

UNC Transmission Workgroup Minutes
Thursday 02 August 2018
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Alex Nield*	(AN)	Storenergy UK
Andrew Pearce	(AP)	BP
Bill Read	(BR)	RWE Supply & Trading GmbH
Colin Hamilton	(CH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Dickson*	(GD)	Interconnector
Graham Jack*	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Julie Cox*	(JCx)	Energy UK
Kirsty Ingham*	(KI)	ESB
Malcolm Montgomery	(MM)	National Grid NTS
Nicola Lond*	(NL)	National Grid NTS
Paul Brennan*	(PB)	Waters Wye Associates
Richard Fairholme*	(RF)	Uniper
Robin Dunne	(RD)	Ofgem
Sarah Carrington	(SC)	National Grid NTS
Shiv Singh*	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britten*	(SB)	GMO - NI
Terry Burke	(TB)	Equinor UK Ltd
William Webster	(WW)	Oil & Gas UK

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/tx/020818>

1. Introduction and Status Review**1.1. Approval of Minutes (05 July 2018)**

The minutes from the previous meeting were approved.

1.2. Ofgem Update

Robin Dunne (RD) provided a brief overview of the Industry update, covering the following topics:

- Statutory consultation to modify the RIIO-GT1 price control financial model to account for PARCA and Fleetwood;
- Decision to derogate IUK from certain articles of the EU Network Code on Tariffs;
- Notice to modify the GD1 Price Control Financial Model with respect to SGN's Voluntary Return;

- Decision on 2018 Low Carbon Networks Fund and Network Innovation Competition Successful Delivery Reward applications, and finally
- UNC Modifications 0636 / A / B / C / D: Updating the parameters for the National Transmission System.

There were no comments provided during the course of the presentation.

1.3. Pre-Modification Discussion

None.

2. European Update

In the absence of P Hobbins, MM provided an overview of the National Grid presentation pack, and the following key discussion points were captured:

EU Update

Brexit White Paper

MM provided an overview of the Governments recently published White Paper that seeks to set out its view of the future relationship with the EU. MM focused attention on the EU Internal Energy Market (IEM) aspects alongside the future ENTSO-E and ENTSOG membership options going forwards.

During the brief review there were no comments put forward by Workgroup participants.

Feedback from Brexit discussion at BEIS / Ofgem EU Gas Stakeholder Meeting – 25th July 2018

Moving on, MM provided a brief resume of the key aspects from the BEIS / Ofgem EU Gas Stakeholder meeting.

Once again, there were comments provided by those in attendance.

EU Data Exchange Consultation Update

During a brief review, MM focused attention on the proposed 04 October 2018 'ENTSOG and EASEE-gas related workshop (to be held in Brussels) footnote.

3. Workgroups

3.1. 0662 – Revenue Recovery at Combined ASEPs

(Report to Panel 18 April 2019)

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

4. Issues

Nothing to consider at this meeting.

5. Any Other Business

5.1. Impact of Decommissioned Sites – (MM)

Please refer to the discussions under outstanding action 0706 under item 6. below.

5.2. Connection Charging Statement consultation (Project CLoCC) – (NL)

NL provided a brief overview of the National Grid NTS presentation during which she highlighted that the effective implementation dates for UNC Modifications 0628S 'Standard Design Connections: PARCA process' and 0629S 'Standard Design Connections: A20 connection process modification' are 05:00 on 30 October 2018.

In considering the *'New Connection Application Fees'* slide, NL confirmed that the "Actual" type classification refers to an amount that is reconciled at the end of the work being undertaken (on a cost pass through basis whereby the party either received a refund, pays more, or 'no further monetary movement').

Moving on to consider the *'New PARCA Application Fees'* slide, NL pointed out that the 'complex' lane refers to what is in the current process, the existing fee.

In quickly reviewing the *'Industry Engagement Plan'* slide, NL advised that a communication would be issued via the Energy Networks Association (ENA) route in due course and that she would also provide a link to the Joint Office for inclusion within these minutes.¹

5.3. Review of Gas Security of Supply Notifications – (MM)

MM provided a brief overview of the National Grid NTS *'Review of Gas Security of Supply Notifications and Demand Side Response'* presentation during which TB suggested that the previous Gas Balancing Alert mechanism could be a good possible option to adopt in an amended form going forwards.

Focusing attention on the graphical representation on the *'1st March 2018 Projected end-of-day system imbalance'* slide, MM suggested that this ultimately demonstrates that the 'system' worked by the end of Day. When asked what the graph for the 28th might have looked like, MM responded by advising that he did not have the information available, he offered the opinion that this could be considered as part of a wider industry review.

When asked to provide views on the *'Questions for today'* slide, some parties felt that taking a year to implement the changes is unreasonable on the grounds that this matter has been discussed within the Operational Forum and could therefore potentially be implemented in time for this winter 2018/19.

BR observed that the market has moved on significantly (i.e. electricity cashout considerations; capacity market risks and factors, demand side factors and capacity constraint inflexibility aspects etc.) and that as a result, National Grid Gas (NGG) now lacks the tools to address the various risks and inflexibility aspects – in short, the gas market is now more vulnerable than in previous years.

It was also noted that in circa 10 years time the coal electricity generation provisions would not be at current levels and that furthermore storage changes could also have a potential impact. It was suggested that in 3 to 4 years time there would potentially be large CCEG impacts to consider. When MM acknowledged the points / concerns being raised, especially around the lack of management tools aspects, WW took the opportunity to point out that there are also some potential gas quality concerns that would also need consideration going forwards. It was suggested that 'small generators' are also potentially impacting on gas demand at a Distribution level and perhaps National Grid should consider engaging with these parties in due course, especially the electricity market operators. Some parties felt that there is now an element of urgency around these matters. Responding, MM noted the feedback and advised that he would pass the information to colleagues.

In looking to conclude discussions, BF noted that there are also some potential cross code (i.e. synergies between the gas and electricity arenas) aspects that might also need consideration.

5.4. Market Change Gas Newsletter – (MM)

MM advised that any party (or parties) wishing to receive the 'Market Change Gas Newsletter' should contact him directly.

¹ Post meeting note: National Grid NTS (NL) provided the following Connection Charging Statement Consultation link after the meeting, as follows: <https://www.nationalgrid.com/uk/gas/industrial-connections/applying-connection>

5.5. Recent National Grid Retirements – (MM)

MM advised that following the very recent retirement of both Matthew Hatch and Fergus Healy, any communications should be directed to the National Grid NTS gas team.

Participants requested their thanks be passed to Matthew and Fergus for their past contributions to Workgroup.

6. Review of Outstanding Actions(s)

0628 0102: National Grid NTS (PH) to provide information on how often National Grid NTS had accepted or declined non-obligated capacity requests in the past.

National Grid NTS to provide some constraint reasons for rejection of non-obligated capacity going back to Exit Reform 2012.

National Grid NTS to provide the same level of information given for long term non-obligated rejections for short term capacity.

[National Grid NTS to investigate what information is currently available, and what functionality is coming on the horizon, and as a consequence, what information might be able to be provided in future.](#)

Update: During a brief review of the National Grid NTS action response on the ‘*Historic Non-Obligated Capacity*’ slide 7, of the outstanding actions update, parties enquired why National Grid NTS appears unable to provide more granular information. Responding, MM and CH explained that they believe that the issue stems from a data extraction compatibility issue with the new system that necessitates an unnecessarily high level of manual intervention.

When it was suggested that regardless, the information would be extremely useful to Shippers, CH pointed out that there also some potential EU obligation aspects involved that would need to be considered.

MM agreed to investigate what information is currently available, and what functionality is likely to be made available, and as a consequence, what information might be able to be provided in future. **Carried Forward**

Action 0701: National Grid NTS (PH) and CDSP/Xoserve (SP) to investigate whether a cost associated with Ofgem not issuing a ‘minded to’ decision for the 0621 suite of Modifications could be identified.

Update: MM outlined the National Grid NTS response from the ‘*EU/GB Charging 2019 Implementation*’ slide 1, of the outstanding actions update, referencing to the ‘*Regulatory Change Programme*’ presentation.

SC provided a brief overview of the ‘*Regulatory Change Programme*’ presentation, explaining that as far as the Gemini Re-Platforming aspects are concerned, National Grid are not expecting any adverse Shipper community impacts.

As far as the ‘*GSE Key Milestones*’ diagram on slide 10 is concerned, the ‘Analysis’ element included input from both Xoserve and Wipro along with the output from the invoicing workshops.

Moving on to briefly consider the ‘*GRP Key Milestones*’ slide 11, SC pointed out that the analysis phase is currently ongoing and that at some point in the process, DSC Change Management Committee approval of any changes would be needed.

It was agreed that this action is now complete. **Closed**

Action 0702: National Grid NTS (PH) and CDSP/ Xoserve (SP) to provide detail on whether production of a ‘minded to’ notification on the decision for Modification 0621 and its alternatives would reduce the range of system implementation options and its effect on project delivery risk and dependencies.

Update: Please refer to action 0701 above. **Closed**

Action 0703: National Grid NTS (PH) and CDSP / Xoserve (SP) to articulate the potential impact of a late Ofgem decision on Modification 0621 and its alternatives after March 2019.

Update: When MM provided a brief overview of the National Grid NTS action response, those in attendance agreed that the action had been completed. **Closed**

Action 0704: National Grid NTS (PH) to produce a table for the August Transmission Meeting setting out how the different capacity auctions and capacity products for which period are planned to run from July to September 2019 and which pricing basis will apply.

Update: During a brief review of the National Grid NTS action response by MM, PB enquired whether or not there is an option for the two periods to overlap. Responding, MM explained that this would not be possible, as no such products exist that straddle September to October or an earlier month.

Thereafter, it was agreed that this action had been completed. **Closed**

Action 0705: National Grid NTS (PH) to provide more detail in respect of key contacts and project leads in relation to the EU and GB Charging Project.

Update: When MM provided a brief overview of the National Grid NTS action response, those in attendance agreed that the action had been completed. **Closed**

Action 0706: National Grid NTS (PH) to investigate the impact of the potential Theddlethorpe Terminal closure in regards to capacity and charging.

[National Grid NTS \(PH/MM\) and Ofgem \(RD\) to undertake consideration of the concerns being put forward by the Workgroup \(industry\) relating to items such as potential licence wording changes; consideration of potential legal impacts and EU aspects; a new methodology for managing dormant sites/points going forwards.](#)

Update: During a discussion around the National Grid NTS response to this outstanding action, MM confirmed that the information is based around the current LNG Charging Model.

It was then suggested that due to any potential impact of the UNC Modification 0621 and its alternatives, further consideration would be needed, especially relating to potential 'distance matrix' related distortions and Exit charge impacts. Whilst acknowledging the point, MM doubted whether undertaking further analysis would really benefit the modification or process development.

Continuing the debate, JCo pointed out that these matters have been a long standing concern that really should be dealt with now, and not get included in any forthcoming modeling exercises. In acknowledging the concerns being voiced, CH pointed out that there are also licence and legal implications involved, although he accepts that would / should not exclude the exploration of potential solutions. However, there are concerns about the potential removal of capacity aspects going forwards. Responding, JCo suggested that National Grid NTS and Ofgem should look at this issue and look to come up with a practical solution for what is not a baseline charges related matter. Furthermore, she believes that there are also some EU aspects that need considering as well.

When one parties suggested that there could be an issue around maintaining capacity for charging purposes, others suggested that perhaps National Grid NTS and Ofgem could also look at suitable wording changes within the licence itself. When asked whether or not Ofgem have a view on how we should take this matter forwards at this time, RD responded by advising that other than the baseline and RIIO-2 discussions, he is unaware that Ofgem have consider this matter in any detail.

Whilst acknowledging the points being put forward, MM warned that care is needed when considering the removal of dormant sites from the Charging Model in order to avoid distortion of (and impact on) the reference price aspects.

BF suggested, and those in attendance agreed that the action should be amended to also include National Grid NTS and Ofgem undertaking consideration of the concerns being put forward (i.e. potential licence wording changes; consideration of potential legal impacts and EU aspects; a new methodology for managing dormant sites/points going forwards).

In noting that this is an October 2019 charging related concern, JCo suggested the issue needs resolving as soon as practicably possible to ensure the correct notice periods are observed.

When BR suggested that any proposals / potential solutions should be implemented alongside UNC Modification 0621 or an alternative, GJ suggested that this is really a licence change that may, or may not, align with any of the Modification 0621 alternative implementation requirements. When MM suggested that National Grid NTS could also look to identify aspects that DO NOT impact on the licence and therefore examine any transitional and a RIIO-2 enduring solution, JCo pointed out that this is not simply a concern relating to UNC Modification 0621, but is 'linked' to wider charging related concerns. It was suggested that there are two potential elements involved, namely amendment of the licence and identification and management of the dormant sites issue.

When asked for a view on what is the potential magnitude (in percentage terms) involved and what is the potential impact of Milford Haven has on the 50:50 Entry / Exit matches, MM responded by advising that whilst he was unaware of the Barrow price impacts, he would investigate and provide a response in due course. At this point GJ pointed out that the 50:50 aspects relate to balancing.

When MM observed that any licence change aspects would be 'limited' by RIIO-2, BF suggested that the Workgroup should consider the best mechanism for feeding back progress updates – in short, this is most likely via both the NTSCMF and Workgroup 0662 routes.

It was agreed to carry forward this action, pending further updates. **Carried Forward**

Action 0707: National Grid NTS (PH) to look into providing a list of sites that are in the licence with no baseline and those that have never had capacity booked against, and those which are known to be no longer be operational.

Update: When MM provided a brief overview of the National Grid NTS response, JCo wondered what the 'known to no longer be operational' statement actually meant. Responding, MM agreed to investigate and provide clarification at the next Workgroup meeting. **Carried Forward**

Action 0708: National Grid NTS (PH) to investigate in the event that a competing auction for the NTS exit capacity were introduced at Bacton, to make available the exit capacity that is the sole preserve of IUUK to be made available to BBL Shipper, in the event another Shipper wanted to access interruptible capacity at Bacton would there be a Risk Profile change?

Update: Responding to a question from JCo around the potential impact on interruptible capacity, MM provided a suitable response at which point those in attendance agreed that this action was now completed. **Closed**

Action 0709: Ofgem (RD) to investigate whether both the NRAs would need to consult in relation to a change at the interconnection point, and whether this would be a requirement under CAM or other European legislation.

Update: Following a brief discussion led by RD, within which he confirmed that following discussions in June around how CAM Capacity might work, Ofgem (he) does not think there is a need to engage with the NRAs it was agreed by those in attendance that this action had now been completed. **Closed**

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 September 2018	Radcliffe House, Blenheim Court, Warwick Road,	Transmission Workgroup standard Agenda

	Solihull B91 2AA	
10.00, Thursday 04 October 2018	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda
10.00, Thursday 01 November 2018	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Transmission Workgroup standard Agenda
10.00, Thursday 06 December 2018	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda

Action Table (as at 02 August 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0628 0102	04/01/18	2.0	<p>National Grid NTS (PH) to provide information on how often National Grid NTS had accepted or declined non-obligated capacity requests in the past.</p> <p>National Grid NTS to provide some constraint reasons for rejection of non-obligated capacity going back to Exit Reform 2012.</p> <p>National Grid NTS to provide the same level of information given for long term non-obligated rejections for short term capacity.</p> <p>National Grid NTS to investigate what information is currently available, and what functionality is coming on the horizon, and as a consequence, what information might be able to be provided in future.</p>	National Grid NTS (PH/MM)	Carried Forward
0701	05/07/18	2.0	National Grid NTS (PH) and CDSP/Xoserve (SP) to investigate whether a cost associated with Ofgem not issuing a 'minded to' decision for the 0621 suite of Modifications could be identified.	National Grid NTS (PH) & CDSP/Xoserve	Update provided. Closed
0702	05/07/18	2.0	National Grid NTS (PH) and CDSP/ Xoserve (SP) to provide detail on whether production of a 'minded to' notification on the decision for Modification 0621 and its alternatives would reduce the range of system implementation options and its effect on project delivery risk and dependencies.	National Grid NTS (PH) & CDSP/Xoserve	Update provided. Closed
0703	05/07/18	2.0	National Grid NTS (PH) and CDSP / Xoserve (SP) to articulate the potential impact of a late Ofgem decision on Modification 0621 and its alternatives after March 2019.	National Grid NTS (PH) & CDSP/Xoserve	Update provided. Closed

0704	05/07/18	2.0	National Grid NTS (PH) to produce a table for the August Transmission Meeting setting out how the different capacity auctions and capacity products for which period are planned to run from July to September 2019 and which pricing basis will apply.	National Grid NTS (PH)	Update provided. Closed
0705	05/07/18	2.0	National Grid NTS (PH) to provide more detail in respect of key contacts and project leads in relation to the EU and GB Charging Project.	National Grid NTS (PH)	Update provided. Closed
0706	05/07/18	5.1	National Grid NTS (PH) to investigate the impact of the potential Theddlethorpe Terminal closure in regards to capacity and charging. National Grid NTS (PH/MM) and Ofgem (RD) to undertake consideration of the concerns being put forward by the Workgroup (industry) relating to items such as potential licence wording changes; consideration of potential legal impacts and EU aspects; a new methodology for managing dormant sites/points going forwards.	National Grid NTS (PH/MM) & Ofgem (RD)	Carried Forward
0707	05/07/18	5.1	National Grid NTS (PH) to look into providing a list of sites that are in the licence with no baseline and those that have never had capacity booked against, and those which are known to be no longer be operational.	National Grid NTS (PH)	Carried Forward
0708	05/07/18	6.0	National Grid NTS (PH) to investigate in the event that a competing auction for the NTS exit capacity were introduced at Bacton, to make available the exit capacity that is the sole preserve of IUK to be made available to BBL Shipper, in the event another Shipper wanted to access interruptible capacity at Bacton would there be a Risk Profile change?	National Grid NTS (PH)	Update provided. Closed
0709	05/07/18	6.0	Ofgem (RD) to investigate whether both the NRAs would need to consult in relation to a change at the interconnection point, and whether this would be a requirement under CAM or other European legislation.	Ofgem (RD)	Update provided. Closed