

UNC Workgroup 0605S Minutes
Amendments to TPD Section K - Additional Methods to Procure and
Dispose of Operating Margins Gas
Thursday 04 May 2017
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Andrew Blair	(AB)	Interconnector UK
Anna Shrigley	(AS)	Eni UK
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JC)	EDF Energy
Karen Visgarda (Secretary)	(KV)	Joint Office
Les Jenkins	(LJ)	Joint Office
Malcolm Montgomery	(MM)	National Grid NTS
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Rebecca Hailes (Chair)	(RH)	Joint Office
Sarah Carrington	(SC)	National Grid NTS
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall
Steve Pownall*	(SP)	Xoserve
Terry Burke	(TB)	Statoil

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0605/040517>

1.0 Introduction and Status Review

1.1. Review of Minutes (06 April 2017)

The minutes of the previous meeting were approved.

2.0 Review Amended Modification

Not discussed in the meeting, as the amended modification will be reviewed in the June Meeting.

3.0 Consideration of Business Rules

PH overviewed the Commercial Business Rules – ‘*Operating Margins Trading Error Business Rules*’ document in relation to the modification, specifically regarding the *System Operator Trading Error in respect of Procurement or Disposal of Gas for Operating Margins Services*.

PH explained that more detail had been requested concerning what the process would be for trading errors. He stated that the rules had been specifically developed to describe the ‘trading error’ aspect of UNC Modification Proposal 0605S ‘*Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas*’ and that they were provided to assist the Workgroup’s discussions and did not constitute legal text.

He moved through the document and explained it was divided into the following sections:- Introduction, Operating Margins Summary, Process – definition, National Grid Obligations in the event of an error, Error Value Determination, Adjustment Mechanism, Reporting and Definition.

He drew attention to the “Operating Margins Trading Error” section and explained that this occurred where, in respect of a trade for Operating Margins gas procurement or disposal (executed by National Grid), it was identified by National Grid *ex post* that one or more of the following elements of the transaction were not consistent with the intention of the National Grid representative executing the trade:

- The trade **gas price** is different to that which the National Grid representative intended to be the gas price for the applicable trade; or
- The trade **gas volume** is different to that which the National Grid representative intended to be the gas volume for the applicable trade; or
- The relevant trade **date (or range of dates)** is different to that which the National Grid representative intended to be the relevant date (or range of dates) for the applicable trade.

He then explained the rectification activity in the Appendix 1 table, and overviewed the process if this should occur and also drew attention to example of the Weighted Average Cost Of Gas (WACOG) adjustment which was detailed in a table in Appendix 2. He continued to move through the document drawing attention to specific areas of note and all the document information can be found at:- <http://www.gasgovernance.co.uk/0605/040517>

JCh, GJ and PB all said this was a good initial first draft, but that they still would have liked more specifics on how the process would work in practice, rather than in the theory context. A lengthy general discussion took place regarding manifest errors and the timeline to report these and how this would be managed. LJ intervened in the discussion, saying that everyone should not lose sight of the fact that the modification had been raised in order to save a bit more money for the industry, and that in actual fact, National Grid NTS, could withdraw the modification, should they choose to. JCh, GJ and PB all said they understood this fact, but they were all seeking some safeguards in case an error did take place, and they did not want the Shipper community to be liable for any costs associated with these ‘errors’.

It was agreed that the Workgroup should provide feedback directly to PH, flagging any other areas of concern which should be taken into consideration.

PH said that he would include the Commercial Business Rules in the modification itself, thereby ensuring they would become part of Code and they would be added into the Solution section of the modification.

New Action 0501: National Grid NTS (PH) to include the Commercial Business Rules into the Solution section of the modification to ensure it becomes part of Code.

He said he would provide the Legal Text and the Amended Modification in readiness for the next meeting on 01 June 2017.

4.0 Consideration of Legal Text

Not discussed in the meeting, as the Legal text will be reviewed in the June Meeting.

5.0 Completion of Workgroup Report (if appropriate)

Not discussed in the meeting, as the Workgroup Report will be developed in the June Meeting.

6.0 Review of Outstanding Actions

New Action 0401: National Grid NTS (PH) to apply for a Panel extension until July and to produce Business Rules and Legal Text Reporting.

Update: PH said the Panel extension and the Business Rules had now been actioned, and the Legal Text would be available for the next meeting, so this part of the action should be carried forward to the next meeting. **Carried forward.**

7.0 Next Steps

RH confirmed her aspiration for the June meeting was to review the amended modification and the legal text and complete the workgroup report, together with addressing any outstanding actions ready for submission to July Panel.

8.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Time/Date	Venue	Workgroup Programme
Thursday 01 June 2017	Elexon, 350 Euston Road, London NW1 3AW.	Standard agenda plus: <ul style="list-style-type: none"> Review amended modification / Legal text Completion of Workgroup Report

Action Table (as at 04 May 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	06/04/17	4.0	National Grid NTS (PH) to apply for a Panel extension until July and to produce Business Rules and Legal Text Reporting. Update: <i>awaiting legal text only.</i>	National Grid NTS (PH)	Carried forward
0501	04/05/17	3.0	National Grid NTS (PH) to include the Commercial Business Rules into the Solution section of the modification to ensure it becomes part of Code.	National Grid NTS (PH)	Pending