

**NTS Charging Methodology Forum (NTSCMF) Minutes**  
**Wednesday 05 June 2018**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alex Nield*	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI
Colin Hamilton	(CH)	National Grid NTS
Colin Williams	(CW)	National Grid NTS
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsty Ingham	(KI)	ESB
Matt Hatch	(MH)	National Grid NTS
Nahed Cherfa	(NCh)	Equinor
Niall Coyle*	(NCo)	E.ON Energy Solutions
Nick Wye *	(NW)	Waters Wye Associates Limited
Paul Youngman*	(PY)	Drax
Penny Jackson	(PJ)	npower
Sean Hayward	(SH)	Ofgem
Steve Pownall	(SP)	Xoserve

\*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/ntscmf/050618>;

**1. Introduction and Status Review****1.1. Approval of Minutes (01 May 2018)**

The minutes from the previous meeting were approved.

**1.2. Modifications with Ofgem**

There are currently no modifications with Ofgem under the Charging Regime.

Julie Cox (JX) asked for an update on the view that has been sought from Ofgem (see <https://www.gasgovernance.co.uk/0621/010518>). Sean Haywood (SH) advised there is no update to provide at this time and that he will request an update.

**1.3. Pre-Modification discussions**

Colin Hamilton (CH) gave an update to the Revenue Recovery at Combined ASEPs modification that is intended to be put forward to the June 2018 UNC Panel meeting. Please note, there has been a pre-modification session on this topic before under the title Treatment of Capacity at Combined ASEPs.

He explained that this modification will be focussing on 2019 as it will only be concentrating

on Interconnection Points (IPs) and that there will be further discussions required for post 2021 when it rolls out to all points.

#### 1.4. Modification 0621 Update

Colin Williams (CW) updated the Workgroup on the two National Grid led Industry Workshops on Modification 0621 and its alternatives which took place on 30 May and 04 June.

The conclusion was that an update to the comparison analysis was required.

The update will add extra clarity, more detail on the assumptions and updates to the charts to enable the document to be easier to follow and contain updated or additional material.

An updated version will be published alongside the original document. Joint Office will send an email out to Industry when this has been completed.

## 2. Standard NTSCMF topics

### 2.1. Update on Long Term Revenue Forecasts

CH gave an introduction to the Long-Term Revenue Forecasts discussion advising that they were published on 21 May 2018 and that it covers TO and SO allowed revenues; all changes are compared to the last publication in November 2017 and that the values shown are for the high-level terms in the Licence.

The presentation provided can be found here:

<https://www.gasgovernance.co.uk/ntscmf/050618>

#### 2.1.1 TO Revenue forecast and main changes

CH provided clarification on the changes highlighted:

Licence Term	Forecast (£m)	Reason
Price Control Financial Model Iteration Adjustment (MOD)	-16.5	This was a Fleetwood allowance which is now not happening, this allowance has been removed
Policing costs adjustment (OPTC)	4.2	Revised forecast
Stakeholder satisfaction survey (SSA)	-1.8	Methodology change
Network Innovation Competition (NICF)	2.0	Maximum is now 20, forecast was 18
Correction Term Revenue Adjustment	7.8	Re-forecast

JCo requested clarification on the PARCA Termination values.

**New Action NTSCMF 0601: National Grid to check the PARCA Termination values which are showing zero, should it be showing a value. (Could be a rounding issue).**

#### 2.1.2 SO Revenue Forecast and main changes

CH provided clarification on the changes highlighted which also updated outstanding action NTSCMF 0202:

**Action 0202:** CW to expand on what is driving the change from 189 to 247 on the

SO MOD Revenue Forecast and Main Changes.

**Update:** CH clarified, under RIIO T1 National Grid have submitted a business case for additional allowances to cover Data Centre and Cyber IT security. **Closed**

Licence Term	Forecast (£m)	Reason
CM Incentive Revenue	1.534	Re-forecast
External Incentive adjustment	-3.588	Mixture of some actions and re-forecasting
Correction Term Revenue Adjustment	-6.662	Re-forecast

GJ requested clarification on the Constraint Management (CMR) values.

**New Action NTSCMF 0602: Regarding the SO Revenue Forecast, National Grid to advise what has driven the change for Constraint Management.**

CH asked the Workgroup for feedback as to the level of detail that is being provided. Workgroup asked for more detail on the differences in the SO and TO values.

It was agreed that when this is next discussed (November 2018) National Grid will provide a more detailed breakdown and review the timescales in order to reflect when it is best to come to Industry.

When asked, CH confirmed that this information is used to calculate the indicative charges for 2018.

## 2.2. Discussion on EU preliminary and final consultations (0621 and its alternatives)

During an onscreen presentation, CH provided an overview of the EU Consultation requirements. The presentation can be found here: <https://www.gasgovernance.co.uk/ntscmf/050618>.

SH explained that the ACER interim consultation will act as a dry run for the final ACER consultation, which interact with the Ofgem Impact Assessment.

Ofgem will undertake the impact assessment on all of the proposals and will consult on the draft impact assessment and advised that he is undecided if at that point, Ofgem will have a minded to opinion.

There was workgroup discussion as to the ACER consultation process; how to and when to complete the template.

**New Action NTSCMF 0603: Consultations: Ofgem to present and update to the next workgroup including timescales, who is going to do what and when.**

Steve Pownall (SP) added that, from a systems development point of view, a 'minded to' decision from Ofgem would be extremely beneficial. This would help to reduce costs and reduce uncertainty. He explained that a risk has been raised internally within Xoserve with regards to there being so many variations and timescales for the 0621 Modification and its alternatives.

Many workgroup participants expressed concern at the lack of detail in the documentation that National Grid had prepared.

Nick Wye (NW) suggested, supported by many participants of the Workgroup, to not submit the initial consultation.

Jeff Chandler (JCh) concerned that the consultation template, completed by National Grid, has been submitted to ACER without Industry consultation.

Graham Jack (GJ) asked Ofgem if they are satisfied that National Grid have made that

direction. Sean Hayward (SH) advised that there are possibly some gaps in the report but National Grid have undertaken the consultation as directed by Ofgem.

JCh added that Ofgem could form a view of the regulatory Impact Assessment using the ACER consultation view; using that for their preferred minded to decision. SH advised that all have the opportunity to respond to this consultation. JCh reiterated that ACER could influence the Ofgem minded to decision.

It was then mentioned that the timeline is a problem, the 22 June 2018 deadline is concerning.

JCh suggested an extension on the current deadline (which would take it to 13 July which is before the next NTSCMF meeting), or, NW reiterated that the consultation is not submitted.

JCx said that if the deadline is extended, the workgroup could get together to form a response.

It was highlighted, from the Ofgem direction letter dated 8 March 2018 (published here), the Revised proposals and Authority directions do state:

NGG will no longer be required to undertake the final TAR NC article 26 consultation. Instead, NGG will be required to undertake a preliminary consultation, pursuant to TAR NC article 26. This consultation shall take place at the same time as the industry consultation required under UNC modification procedures, as originally proposed. The maximum duration for both consultation has been shortened from three months to two. NGG shall use reasonable endeavours to ensure that these consultations shall commence no later than 18 May 2018.

JCh said it is very important that the Industry have the opportunity to feed in their response to ACER.

**NEW Action NTSCMF 0604: Workgroup have requested that National Grid extend the ACER consultation to 13 July.**

It was agreed that the next discussion point on this topic will be at NTSCMF Workgroup meeting on 3 July 2018.

### **3. Issues**

No issues to discuss.

### **4. Review of Outstanding Action(s)**

This was covered under agenda item 2.1.

### **5. Any Other Business**

#### **5.1. Confirm the process for Article 26 consultation and what role the Industry can play (JCh)**

JCh confirmed that the earlier discussion in agenda item 2.2 covered this item and that no further clarification was needed.

### **6. Diary Planning**

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

Workgroup meetings will take place as follows:

<b>Time / Date</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:00 Tuesday 03 July 2018	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup Agenda
10:00 Wednesday 01 August 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Standard Workgroup Agenda
10:00 Tuesday 04 September 2018	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup Agenda
10:00 Tuesday 02 October 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Standard Workgroup Agenda

**Action Table as at 05 June 2018**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref/ Raised by</b>	<b>Action</b>	<b>Owner/ Update due by</b>	<b>Status Update</b>
<b>NTSCMF 0202</b>	06/02/18	2.1	CW to expand on what is driving the change from 189 to 247 on the SO MOD Revenue Forecast and Main Changes.	National Grid (CW) 04-Apr-18	<b>Closed</b>
<b>NTSCMF 0601</b>	05/06/18	2.1	<b>Long Term Revenue Forecasts</b> National Grid to check the PARCA Termination values which are showing zero, should it be showing a value. (Could be a rounding issue).	National Grid NTS (CH)	<b>Pending</b>
<b>NTSCMF 0602</b>	05/06/18	2.1	<b>Long Term Revenue Forecasts</b> Regarding the SO Revenue Forecast, National Grid to advise what has driven the change for Constraint Management.	National Grid NTS (CH)	<b>Pending</b>
<b>NTSCMF 0603</b>	05/06/18	2.2	<b>Consultations</b> Ofgem to present and update to the next workgroup including timescales, who is going to do what and when.	Ofgem (SH)	<b>Pending</b>
<b>NTSCMF 0604</b>	05/06/18	2.2	<b>Consultations</b> Workgroup have requested that National Grid extend the ACER consultation to 13 July.	National Grid NTS (CH)	<b>Pending</b>