921>.

2. Next Steps

EF confirmed that the Workgroup would continue the assessment next month.

3. Any Other Business

None.

4. 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 07 October 2021	Microsoft Teams	<ul style="list-style-type: none">• Alternative Modification Assessment• Consideration of Wider Industry Impacts• Development of Workgroup Report