

## UNC Transmission Workgroup Minutes

Thursday 01 November 2018

at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91  
2AA

### Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Alex Nield*	(AN)	Storengy UK
Andrew Blair*	(AB)	Interconnector
Andrew Pearce	(AP)	BP
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley*	(ASh)	Eni Trading & Shipping
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE Supply & Trading GmbH
Colin Hamilton	(CH)	National Grid NTS
Dave Adlam	(DA)	Cadent
David Cox*	(DC)	London Energy Consulting Ltd
Edward Fyfe*	(EF)	SGN
Emma Buckton*	(EB)	Norther Gas Networks
Gerry Hoggan	(GH)	ScottishPower
Graham Jack*	(GJ)	Centrica
Jeff Chandler*	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Kay Riley	(KR)	South Hook Gas
Lea Slokar*	(LS)	Ofgem
Mark Rixon*	(MR)	Engie
Paul Youngman*	(PY)	Drax
Penny Jackson*	(PJ)	Npower
Richard Fairholme	(RF)	Uniper
Shiv Singh*	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall
Terry Burke	(TB)	Equinor

### Apologies

Phil Hobbins	(PH)	National Grid NTS
Nick King	(NK)	CNG Services

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/011118>

## 1. Introduction and Status Review

### 1.1. Approval of Minutes (04 October 2018)

The minutes from the previous meeting were approved.

## 1.2. Ofgem Update

Lea Sloker (LS) provided a brief verbal overview of the Industry update which covered the topics as detailed below:

Please view this document via the link below:

<http://www.gasgovernance.co.uk/tx/011118>

### **Consent for Wales & West Utilities Limited (WWU) to make changes to its transportation charges**

LS said the Gas Transporters Licence requires Distribution Network (DN) licensees to not make any changes to their charges more frequently than once in each formula year, unless Ofgem consents otherwise. Wales & West Utilities Limited (WWU), as a DN licensee, sought Ofgem's consent to change its transportation charges more frequently than once per year. It made this request in order to pass through lower than expected gas transmission charges which are levied by National Grid Gas NTS plc. LS said that on the 04 October Ofgem had published a decision letter in which they had consented to WWU's request.

### **Statutory consultation on the proposed addition of new exit and entry points to National Grid Gas plc's gas transporter licence and associated EU relevant points consultation**

LS explained, on 25 October 2018 Ofgem had published a proposal to modify Part F of Special Condition 5G (Determination of Incremental Obligated Exit Capacity volume and the appropriate revenue drivers to apply) and Part F of Special Condition 5F (Determination of Incremental Obligated Entry Capacity volume and the appropriate revenue drivers to apply) of National Grid Gas plc's (NGG) gas transporter licence. LS said that Ofgem are proposing to add two new exit points, "Keadby 2 Power Station" and "Eggborough Power Station". She said that they were also proposing to add one new entry point, "Murrow". We are also proposing that we do not consider any of these points to be relevant points under Article 18(4) of the EU Gas Regulation.

Please send us any views on the issues raised in this consultation on or before 22 November 2018 to: [http://kirsty.earle@ofgem.gov.uk](mailto:kirsty.earle@ofgem.gov.uk)

### **RIO-GT1 Price Control Financial Model for the Annual Iteration Process November 2018**

Part C of licence condition 4A of the Gas Transmission Licence, requires the Authority to publish the Financial Model it will use for the AIP in November of each regulatory year. On 26 October 2018 we published:

[RIO-GT1 Price Control Financial Model for the Annual Iteration Process November 2018](#)

## 1.3. Pre-Modification Discussion

1.3.1. None presented in the meeting

## 2. European Update

### 2.1. EU Codes update

Colin Hamilton (CH) provided a walkthrough of the National Grid NTS 'EU Update' presentation for the meeting. The presentation covered the following areas providing a forward look:

#### CAM GT&C study – ACER Opinion

CH reiterated that for CAM NC Art. 20: ENTSOG was required to develop a standard template for the main terms and conditions for the offer of bundled capacity products, he then highlighted the ACER Opinion as detailed below:

- ENTSOG has fulfilled its obligation under Article 20(2) of the CAM NC.
- The template is non binding, a document of soft-law, it doesn't impose harmonisation but merely promotes it.
- Its content is not strictly limited by the need carefully to assess the sphere of European Union competences.
- The Agency is of the view that the Template does not always go as far as would be desirable.

CH then overviewed ACER's recommendations which were to widen its content and elaborate best practices for some points (when harmonization was not possible) and to include in the template the red flag clauses affected by national law (without harmonization). CH explained that ENTSOG were currently amending the template to take into account ACER's opinion.

CH then provided an overview of ACER's report on the conditional capacities as detailed below.

CH explained the background which stated:

- Art. 38 (4) NC CAM sets obligation to ACER by 6 April 2019;
- To deliver a "report on conditionalities in firm gas capacity products to assess their effect on efficient network use and integration of Union gas markets";
- Concern that many "firm" products in different regimes are more "firm-ish" with conditions;
- ACER should be supported by the relevant NRAs and TSOs in study.

CH said that ACER and its consultants had directly contacted the TSOs for information, as there were some concerns from the TSOs on how the information would be used and therefore, why it was being requested, together which information would be published and in what way. He said there was going to be an ACER workshop on conditionalities in firm gas capacity products on 04 December 2018. CH said he was hopeful to have some more detail to present of the output of this workshop later in December.

#### Proposed changes on tariffs

CH said that though TAR NC was not yet implemented, the conversation at EU level had begun on possible changes and that it was noted that both the CAM NC and TAR NC were silent on the multipliers and more generally, on the capacity products for non-IPs. He added that any changes might have less of an impact on the GB system, as the UNC Modification 0621 sought to align the IPs and non-IPs in the areas such as the multipliers and interruptible products etc.

CH then said there may be further options considered for commodity charges and capacity discounts, for example: for the high-demand business users with a low load factor, amending the TAR NC in favour of optional specific products with high commodity charges could be beneficial. He said for example: this was used in Portugal where users that had high demand but only on a certain number of days each year could have a discount on capacity, but pay more on the commodity charge.

A brief general discussion took place regarding the multipliers and John Costa (JC) wanted more detail on this topic. CH said he could not provide any more detail at this stage. Julie Cox (JCx) said that there was recognition that there might be a need for different procedures for the gas and electricity areas.

#### Daylight Saving Issue

CH explained this area was slowly gaining momentum and that ENTSOG were now exploring what this would mean for the gas industry if a seasonal change to the day was not applied, together with the associated impacts.

He said the draft legislative text could be viewed at:

<https://ec.europa.eu/commission/sites/beta-political/files/soteu2018->

#### FUNC Issues Overview

CH provided a brief overview of the timeline document, which can be viewed at:

<http://www.gasncfunc.eu/>

#### Agency Analysis the national tariff consultation

CH said the consultation process was due to be finalised by 31 May 2019 as per Article 27 (5) and he then overviewed the status of each of the respective Countries' status in the process.

A brief general discussion then took place regarding if this process was going to be harmonised and CH said there was no obligation to follow the ACER proposals, however that if this was not followed, then the Commission would see this as being compliant. Bill Reed (BR) said it would be helpful to know what was happening in other areas on this matter. Andrew Blair (AB) said that there was a summary of the methodology now on the ACER website, which was a consultant report, and CH said the observations were the most appropriate sections to read. CH added, that in November ENSTOG would be looking at a common framework for collecting data.

#### Other Issues - Charging Review/UNC Modification 0621

CH said that presently the impact of Modification 0621 and its alternatives were still unknown and that an update from Ofgem was still to be sought. He said that industry discussions were ongoing on the development of the methodology for the Forecasted Contracted Capacity (key parameter for future Reference Price Methodology). He added that the proposed review of the 'shorthaul' methodology was still under discussion within the NTSCMF workgroup. CH said that presently implementation of Modification 0621X was still regarded as being on track for delivery in 2019.

A general discussion then took place as to when Ofgem would be making the decision and JC said that he understood Baringa was supposed to have been submitting a view on this matter in October, which still had not been forthcoming.

LS said that there was still no decision from Ofgem on this ~~matter and that she could not give an exact timeline currently~~. JCx said that this matter should be discussed at the NTSCMF meeting and Rebecca Hailes (RH) agreed this was already on the agenda for the next meeting.

[Post meeting update provided by Lea Sloker:](#)

[LS confirmed that more information will be provided by the end of Q4 \(by the end of the year\).](#)

### 3. Workgroups

#### 3.1. 0662 – Revenue Recovery at Combined ASEPs

*(Report to Panel 18 April 2019)*

<https://www.gasgovernance.co.uk/0662>

#### 3.2. 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

*(Report to Panel 17 January 2019)*

<https://www.gasgovernance.co.uk/0667>

#### 3.3. 0669R – Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements

*(Report to Panel 21 March 2019)*

<https://www.gasgovernance.co.uk/0669>

### 3.4. 0671 – Relief from User Commitment obligations when NTS exit capacity substitution is permitted

(Report to Panel 21 February 2019)

<https://www.gasgovernance.co.uk/0671>

## 4. Issues

No new issues were discussed at the meeting.

## 5. Any Other Business

### 5.1. Update Review of Capacity Methodology Statements

CH said that the review of the Capacity Methodology statement takes place every two years and would next be evaluated in the Summer of 2019. He said that conversations had been taking place with Ofgem and no major changes were envisaged, however this would depend on the implementation of Modification 0621X, and might then require a full re-write. CH said he would provide an update in due course.

### 5.2. Exit Capacity at NTS (D-1 to D-7)

JC said that in essence National Grid NTS had been positive regarding the possibility of interruptible capacity being brought forward from D-1 to D-7. JC said in view of this, he would be presenting a draft modification at the December meeting entitled 'Bringing forward the Exit NTS capacity from D-1 to D-7.'

## 6. Review of Outstanding Actions(s)

**Action 0901: Reference Future Demand Side Review Scope - National Grid NTS (PH) to provide a view on the proposed Request proposal scope, and how best to progress this matter going forwards.**

**Update:** AW provided a presentation on this topic and it was agreed that more detail was still required and so this action should be carried forward. **Carried forward.**

**Action 0902: Reference Non-obligated capacity related information – CNG Services (NK) to feedback the Stakeholder request for a National Grid provision of non-obligated information, especially rejected capacity aspects to Jenny Philips of National Grid.**

**Update:** Nick King was not present for this meeting, but had communicated with Rebecca Hailes (RH) and had agreed this action could now be closed as he had now spoken with Jenny Phillips. **Closed.**

**Action 0903: Reference Decommissioned Sites – Ofgem (RD) to consider possible options for resolving decommissioned sites (capacity) related issues (i.e. RIIO-T2 or FCC etc.).**

**Update:** Lea Slokar agreed that this action could now be closed and that a new action should be raised for Ofgem and National Grid to work together regarding the decommissioned sites. **Closed.**

**New Action 1101: Ofgem (LS) and National Grid NTS (MM) to produce a proposal for decommissioned sites.**

**Action 1001: National Grid (MM) to provide more information on the background and original thinking for the 16 quarters and 2-year lead time rules.**

**Update:** It was agreed the action should now be moved to the 0667 Workgroup and so will no longer feature within the Transmission Agenda items. **Carried forward**

**Action 1002:** National Grid (MM) to provide worked examples of how Project cost is used and recovered both in the current regime and in the new regime to aid understanding of the proposed changes. Worked examples to compare the current versus the EU codes approach to also be provided.

**Update:** It was agreed the action should now be moved to the 0667 Workgroup and so will no longer feature within the Transmission Agenda items. **Carried forward**

## 7. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10.00, Thursday 06 December 2018	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda
10.00, <b>Thursday 08 January 2019</b> (Provisional new date TBC)	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda

**Action Table (as at 01 November 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	06/09/18	1.3.2	<i>Reference Future Demand Side Review Scope</i> - National Grid NTS (PH) to provide a view on the proposed Request proposal scope, and how best to progress this matter going forwards.	National Grid NTS (PH)	<b>Carried Forward</b>
0902	06/09/18	6.0	<i>Reference Non-obligated capacity related information</i> – CNG Services (NK) to feedback the Stakeholder request for a National Grid provision of non-obligated information, especially rejected capacity aspects to Jenny Philips of National Grid.	CNG Services (NK)	<b>Closed</b>
0903	06/09/18	6.0	<i>Reference Decommissioned Sites</i> – Ofgem (RD) to consider possible options for resolving decommissioned sites (capacity) related issues (i.e. RIIO-T2 or FCC etc.).	Ofgem (RD)	<b>Closed</b>
1001	04/10/18	5.1	National Grid (MM) to provide more information on the background and original thinking for the 16 quarters and 2-year lead time rules.	National Grid NTS (MM)	<b>Moved to 0667 (no longer on the TXWG agenda)</b>

1002	04/10/18	5.1	National Grid to provide worked examples of how Project cost is used and recovered both in the current regime and in the new regime to aid understanding of the proposed changes. Worked examples to compare the current versus the EU codes approach to also be provided.	National Grid NTS (MM)	<b>Moved to 0667 (no longer on the TXWG agenda)</b>
1101	01/11/18	6.0	Ofgem (LS) and National Grid NTS (MM) to produce a proposal for decommissioned sites.	Ofgem (LS) & National Grid NTS (MM)	<b>Pending</b>