NTS Charging Methodology Forum (NTSCMF) Minutes
Tuesday 01 October 2024
via Microsoft Teams

Attendees		
Paul McKie (Chair)	(PM)	Joint Office
Harmandeep Kaur (Secretary)	(HK)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Barnes	(ABa)	Alex Barnes & Associates
Alex Mitchell	(AM)	Wales and West Utilities
Alex Nield	(AN)	Storengy UK
Amy Howarth (from 13:45)	(AH)	Storengy UK
Andy Lin	(AL)	SEFE
Angela Fletcher	(AF)	North Sea Midstream Partners
Anna Shrigley	(AS)	ENI
Ash Adams	(AA)	National Gas Transmission
Chris Wright	(CWr)	Exxon Mobil
Colin Williams	(CWi)	National Gas Transmission
David Bayliss	(DB)	National Gas Transmission
Donald Lam	(DL)	Ofgem
James Harris	(JH)	Wales and West Utilities
Jeff Chandler	(JC)	SSE
Jonathan Balls	(JB)	Ofgem
Joseph Leggett	(JL)	Interconnector
Julie Cox	(JCo)	Energy UK
Kieran McGoldrick	(KMc)	National Gas Transmission
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJ)	RWE
Mark Dryden-Brownlee	(MDB)	North Sea Midstream Partners
Mariachiara Zennaro	(MZ)	Centrica
Nick Wye	(NW)	Waters Wye Association
Nigel Sisman	(NS)	Sisman Energy Consultancy Limited
Paul Bass	(PB)	Ofgem
Paul Ocholla (from 11:55)	(PO)	National Grid
Paul Whitton (until 11:50)	(PW)	SGN
Richard Fairholme	(RM)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Tim Gwinnell	(TG)	South Hook Gas

NTSCMF meetings will be quorate where there are at least six participants attending, of which at least two shall be Shipper Users and one NTS Transporter is in attendance.

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of these are available at: https://www.gasgovernance.co.uk/NTSCMF/011024.

1.0 Introduction and Status Review

Paul McKie (PM) welcomed all parties to the meeting and confirmed that the meeting was quorate.

1.1. Approval of minutes (03 September 2024)

The minutes of the previous meeting were approved.

1.2. Approval of Late Papers

The late paper for item 4.0 was pre-approved. There were no other late papers to approve.

PM informed the Workgroup Participants that the late paper discussions from the previous meeting led to a discussion at the UNC Modification Panel where the chair, Wanda Goldwag (WG), reiterated the importance of submitting papers by the deadline to enable attendees to read, consult, and engage properly before the meeting.

1.3. Review of Outstanding Actions

0301: (CWi) to decide whether a meeting to discuss the mechanism of Capacity Neutrality is to take place as a separate agenda item at the next NTSCMF meeting or whether a separate, stand-alone meeting is required for discussions.
Update: PM confirmed that NGT held a Capacity Neutrality Stakeholder Webinar on 30 September 2024 and a pre-modification has been raised that addresses Removal of Non-Obligated Entry Capacity from Capacity Neutrality.
Julie Cox (JC) queried when the slides from the webinar would be available for review. Ash Adams (AA) confirmed that the webinar slides are published on NGT's website (https://www.nationalgas.com/sites/default/files/documents/Capcaity%20Neutrality%20Webinar.pdf). AA noted that a recording of the webinar will also be available which NGT is aiming to publish by the end of the week (4 October 2024). **Closed**

0701: Collin Williams (CWi) to provide the workgroup with a breakdown of the allowed revenues and further detail in respect of the re-openers within the allowed revenues.
Update: CWi explained that as part of the revenue changes looking to Regulatory Years FY25 and FY26, from the forecasts published last year (2023 and used in Oct 2023 prices), some of the Uncertainty Mechanisms (UMs) values have changed, and NGT was asked to provide information on the values and any further details available.
CWi provided contextual information regarding the UM Values, explaining that they were outlined in the Licence further to RIIO-T2 and that they form part of the Allowed Revenue determination through the Annual Iteration Process (AIP). This process produces the Price Control Financial Model (PCFM), which has all the components to generate the TO and the SO Allowed Revenues.
CWi explained that the main reason for big updates into FY26 relates to the timing of determinations permitting the values to be updated and, in some cases, reconciling multiple years into FY26. The Price Control Financial Model generation and approval provides the process for including forecasts or determinations on values related to re-openers/uncertainty mechanisms. As and when these are updated, they can update values across a number of years and impact forthcoming Allowed Revenues as any reconciliations are accommodated.
CWi confirmed that the next update will be due around January 2025 and NGT would be happy to bring the update to this Workgroup. Nick Wye (NW) requested to see further details to show how UM Values feed into historic and future price control revenue allowances. Julie Cox (JC) agreed and asked for clarity on bigger projects and where they are going. CWi acknowledged the comments and agreed to provide a breakdown of the details and an explanation of what this means for the allowed revenue implications for particular values.
Please refer to the published slides for the full details:
https://www.gasgovernance.co.uk/NTSCMF/011024. **Closed.**

New Action 1001: NGT (CWi) to provide a breakdown of how UM Values feed into historic and future price control revenue allowances in the next update Jan 25.

0901: NGT (CWi) and Paul Whitton (PW) to provide an illustration of the potential impact on the pence per kilowatt hour rate for customers if the Exit Capacity Charge increased.
Update: CWi explained that the action relates to the discussion on how a change to an NTS Exit capacity charge would feed into GDN Exit charges. This action was to show the sensitivity of a changed NTS price on GDN prices but only focuses on prices that have been set and (if they could have accommodated a change) what would it be. The following material has been prepared by SGN. CWi noted that the update does not cover the time value and reconciliation if updates happen into future charges.
Paul Whitton (PW) presented examples of how an increase in GDN NTS Exit charging would flow with a 10% uplift. PW explained that in Year 1, NGT would set the tariffs in April so the increase would not ripple through 'n' that year. In this scenario, the unrecoverable cost in the first year would be £1.7m which would be recovered in the following year. In Year 2, the rate goes down, however, the under-recovered costs remain from the first year. PW demonstrated what happens with the costs across the two years. PW noted that the increase flows through over the two years.
JC queried the NTS Rate increase from 0.0127 to 0.0140 (slide 3) asking why the increase is not shown in the year 2 rate. PW explained that this was done to demonstrate that there is no connection between the NTS rates in year 1 and year 2 as the increase would not flow into year 2, therefore, the year 2 rates have been returned to the previous rates. PW noted that NGT would set the whole year on a 0.0127 rate, then in hindsight, the rate would go up by 10% so the £1.7m recovery would be set in year 2.
JC noted that it would be useful to see how the rates accumulate as if the year 2 NTS rate was also 0.0140, there would be a peak that will settle to a new level due to the catch-up. PW agreed with the point made by JC and explained that the example presented was set so that is straightforward. PW noted that, in reality, there could be an accumulative increase in year 2, however, that would have been complicated to explain at this stage. PW agreed to provide that explanation once the parties' understanding of the process progressed. JC agreed with the current approach and expressed the need to see examples showing the rate being higher in year 2 and the impact of the accumulative increase.
NW queried whether the difference in the LDZ 'New Rate' section (on slide 4) is due to it being weighted by different prices. PW confirmed that as correct and explained that GDNs recovers the cost by basing it on how they incur it within their network. PW noted that in the example presented, a lot of the GDN's demand is on LDZ 3 on the GDN is trying to recover 44.7% of its cost from that LDZ which results in different rates. **Closed**

0902: NGT (KMc) to provide Workgroup with the Non-Obligated Capacity figures
Update: Please refer to agenda item 4.0 for the update. **Closed**

1.4. Industry Update from Ofgem

PM informed the Workgroup Participants that Ofgem will be introducing a short publishing moratorium over the Christmas and New Year period. The moratorium period will start on Friday 13 December 2024 and will remain in place until Friday 3 January 2025. Ofgem's normal publishing processes will resume after this point. It may be appropriate to issue certain code modification decisions during the publishing moratorium (for example, for reasons of urgency) and Ofgem will consider this on a case-by-case basis.

Donald Lam (DL) advised that Ofgem has published a decision on Article 28(1) of the Tarriff Network Code ("TAR NC'') Consultation on 27 September 2024.

Paul Bass (PB) provided a summary of the decision letter explaining that Article 28 consultation covered multipliers, seasonal factors, interruptible capacity discounts, and LNG entry discounts. In total, there were 8 responses including 6 non-confidential responses. 5 responses supported maintaining the current levels of multipliers, four responses supported maintaining the current level of seasonal factors, and three responses supported maintaining the current level interruptible capacity discounts. ~~and~~

Ofgem is also satisfied that the levels should remain the same, however, it encourages industry stakeholders to review any of the items as and when necessary. In relation to the LNG entry points, Ofgem received six responses supporting the introduction of discounts at LNG entry points. There was one neutral response, and one cautioned against it. PB noted that many of the responses touched on the ongoing discussions on the Entry/Exit split at this forum, a reference to which has been recorded in the letter.

Ofgem encourages the NTSCMF to expedite the current discussion ~~continuing~~ on the Entry/Exit split ~~discussion at this forum~~. They also think ~~B~~by raising a UNC Modification, stakeholders could have a more structured framework for the discussions. Subject to the completion of the work on the Entry/Exit split, Ofgem suggested stakeholders may revisit the need to initiate a separate discussion on whether ~~a discussion regarding~~ LNG discounts should be introduced, taking into the account the impact of ~~considering~~ any adjustment to the Entry/Exit split.

Regarding the consultation response this year, Ofgem noted that it is pleased to see the increased number of responses and engagement. Ofgem noted the limitation of this consultation in terms of receiving submissions from regulatory bodies of the neighbouring countries and took that on board.

Please refer to the published decision letter for further details.

2. Pre-Modification Discussions

2.1. Removal of Non-Obligated Entry Capacity from Capacity Neutrality

Nigel Sisman (NS) on behalf of the Proposer Jeff Chandler (JC) presented the Modification, explaining that it seeks to remove the Non-Obligated Entry Capacity Revenues from Capacity Neutrality Revenues. This would reduce the revenues flowing into Capacity Neutrality Revenues which are redistributed to Users in proportion to their Firm Capacity holdings as well as reducing transportation charges paid by Users.

NS explained that the combination of both outcomes is likely to be beneficial to consumers. It has been noted in previous NTSCMF discussions and the NTS Capacity Neutrality Webinar, that Non-Obligated Entry capacity revenues do not contribute to NGT's Recovered Revenues. Obligated Entry Capacity and Interruptible Entry Capacity contribute to Recovered Revenues.

At Exit, Obligated Exit Capacity, Off-Peak Exit Capacity (i.e. interruptible), and Non-Obligated Exit Capacity revenues all contribute to Recovered Revenues, therefore, all revenues arising from the sale of capacity, apart from Non-Obligated Entry Capacity, contribute to Recovered Revenues. Non-Obligated Entry Capacity is different because it is subject to Capacity Neutrality and it seems this unique, and anomalous treatment, should be changed.

The current approach inflates transportation charges (specifically the GNTS commodity charge) by perhaps 0.0001 or 0.0002 p/kWh. Whilst a value equivalent to the cash flow arising from that inflated price is returned to shippers via the Capacity Neutrality processes it is not clear that the value of the credits paid out of Capacity neutrality will be passed through to consumers. The fix is to remove Non-Obligated Entry Capacity from Capacity Neutrality.

NS noted that the legal text change is trivial and is included in the draft proposal. There will also likely need to be business process and/or IT system refinement to deliver the change. However, changes were quickly delivered, and there was no mention of ROM or costs when many cashflows were removed from Capacity Neutrality when UNC0748 – Prospective Removal of Entry Capacity Revenue from Capacity Neutrality Arrangements was implemented nearly 4 years ago.

PM queried whether the proposal is to take the Modification to the October UNC Panel. NS confirmed that the plan is to submit it in time for the October Panel.

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in January 2025.

A Workgroup Participant wished to understand whether the Modification would have any impact on any National Gas Transmission (NGT) incentives. NS confirmed that there would be no impact as the incentive components are separate from the treatment that comes from capacity neutrality. NGT agreed with NS and noted that the incentive is the release of the value of Non-Obligated Entry Capacity.

Another Workgroup Participant noted that the Modification says that a licence change may be necessary and asked for some clarity. NS explained that this is a matter for Ofgem to give some thought. There was a licence change with the UNC0748 because of the scale issue, however, this is a much smaller issue. NS was of the view that a licence change is not necessary.

3. Transmission Services Review

Ash Adams (AA) advised that discussions started in January 2024 on the future of Transmission Services Charging as a platform to review the wider benefits and issues related to reviewing elements of the Transmission Services Charging Methodology.

A potential change to the Entry/Exit split was the key topic discussed to address these issues with other affected sub-topics brought into the analysis and discussion where appropriate.

The details of the slides have not been repeated in the minutes. For further information please refer to the published slides at: https://www.gasgovernance.co.uk/NTSCMF/011024.

AA provided an overview of the issues with the current arrangements highlighted by the stakeholders in the discussions so far and presented a case for the change.

<u>European Tariff Comparison (slides 7 to 11)</u>

AA also presented a comparison of the EU Entry Tariffs alongside the GB EU Entry Tariffs. AA noted that the gas market regimes across Europe can differ greatly from country to country with different RPMs, multipliers, seasonal coefficients, discounts and premiums applied which means that a fair and direct comparison between the markets is difficult. For the purposes of this initial comparison, NGT compared Transmission Entry Reserve Prices from GB, Belgium, France, Germany, The Netherlands, Italy, and Spain.

Adam Bates (AB) noted that the comparison is useful and commented that the analysis does not include capacity bookings. AB queried what the price would be if there were no existing contracts.

New Action 1002: NGT (AA) to consider what he GB prices would be if there were no existing contracts.

JC queried whether the difference in tariffs is due to the difference in entry and exit split or whether it is because of allowed revenues being less and those countries having cheaper networks compared to GB. AA advised that it is possibly a mix of both and noted that there are different Entry/Exit splits across Europe but there are also networks that are smaller than GB, providing the example of Belgium. AA noted that an analysis of each country would be required to understand the reason behind their tariffs.

NS added that different factors are feeding into the differences in price. NS, for context, noted that Gasunie Transport Services' revenue in the Netherlands is similar to NGT's revenue. The EEM LNG Terminal is fully contracted for the upcoming year, however, that is a prevailing price and there is no existing contract. There is also a lot of transit gas from Germany as well.

JC highlighted that GB has tendencies for short time booking. AA agreed and added that the data shows that there is less of an incentive to book annual capacity in GB compared to other countries where annual prices are cheaper. GB has the same price for annual bookings and daily bookings. AA noted that Annual bookings also lead to unused capacities which also need to be considered.

JC pointed out that these discussions reflect the opening comments regarding the need to change. JC further added that there is a lot more Exit capacity booked than Entry because Entry capacity books can track flows and incentivise not to buy more than needed. On the other hand, Exit is booked more than needed because DNs have a licence obligation to book to a 1 in 20 peak day demand, whereas other users try and book as close to the flows as possible. JC noted that there are a lot of ongoing factors in the UK that interact with what is going on in the EU.

NS highlighted that two dominant factors contribute to the UK market with the first being that the UK is unique in deciding not to use multipliers which has impacted the booking strategies that applied since 2020. The second factor is the existing contracts that receive a favourable charge and distort the picture. NS asked the Workgroup to look beyond the headline of reserved prices and consider the challenge of these two features.

Ritchard Hewitt (RH) referred to the statement under the case for change (slide 6) that High GB Entry Tariffs in comparison to other EU markets are a barrier and observed that from looking at the EU Charges graph, due to different factors, the UK Entry Charges are higher than any other European country in all capacities other than the 'Within Day' category. RH noted that depending on how the capacity is booked in the EU, the Entry prices are significantly lower than the GB market.

AB highlighted the flexibility of the UK network noting that although the tariff is high, it allows parties to book capacity a day ahead or daily rather than forcing them to book monthly when not fit to do so. AB observed that this contributes to the attractiveness of the network. AB provided the example of France, where parties are required to book maximum send-out capacity for the whole month. NW asked for caution noting that several factors are excluded when talking about commodity charges, and energy discounts to make assertions that LNG is more flexible. NW highlighted the need to look at each constituent member separately before drawing conclusions.

AA explained that the comparison provided in this update is an initial analysis to kick-off discussions. AA invited Workgroup Participants' views on what they would like to include in the next level of discussions. NW suggested that NGT consider the points raised about existing contracts, booking requirement obligations, LNG discounts, any other discounts that may apply, and Commodity Charges. AB also agreed with the points suggested by NW.

RF observed the need to look at the objective of the discussions and asked whether the aim is to make the charges 10% cheaper than the nearest market or try to bring it in line with other countries in the market. NW explained that assertions have been made by a number of companies and individuals that the Entry Charges are a barrier to entry in the UK. This discussion is trying to ascertain whether there is a potential for entry charges to be a barrier. NW noted the discussions are helpful so that everyone has the same information and can draw their conclusions.

<u>Optioneering (slides 13-15)</u>

Kirsty Appleby (KA) provided an overview of the previously discussed options by which a change to the Entry/Exit split could be achieved. The Workgroup Participants did not raise any questions or comments in relation to this section.

<u>High Level Entry / Exit Split Analysis (slides 16-28)</u>

KA explained that in order to demonstrate price sensitivity to various changes to the Entry/ Exit apportionment NGT has made several assumptions, which have been updated further due to the points raised in previous discussions.

KA provided a breakdown of the current Gas Year Revenues and Rpt process at 50% Entry (slide 21). KA noted that if they were to move away from the 50% split, the Rpt value would be a significant proportion of the Revised Target Revenue. KA presented a table (slide 22) that highlighted the Transmission Services Target revenues under various entry/ entry split scenarios, where 'K' has been pooled and apportioned. This can then be compared to actual Rpt values for the period April-September 24, and the level of Rpt when pooled and apportioned. On slides 23 and 24, KA provided a comparison of revised modelling at 25% Entry comparison.

AB queried the difference between the apportioning and the pooling. KA explained that if there is a consideration of moving away from the 50/50 Entry/Exit split, to 25/75 for example, the 6-month prior recovery would be based on a different split. KA noted that they would ring fence it, however, it would have a significant impact on Target Revenues and there would be a corresponding impact on Exit as well. AB asked whether this would be a one-time change and whether the year after the change would be a transitional year. KA explained that this is a large derived 'K' that will impact the next year, however, it will flow through later as well, eventually stabilising. KA offered to bring examples of having Rpt at 25% and pooling and ring-fencing over several years to show how levels of derived 'K' would make an impact. AB for clarification reiterated that changing the Entry/Exit split would have a knock-off impact on how you treat the revenue whether you ring-fence the Rpt or not. There would also be an impact on 'K'. The tables explain what NGT would do to smooth the impact.

NW queried whether the £38m figure on slide 24 is a pooled 'K' and whether it is pooled 'K' at 50/50 or 25/75 split. NW further asked how this was apportioned. KA explained that this is the derived 'K' as part of the process to get to the Gas Year Target Revenues. The Target Revenue of £226m has the apportioned and pooled 'K' from the previous period. The £38m is the derived 'K' from modelling the gas year revenue. KA agreed to bring a formal answer to the question. NW noted that seeing the impact on the exit side would be useful as well.

KA asked whether the Workgroup Participants have any suggestions or requests for information regarding modelling moving forward. No questions or comments were raised.

In relation to Slide 26, Joseph Leggett (JL) queried whether the bottom row projects the dynamic pricing methodology between a 20% and 26% apportioned entry. KA confirmed that as correct. JL noted that was helpful to see.

NW queried whether KA has shown an impact of pooling Rpt compared to pulled 'K'. KA confirmed that the prices with pooled 'K' were shared in the previous Workgroup. KA highlighted that the Rpt different treatment could have a big impact on the prices and how the Rpt is treated going forward.

On slide 28, NW queried which figures are with Rpt pooled and which ones are not. KA explained the 'Current Published' prices are based on the current methodology and the '25/75' split has the pooled and apportioned 'K' and 'Rpt'. NW queried whether it is pooled for every year covered in the table or whether it only affects one year. KA confirmed that it is only pooled in the first year, however, the way is dealt with, there would be a knock-off impact because of the way Gas Year Target Revenues are calculated.

NS highlighted the need for careful thinking when considering the presented information as it is missing the impact on Exit and there is unutilised capacity that people would have to pay for.

KA agreed to bring clarification on the points raised in the next Workgroup. KA asked Workgroup Participants to contact her if they would like clarification on a particular point.

Next Steps

CWi raised a question about how to further any discussion/development and has highlighted the benefit of discussing around a single option, recognising this still may not be a consensus option. This would help focus discussion, consider any alternatives, and critique more easily with reduced optioneering. This would also include similar thinking around the necessary analysis to help understand and consider impacts.

CWi noted that at previous NTSCMF Workgroups, some Participants have expressed the need for an 'in-person' meeting and asked whether this is still something people think would be of value.

Workgroup Participants noted that they do not see value in an in-person meeting until a specific proposal is put forward. Some Workgroup Participants expressed the need for a more focused objective and an issue that Participants can align on as that is not clear at this stage. A Workgroup Participant suggested that a Modification be raised to address the barrier to Entry with one complete proposal that explains the options available and why they have been chosen in order to open the floor to people to express which option they would choose.

NS highlighted the need for a clear problem statement and to understand the alleged barriers to the GB Entry. NS noted that pricing is only part of the puzzle and booking strategies in the country and association with other continental markets is the other part. NS suggested not rushing to a solution without understanding the problem and the data being presented.

Ann Shrigley (AS) proposed including the cost of shipping gas via Interconnection Pipelines and Interconnector costs in the EU Comparison Graph (slide 10). AS noted that parties may be surprised by how high the costs are.

NW observed that NGT is proposing to put forward an informal proposal similar to a Modification without submitting a formal Modification. NW was of the view that this is a sensible approach as it allows NGT to bring a single solution allowing people to discuss and make suggestions before NGT submits a formal proposal. NGT noted that a formal proposal comes with a limited window to raise alternatives which could get complicated. NW also supported the concept of an in-person meeting, however, noted that the timing could be difficult. AB agreed with NW's observations.

RF suggested that NGT also consider the relevant objectives impact assessment within the framework of the UNC which NGT would need to respond to if moving away from a 50/50 split option. AB agreed with RF.

CWi acknowledged the feedback and suggestions from the Workgroup and agreed that taking a step back and reviewing the details and options was the best way forward.

New Action 1003: NGT to bring back an informal proposal with a single end-to-end option taking into account the discussions so far for a focussed conversation.

PM summarised that the Workgroup Participants do not have an appetite for an in-person meeting for next month, however, they would like one at some point once the proposal has been formalised.

4. Capacity and Revenue Monitoring Update

David Bayliss (DB) provided an overview of Capacity and Revenue Reporting, taking the Workgroup through NTS demands, Exit, and Entry Capacity and Revenue in August 2024.

DB noted that from an Entry Capacity perspective, August bookings are higher than the Forecast, therefore, there is an increase in the Revenues. This is due to the relatively high Entry Capacity Price. In relation to the Demand Variance, the power stations are slightly below forecast and Interconnectors are significantly above forecast. Exit Capacity is higher due to the demand variance and increasing flow at the Interconnector. The Power Generation has had significantly lower flows than forecasted.

Providing a response to the question raised regarding Non-Obligated Capacity Revenue under Action 0902, DB presented two charts for the Entry and Exit Non-Obligated Capacity Revenue. DB noted that a question was raised regarding providing data via NGT's Data Portal and confirmed that there are no reports set up that would allow Non-Obligated Capacity to be identified.

Please refer to the published slides for the full details.

5. St Fergus Compression Charging

CWi reminded the Workgroup that there is an Uncertainty Mechanism for emissions-related investment in compression at St Fergus. There have been previous discussions on the potential for targeting costs to specific locations. From a charging perspective, the main question to consider is whether there should be a targeted charge for the St Fergus emissions-related compression investment that forms part of the Uncertainty Mechanisms and if so, what level this should be done at.

CWi provided an overview of the Indicative Tariff Impacts on the Entry/Exit Capacity Reserve Prices based on the different targeting scenarios explaining the tariff impact increases the more you target the cost.

Please refer to the published slides for the full details.

AA explained that if a Modification Proposal is not raised, the "do nothing" approach would apply and asked the Workgroup Participants for their views and the following two questions:

- Given the relatively small tariff impact the Uncertainty Mechanism would have if costs are fully socialised, What are the views of the Workgroup on National Gas following the 'do nothing' approach?
- Is there any support for targeting at a particular level?

NS noted that the impact table has a pricing effect which is similar for both Entry and Exit and queried whether that is correct. AA confirmed that as correct. NS further asked whether this means that 80% of the extra cost will be on Exit with that approach. AA explained that the numbers are based on flows that are relatively similar across Entry and Exit. With this approach, it would be at a 50/50 split. NS observed that he could not see a blip in the context of 'fast' and 'slow' money on the 75 and 25.

AA explained that NGT has an assumed spending profile. 25% of the money goes into the revenues for that year. The remaining 75% is considered slow money and is spread over 45 years. AA noted that in the scenario presented, they have had to assume the standard time value of money at 3%, therefore, in October 2030, there would still be numbers feeding through.

AA advised that parties could respond to the above questions by contacting him or CWi directly or raising the point in the Workgroup. CWi highlighted that any views received on this will help shape whether NGT brings back an update as there is a "do nothing" approach. CWi noted that the Compressor Emissions Final Reopener Submission would be at the end of 2025 with a decision in 2026 and it would start effecting revenues from 2027. Therefore, if parties think something needs to change, they should raise it now.

NS observed that the total spend cost highlighted on slide 4 is quite high and provided the example of £60m spent for increasing capacity at Milford Haven.

6. Issue Tracker

PM advised that the Issue Tracker can be found on the CMF main page. PM invited parties to look at the tracker and contact the Joint Office if they wished to raise an item for Workgroup discussion

7. Workgroups

None.

8. Any Other Business

None raised.

9. Diary Planning

NTSCMF meetings are listed at: https://www.gasgovernance.co.uk/NTSCMF

All other Joint Office events are available via: http://www.gasgovernance.co.uk/events-calendar/month

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 05 November 2024	5 pm Monday 28 October 2024	Microsoft Teams	Standard Agenda
10:00 Tuesday	5 pm Monday	Microsoft	Standard Agenda

03 December 2024	25 November 2024	Teams	
10:00 Tuesday 07 January 2025	5 pm Monday 27 December 2024	Microsoft Teams	Standard Agenda
10:00 Tuesday 04 February 2025	5 pm Monday 27 January 2025	Microsoft Teams	Standard Agenda

NTSCMF Workgroup Action Table

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0301	05/03/2024	1.1	NGT (CWi) to decide whether a meeting to discuss the mechanism of Capacity Neutrality is to take place as a separate agenda item at the next NTSCMF meeting or whether a separate, stand-alone meeting is required for discussions.	October 2024	NGT (CWi)	**Closed**
0701	02/07/2024	2.0	Collin Williams (CWi) to provide the workgroup with a breakdown of the allowed revenues and further detail in respect of the re-openers within the allowed revenues	October 2024	NGT (CWi)	**Closed**
0901	03/07/2024	3.0	NGT (CWi) and Paul Whitton (PW) to provide an illustration of the potential impact on the pence per kilowatt hour rate for customers if the Exit Capacity Charge increased.	October 2024	NGT (CWI) Paul Whitton (PW)	**Closed**
0902	03/07/2024	4.0	NGT (KMc) to provide Workgroup with the Non-Obligated Capacity figures	October 2024	NGT (KMc)	**Closed**
1001	01/10/2024	1.3	NGT (CWi) to provide a breakdown of how UM Values feed into historic and future price control revenue allowances in the next update.	January 2025	NGT (CWi)	**Pending**
1002	01/10/2024	3.0	NGT (AA) to consider what he GB prices would be if there were no existing	November 2024	NGT (CWi)	**Pending**

NTSCMF Workgroup Action Table						
Action Ref	**Meeting Date**	**Minute Ref**	**Action**	**Reporting Month**	**Owner**	**Status Update**
			contracts.			
1003	01/10/2024	3.0	NGT (CWi) to bring back an informal proposal with a single end-to-end option taking into account the discussions so far for a focussed conversation.	November 2024	NGT (CWi)	**Pending**