

UNC Transmission Workgroup Minutes

Thursday 01 August 2019

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

Attendees

Chris Shanley Chair)	(CS)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates*	(AB)	South Hook Gas
Andrew Blair*	(AB)	Interconnector
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Bethan Winter*	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CR)	Exxon Mobil
David Cox*	(DC)	London Energy Consulting
Elaine Calvert*	(EC)	Waters Wye Associates
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JC)	SSE
John Costa*	(JC)	EDF Energy
Julie Cox*	(JCx)	Energy UK
Lea Slokar*	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid NTS
Phil Hobbins	(PH)	National Grid NTS
Rachel Hinsley*	(RH)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Shiv Singh*	(SS)	Cadent
Sinead Obeng*	(SO)	Gazprom
Steve Britton*	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/010819>

1. Introduction

1.1. Approval of minutes (04 July 2019)

The minutes from the previous meeting were approved.

1.2. Ofgem update

An overview was provided by Lea Slokar (LS) of the Industry Updates document which covered the following topics:

- Minutes and presentations from the 29th BEIS-Ofgem European Stakeholder Group meeting for Gas
- Decision not to designate IUK as Materially Affected Party
- Ofgem sets out medium term objectives and priorities

- Approval of an amended BBL-NGG IA
- Modified Capacity Release and Capacity Methodology Statements
- Consultation on reforming the energy industry codes
- UNC685: Amendment of the UNC term 'Gas Deficit Warning' to 'Gas Balancing Notification'
- Call for Evidence: Change to existing arrangements for accessing Licence Baseline Exit Capacity at both Interconnection Points (IP) at Bacton.
- Uniform Network Code (UNC): 686 Removal of the NTS Optional Commodity Rate with adequate notice: Decision to carry out an Impact Assessment (IA)
- RIIO-2 Business plan submission and Ofgem's ongoing engagement with companies

1.3. Pre-Modification discussions

- 1.3.1. There were no pre Modification discussions.

2. Workgroups

2.1. 0662 - Revenue Recovery at Combined ASEPs

www.gasgovernance.co.uk/0662

2.2. 0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements

www.gasgovernance.co.uk/0669

2.3. 0671 – New Capacity Exchange process at NTS exit points for capacity below baseline www.gasgovernance.co.uk/0671

2.4. 0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events www.gasgovernance.co.uk/0688

3. European Updates

3.1. EU Code Update – (PH)

CS explained there was no EU Code update this month.

4. Issues

None.

5. Any Other Business

5.1. Capacity Access Review Update (MM)

Malcolm Montgomery (MM) provided an overview of the '*Capacity Access Review*' presentation and summarised the recent history behind the current proposal to continue to review access arrangements with industry. He explained that Ofgem's had decided not to include an NTS access review as part of RIIO2 business plan. He also explained that the proposal to have a review as part of the review of the NTS capacity methodologies and that a decision regarding *Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC* was still outstanding.

MM further explained that there was a separate piece of work taking place regarding reviewing the capacity baselines, which would remain part of RIIO-2. He added that reviewing the access arrangements was something that National Grid NTS would like to continue to undertake, however he said the scope was still undefined. He added that 'access' might be wider, than just the capacity, but capacity was the major focus from a National Grid perspective.

MM said from a next steps perspective, that a UNC Request could be raised in the last quarter of 2019, and that the scope could be defined within the September Workgroup meeting. MM added that National Grid NTS could alternatively lead these discussions themselves outside the formal Uniform Network Code (UNC) process. A brief general discussion took place and it was suggested by some Workgroup participants that from an administration point of view that the Request would be a better option.

Graham Jack (GJ) said that he had various concerns regarding the application of user commitment especially in relation to when capacity is below the baseline. He also felt that assignment at entry, capacity substitution, capacity reductions and governance could be covered. He expanded on the governance point by suggesting the methodology statements should be included in the UNC. He added that if Modification 0667 were to be approved then that could impact on what had just been approved by Ofgem in the methodology statements, and in turn, this could potentially affect the NEAs and NExAs, as they were part of access too.

Bill Reed (BR) proposed that this area was more far reaching than National Grid may have thought and would have impacts on not only the capacity processes but also this could affect the auctions, PARCA, trade and transfer and substitution, in short, all the products that currently exist, including potential reforms that may impact on the Forecasted Contracted Capacity (FCC). Anna Shrigley (AS) enquired regarding this area, obligated capacity levels and if National Grid NTS were also going to cover administration errors and MM said that administration errors were not in the remit presently.

Chris Wright (CW) said that he believed that some issues would impact the Licence and other areas within the UNC. MM and Phil Hobbins (PH) said that they would have an initial discussion with Ofgem about mindedness to open the Licence to avoid any wasted effort.

Julie Cox (JCx) said that a definite date should be set for parties to send their issues with clear boundaries, in order to allow an in-depth discussion at the September meeting. She added this was especially important as the RIIO business plan would be finalised in December 2019, and so the review would need to run in parallel. John Costa (JC) also suggested that PARCA could be discussed and encompassed with regards to value for customers and how this process fits in with the CLoCC project. He then added the need to explore zonal capacity, due to the declining demand situation. BR said for information that an 'access' review was ongoing in the electricity sector and there was potential for cross-fuel learning, as principles have been defined as well as content. He wanted to know what criteria National Grid NTS would use to assess potential reforms, as he felt care was needed as there might be an impact on existing rights to use the system. MM said that National Grid NTS don't in principle, support changes that would have a retrospective effect. BR said that the review should also inform the expectations of how the market will operate in the future, as much as what will be reviewed. He noted that '*0678 - Amendments to Gas Transmission Charging Regime*' will affect behaviour once the move is made to a capacity-based charging framework, hence the need to help the shippers plan for the future. He also said that focus was needed as there was a real risk to the shippers associated with the level of change and there could be risk to parties like RWE, who end up being charged with a larger share for one specific product due to other parties using a different one like short term interruptible. He reiterated that the approach and communication process from National Grid NTS was critical in this regard. CS said that the scope, principles, timescales, outputs for the review could be documented within a Terms of Reference and added that a flow diagram or schematic would be helpful to show overlaps of certain areas such as licence, RIIO, UNC, Charging Methodologies, etc. MM said that he would consider the various suggestions made as part of the next steps.

CS suggested that it would be helpful if Shippers provided any further suggestions to National Grid ahead of the next meeting. To assist with this CS asked that National Grid published the draft list as soon as possible.

New Action 0801: All Shippers to provide any specific issues for a Capacity Access Review and supporting rationale, to Malcolm Montgomery and Jennifer Randall by 23 August 2019
Email: Malcolm Montgomery Malcolm.Montgomery@nationalgrid.com
Jennifer Randall Jennifer.Randall@nationalgrid.com

New Action 0802: National Grid NTS (MM/JR) to provide an aggregated draft list of issues that could form part of a Capacity Access Review, as soon as possible but before 22 August 2019.

Chris Shanley (CS) then proposed that it would be useful for MM to have produced an outline of the Request or National Grid project document for the September meeting, in order to then have a draft document to build on. MM said he was not sure if there was presently sufficient information to do this, but that he would discuss this with Jennifer Randall, who would be presenting this topic at the September meeting.

5.2. Data Enhancement Project (RH)

Rachel Hinsley (RH) provided an overview of the Data Enhancement Project, following the previous update given by Mark Rixon in the last meeting. She said that the demand data that National Grid NTS had recently begun to publish, was not currently subject to any UNC governance (whereas gas supply data publication obligations appear in UNC section V, since Modification 0006.)

She presented the proposed options of how this might be addressed via the UNC Data Dictionary and or included with the UNC. She explained that the preferred option from a National Grid NTS perspective was to remove the supply data from the UNC and have supply and demand data in the Data Dictionary, which has a the UNCC approvals process. A general discussion took place and it was the Workgroups preference to have both sets of data publication requirements in the same place and that this should be within UNC. This would mean keeping the supply data in the UNC and adding the demand data to it. The general consensus of opinion within the Workgroup, was that the Data Dictionary option would remove a layer of scrutiny and so the UNC process was more desirable for any major changes to maximise visibility for the industry. BR said that this was his preferred option, due to the market sensitive information that was captured, hence the need for strict governance, should the system fail. CS suggested that it may be appropriate to have some information in both the UNC and UNC Data Dictionary and that 2 levels of governance may be complementary.

New Action 0803: National Grid NTS (RH) to consider the views and opinions of the Workgroup and provide a revised more detailed proposal for the September meeting.

6. Review of Outstanding Actions

There were no outstanding actions.

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 05 September 2019	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications
10.00, Thursday 03 October 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications
10.00, Thursday 07 November 2019	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications
10.00, Thursday 05 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 01 August 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	01/08/19	5.1	All Shippers to provide any specific issues for a Capacity Access Review and supporting rationale, to Malcolm Montgomery and Jennifer Randall by 23 August 2019 Email: Malcolm Montgomery Malcolm.Montgomery@nationalgrid.com Jennifer Randall Jennifer.Randall@nationalgrid.com	All Shippers	Pending
0802	01/08/19	5.1	National Grid NTS (MM/JR) to provide an aggregated draft list of issues that could form part of a Capacity Access Review, as soon as possible but before 22 August 2019.	National Grid NTS (MM/JR)	Pending
0803	01/08/19	5.2	National Grid NTS (RH) to consider the views and opinions of the Workgroup and provide a revised more detailed proposal for the September meeting.	National Grid NTS (RH)	Pending