

**NTS Charging Methodology Forum (NTSCMF) Minutes**  
**Tuesday 04 December 2018**  
**Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA**

**Attendees**

Chris Shanley (Chair)	(CS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alsarif Satti*	(AS)	Ofgem
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI
Bill Reed	(BR)	RWE Supply & Trading
Colin Hamilton	(CH)	National Grid
David Cox*	(DC)	London Energy Consulting Ltd
David O'Neill*	(DO'N)	Ofgem
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
James Gudge	(JG)	National Grid
Jeff Chandler*	(JC)	SSE
John Costa*	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsty Ingham*	(KI)	ESB
Nick Wye	(NW)	Waters Wye
Niall Coyle*	(NC)	E.ON
Nicky White	(NWh)	Npower
Nigel Sisman	(NS)	Sisman Energy Consultancy Ltd
Nitin Prajapati	(NP)	Cadent
Richard Fairholme	(RF)	Uniper
Sarah Chleboun	(SC)	National Grid
Smitha Coughlan*	(SCo)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor

\* via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/NTSCMF/04/1218>

**1. Introduction and Status Review**

**1.1. Approval of Minutes (06 November 2018)**

Chris Shanley (CS) advised of several amendments made to the original minutes identified

in the revised minutes by tracked changes, in relation to:

- a. Item 5.0 PARCA Application Action Update
- b. Item 6.0 Action NTSCMF 1102
- c. Item 8.0 Action NTSCMF 1003
- d. Action Table updated in relation to NTSCMF 1003 and 1102.

The minutes from the previous meeting were approved subject to the above changes.

## **1.2. Modifications with Ofgem**

CS invited David O'Neill (DO'N) to provide an update on the UNC 0621 suite of Modifications. DO'N stated that he only had a very brief update to provide, confirming that discussions through internal boards had taken place and that drafting had commenced for publication by the end of the year. He reminded Workgroup that the last Ofgem publishing day will be Friday 21 December 2018.

## **1.3. Pre-Modification discussions**

None.

## **2. Standard NTSCMF topics**

### **2.1. Update on Long Term Revenue Forecasts**

Colin Hamilton (CH) provided 2 presentations for the meeting:

- Long Term Revenue Forecasts
- April 2019 Indicative Charges.

He explained that in terms of Long Term (LT) Revenue Forecasts the previous presentation has been expanded to include more explanation following feedback. The LT revenue forecasts were published on 26 November 2018 and include Transmission Owner (TO) and System Operator (SO) allowed revenues. CH provided a walkthrough of the changes compared to the last publication in May 2018.

Slide 3 illustrates the TO Revenue forecast and main changes. CH highlighted the circled changes as the key changes to note. Slide 4 details the reasons for the key changes to the TO changes. CH stated that the 2019/20 TO MOD is still a forecast.

Slides 5 and 6 provides the TO MOD breakdown and explanation of changes. CH highlighted the reason for the positive number for Avonmouth, stating that the allowance had remained in and given no spend in 2017/18, National Grid would need to share the 'out performance' with customers causing a negative adjustment in 2019/20.

Slides 7 and 8 provide details of the SO revenue forecast and the main changes which relate to SOOIRC due to revised shrinkage costs, which are higher by 14% due to higher energy prices.

There were no questions in relation to the presentation.

CH then provided a brief walkthrough of Indicative Charges for April 2019 which were published on 02 November 2018. The presentation provides a comparison with 2018/19 and includes some information contained in the earlier presentation.

In response to a question from Anna Shrigley (AS) seeking an explanation of why there is a 64% increase in SO charges, CH explained that there have been a number of drivers which

include cyber security, increased allowed revenue and an increase in shrinkage costs.

Nick Wye (NW) asked why there is an increase in the base revenue and what is the driver for this.

New Action 1201: National Grid (CH) to provide more information on a) the reasons for the increase in SO charges - in particular, to provide a breakdown of the percentage contribution of the main drivers (cyber security and shrinkage related fuel price increases) and b) to provide a view on the following years SO allowed revenue.

### 3. Workgroups

**3.1. 0670R - Review of the charging methodology to avoid the inefficient bypass of the NTS (Report to Panel 16 May 2019)**  
<http://www.gasgovernance.co.uk/0670>

### 4. Forecasted Contracted Capacity (FCC) Update

Sarah Chleboun (SC) provided a very brief update stating that good progress had been made on collecting and analysing data. A further update would be provided at the January meeting.

Bill Reed (BR) asked if National Grid are intending to issue a new FCC model once Ofgem have announced a preferred model. In response, SC confirmed that this the aim but the initial focus would be on developing the principles.

Graham Jack (GJ) suggested that it would be useful to keep the Workgroup up to date on provisions for the baseline as there will be an impact if baseline levels are lowered.

### 5. Issues

None.

### 6. Review of Outstanding Action(s)

**0801:** National Grid (CW) to provide an update at the November meeting on Long Term Revenue Forecast.

**Update:** Covered under agenda item 2.1 so this action was closed. **Closed**

**0901:** National Grid (CW) to confirm if PARCA applications are made before 01 October which charge will apply (i.e. the live charge before 01 October) and to clarify when the charges are published and go live.

**Update:** CH provided a short presentation to clarify which charges apply to PARCAs and why they apply. In response to the question raised at the last meeting about what would happen if the PARCA was issued in September and signed/counter signed in October – would it be reissued with update termination amounts? CH confirmed that the security amount that is included in the PARCA documents is based on the prices in the Charging Statement applicable when the PARCA is to be issued. It would not be reissued, with updated security amounts, if the prevailing average price in the charging statement is different when signed to when it was issued. In response, Julie Cox (JCx) asked if it was sufficiently clear in UNC and other related documents. In addition, Graham Jack (GJ) asked if the PARCA contract itself is clear. It was agreed that this action should be closed, and a new action raised. **Closed.**

**New Action 1202:** National Grid (CH) to clarify what changes are needed to UNC/other related documents and to also consider the 28-day acceptance period and when extensions to this standard period are needed.

**1002:** National Grid and Joint Office to consider the timescales required to support FCC

developments and ensure sufficient meetings are in place.

**Update:** This action was closed and could be revisited when the FCC update is provided in January. **Closed**

**1003:** All parties to review the one page principles and assumptions summary for Forecasted Contracted Capacity from April 2017, available on the NTSCMF Documents Library at: <http://www.gasgovernance.co.uk/index.php/ntscmf/subg1page>

**Update:** Workgroup agreed that this action can be closed. **Closed**

**Action 1101:** National Grid (CW) to explain why the charges are going up and to provide supporting information to provide industry with a more detailed breakdown.

**Update:** Covered under agenda item 2.1 so this action was closed. **Closed**

**Action 1102:** Energy UK to liaise with Ofgem to enable consideration of potential evidence of distortion in relation to the impact assessment of the suite of 0621 Modifications.

**Update:** JCx informed Workgroup that she had held discussions with Ofgem and that Ofgem now understood the distortion issues better. The outcome of the UNC 0621 decision may indicate how these distortions will be addressed in future. Workgroup agreed this action can be closed. **Closed**

## 7. Any Other Business

None.

## 8. 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:

Time / Date	Venue	Workgroup Programme
10:00 Thursday 10 January 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Standard Workgroup Agenda
10:00 Tuesday 05 February 2019	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup Agenda
10:00 Tuesday 05 March 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Standard Workgroup Agenda
10:00 Tuesday 02 April 2019	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup Agenda

Action Table as at 04 December 2018

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
NTSCMF0801	01/08/18	2.1	National Grid (CW) to provide an update at the November meeting on Long Term Revenue Forecast.	National Grid NTS (CW)	<b>Closed</b>
NTSCMF0901	04/09/18	7.1	National Grid (CW) to confirm if PARCA applications are made before 01 October which charge will apply (i.e the live charge before 01 October) and to clarify when the charges are published and go live.	National Grid NTS (CW)	<b>Closed</b>
NTSCMF 1002	02/10/18	4.0	National Grid and Joint Office to consider the timescales required to support FCC developments and ensure sufficient meetings are in place.	National Grid NTS & Joint Office	<b>Closed</b>
NTSCMF 1003	02/10/18	4.0	All parties to review the one page principles and assumptions summary for Forecasted Contracted Capacity from April 2017, available on the NTSCMF Documents Library at: <a href="http://www.gasgovernance.co.uk/index.php/ntscmf/subq1page">http://www.gasgovernance.co.uk/index.php/ntscmf/subq1page</a>	All	<b>Closed</b>
NTSCMF 1101	06/11/18	2.1	National Grid (CW) to explain why the charges are going up and to provide supporting information to provide industry with a more detailed breakdown.	National Grid NTS (CW)	<b>Closed</b>
NTSCMF 1102	06/11/18	6.0	Energy UK to liaise with Ofgem to enable consideration of potential evidence of distortion in relation to the impact assessment of the suite of 0621 Modifications.	Energy UK (JCx)	<b>Closed</b>
NTSCMF 1201	04/1218	3.0	National Grid (CH) to provide more information on a) the reasons for the increase in SO charges. In particular, to provide a breakdown of the percentage contribution of the main drivers (cyber security, shrinkage, fuel price increases) and b) to provide a view on 2019 and 2020 SO allowed revenue costs.	National Grid (CH)	<b>Pending</b>
NTSCMF 1202	04/1218	7.0	National Grid (CH) to clarify what changes are needed to UNC/other related documents and to also consider the 28-day acceptance period and when extensions to this standard period are	National Grid (CH)	<b>Pending</b>

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