

**NTS Charging Methodology Forum (NTSCMF) Minutes**  
**Tuesday 03 October 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alex Nield	(AN)	Storengy
Alistair Craig	(AC)	Ofgem
Amy Howarth	(AH)	Storengy
Anna Shrigley	(ASh)	Eni
Anthony Miller	(AM)	South Hook Gas
Ash Adams	(AA)	National Gas Transmission
Brian McGlinchey	(PM)	Pavilion Energy
Christiane Sykes	(CS)	Shell
Chris Wright	(CW <sub>r</sub> )	Exxon Mobil
Colin Williams	(CW <sub>i</sub> )	National Gas Transmission
Conor McClarin	(CM)	National Gas Transmission
David Bayliss	(DB)	National Gas Transmission
Jeff Chandler	(JCh)	SSE
Joseph Glews	(JG)	Ofgem
Karen Cashio	(KC)	Ofgem
Kieran McGoldrick	(KM)	National Gas Transmission
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJ)	RWE
Lucy Manning	(LM)	BP
Mariachiara Zennaro	(MZ)	Centrica
Marion Joste	(MJ)	Eni
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	Sisman Consult
Oliver Weston	(OW)	Ofgem
Oreoluwa Ogundipe	(OO)	Interconnector
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Observer
Stephen Huang	(SH)	CCI
Terry Burke	(TB)	Equinor
<p><i>Please note that NTSCMF meetings will be quorate where there are at least six participants attending, of which at least two shall be Shipper Users and one Transporter is in attendance.</i></p> <p><i>Please note these minutes do not replicate/include 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 all papers are available at: <a href="https://www.gasgovernance.co.uk/ntscmf/031023">https://www.gasgovernance.co.uk/ntscmf/031023</a></i></p>		

**1. Introduction and Status Review**

Eric Fowler (EF) welcomed delegates to the meeting.

**1.1. Approval of Minutes (05 September 2023)**

The minutes from the September 2023 meeting were approved.

## 1.2. Approval of Late Papers

EF noted the expected late paper for agenda item 4, Capacity and Revenue Monitoring.

## 1.3. Review of Outstanding Actions

**0301:** National Gas Transmission to consider the effect of the removal of non-obligated entry capacity revenue from capacity neutrality.

**Update:** Colin Williams (CWi) noted that this action, along with Action 0801 will be addressed together with an update to be provided at the November 2023 meeting. The update that will be provided for Action 0801 will address any further concerns. **Carried Forward**

**0801:** National Gas Transmission (CWi) to Provide an overview, and an understanding of the reasons underpinning the current treatment, of recovered revenue for Entry Non-Obligated capacity and its inclusion in capacity neutrality. This will also cover thoughts on the potential impacts, for discussion, of changing the treatment of Non-Obligated Entry Capacity revenue.

**Update:** Please see Action 0301 for the update for this action. **Carried Forward**

## 1.4. Industry Update from Ofgem

Oliver Weston (OW) referring to the Ofgem Expected publication dates timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable> dated 22 September 2023 and highlighted the most recent updates:

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	Decision published 29 September 2023
0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024	Decision published 14 September 2023

## 1.5. Pre-Modification discussions

None

## 2. Workgroups

None

## 3. NTS Gas Charging Consultation

CWi clarified that National Gas Transmission are concluding its write-up and will provide their minded-to thoughts based on the consultation feedback and will provide a summary of considerations and next steps at Workgroup in November 2023.

## 4. Capacity and Revenue Monitoring

David Bayliss (DB) provided the Capacity and Revenue Monitoring Report summarising the entry capacity and revenue actuals against the forecast.

DB highlighted the differences in behaviours concerning capacity bookings for Entry and Exit.

### Exit Capacity & Revenue FY24 – August 2024

- Flows lower than forecast at the start of the Summer
- Entry and Exit capacity is very different.
- Forecasts for flows and revenue are now running close to actuals.

- Power Generator sites that do not hold enduring capacity were flowing and opposite is true for those that do hold enduring capacity were not flowing

### Entry Capacity & Revenue FY24 – August 2024

DB advised:

- £50 million was under collected during the first 5 months of the year.
- Under collections attributable to forecasts of LNG, lower entry level of flows, Beach terminals not holding existing contracts and flowing lower than forecasted.
- Seeing lower entry capacity revenues that predicted.

### 5. Gemini Sustain Plus Update

Kirsty Appleby (KA) advised that all updates will be provided to the Transmission Workgroup going forward. It is not expected that updates will be provided to NTSCMF.

### 6. Any Other Business

None raised.

### 7. Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 07 November 2023	5pm Monday 30 October 2023	Via Microsoft Teams	Standard Workgroup Agenda
10:00 Tuesday 05 December 2023	5pm Monday 27 November 2023	Via Microsoft Teams	Standard Workgroup Agenda

NTSCMF Action Table						
Action Ref	Meeting Date(s)	Minute Ref	Action	Reporting Month	Owner	Status Update
0301	07/03/23	1.3	National Gas Transmission to consider the effect of the removal of non-obligated entry capacity revenue from capacity neutrality. <i>Would NGT consider this to be a helpful change? Does NGT consider that there are other necessary, or desirable changes (in UNC and/or Licence) to appropriately manage non-obligated entry cashflows?</i>	August 2023 November 2023	National Gas Transmission (CW <sub>i</sub> )	Carried Forward
0801	01/08/23	1.3	National Gas Transmission (CW <sub>i</sub> ) to provide an overview, and an understanding of the reasons underpinning the	October 2023 November	National Gas Transmission (CW <sub>i</sub> )	Carried Forward

			current treatment, of recovered revenue for Entry Non-Obligated capacity and its inclusion in capacity neutrality.	2023		
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**UNC Workgroup 0857**  
**Revision to the Determination of Non-Transmission Services Gas**  
**Year Target Revenue**  
**Tuesday 03 October 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alex Nield	(AN)	Storengy
Alistair Craig	(AC)	Ofgem
Amy Howarth	(AH)	Storengy
Anna Shrigley	(ASh)	Eni
Anthony Miller	(AM)	South Hook Gas
Ash Adams	(AA)	National Gas Transmission (Proposer)
Brian McGlinchey	(PM)	Pavilion Energy
Christiane Sykes	(CS)	Shell
Chris Wright	(CW <sub>r</sub> )	Exxon Mobil
Colin Williams	(CW <sub>i</sub> )	National Gas Transmission
Conor McClarin	(CM)	National Gas Transmission
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Jeff Chandler	(JCh)	SSE
Joseph Glews	(JG)	Ofgem
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Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Observer
Stephen Huang	(SH)	CCI
Terry Burke	(TB)	Equinor

*The Workgroup Report is due to be presented at the UNC Modification Panel by 18 January 2024.*

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate/include 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 all papers are available at: <https://www.gasgovernance.co.uk/0857/031023>*

## 1.0 Outline of Modification / Request

Ash Adams (AA) introduced the Modification and explained that the current methodology to set the target revenue for Non-Transmission charges only considers Allowed Revenue for the Formula/Regulatory Year (Apr-Mar) that ends in the Gas(Tariff) Year (Oct–Sept). He explained that this Modification would revise the method used to determine Gas Year target revenue by considering the Allowed Revenue for both Formula Years that make up the Gas Year instead of only focusing on the Formula Year that ends in the Gas Year as is currently done.

### Solution

AA advised that the proposed solution mirrors the solution that was implemented for Transmission Services through [Modification 0796 - Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging](#), across to Non-Transmission Services.

### Timeline and Assumptions

AA noted that the aspiration is to receive a decision from Ofgem on the Modification before the end of May 2024 so that a full view of the regime is known at the time of the Transmission Services Charge setting at the end of May 2024. This will allow the changes to be applied to the charges applicable from October 2024 onwards.

AA provided an example which incorporated the assumed implementation in time for October 2024 charges, when any revenue smoothing effect would begin.

## GNTS Revenue and Charge Impacts

		Oct-23	Oct-24	Oct-25	Oct-26	Oct-27	5 Year Total
Existing Methodology	GNTS Charge (p/kWh)	0.0533	0.0125	0.0309	0.0209	0.0295	
	FY Revenue Collected (£m)	826.729	493.106	408.579	420.401	433.684	2582.499
	FY Under-Over Collection	-99.738	100.213	0.043	-0.391	0.267	0.394
Proposed Methodology	GNTS Charge (p/kWh)	0.0533	0.0159	0.0251	0.0251	0.0267	
	FY Revenue Collected (£m)	826.729	526.084	373.423	426.284	431.267	2583.786
	FY Under-Over Collection	-99.738	133.191	-35.114	5.491	-2.15	1.680

Additional analysis has been carried out which was shown on the material provided and showed four different scenarios that model the impacts the Modification would have if Allowed Revenues for 2024 onwards were to change substantially from the indicatives.

Please see the published material here: <https://www.gasgovernance.co.uk/0857/031023> and note the values presented are for illustrative purposes only.

### Questions

Nigel Sisman (NS) noted that he was involved in [Modification 0796 - Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging](#) discussions and noted that there are many places where the words NGT estimates are written and requested an understanding of how the estimations are performed.

NS also commenting on the references to the allowed formula year for Non Transmission Services revenue notes the values of the terms Kt and requested to see how the mechanics would be applied in the first year and subsequent years.

AA agreed to present the next layer of granularity including assumptions and how the calculations are made at the next meeting in November 2023.

NS asked whether NGT would bring the spreadsheets and lists of assumptions to the Workgroup as these would be helpful to aid transparency and allow others to replicate the calculations.

AA confirmed that there are assumptions that would be brought to the next workgroup but NGT would be unlikely to bring forward all of the worksheets as these delve into a great level of detail. CWi added that the calculations are replicable.

**New Action 1001:** National Gas (AA) to present the next layer of granularity including assumptions and how the calculations are made.

**2.0 Initial Discussion incorporated**

**2.1. Issues and Questions from Panel**

None raised.

**2.2. Initial Representations**

None received.

**2.3. Terms of Reference**

The standard UNC Workgroup Terms of Reference will apply and is available at [www.gasgovernance.co.uk/mods](http://www.gasgovernance.co.uk/mods)

**3.0 Next Steps**

The following next steps were confirmed:

NGT to bring information to the next workgroup that will set out the assumptions that are made in coming to the forecasts that would be used in the proposed calculation under the Mod.

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Tuesday 07 November 2023	5pm Monday 30 October 2023	Microsoft Teams	Detail planned agenda items. <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> <li>• Review of Relevant Objectives</li> <li>• Consideration of Wider Industry Impacts</li> </ul>
10:00 Tuesday 05 December 2023	5pm Monday 27 November 2023	Microsoft Teams	<ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> <li>• Review of Relevant Objectives</li> <li>• Consideration of Wider Industry Impacts</li> <li>• Consideration of Legal Text</li> <li>• Development of Workgroup Report</li> </ul>

10:00 Tuesday 09 January 2024	5pm Friday 29 December 2023	Microsoft Teams	• Completion of Workgroup Report
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NTSCMF Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1001	03/10/23	1.0	National Gas (AA) to present the next layer of granularity including assumptions and how the calculations are made.	November 2023	National Gas (AA)	<b>Pending</b>