

**Workgroup 0678 Summary of Outcomes**  
**Tuesday 26 February 2019**  
**at St John's Hotel, Warwick Road, Solihull, B91 1AT**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett / Cuin (Secretary)	(HBC)	Joint Office
Adam Bates	(AB)	SouthHook Gas
Alex Nield*	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Colin Williams	(CW <i>i</i> )	National Grid
Debra Hawkin	(DH)	TPA Solutions
Graham Jack*	(GJ)	Centrica
James Thomson*	(JT)	Ofgem
Jeff Chandler*	(JCh)	SSE
John Costa*	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes*	(KR)	ConocoPhillips
Kirsty Ingham	(KI)	ESB
Nick Wye	(NW)	Waters Wye Associates
Paul Whitton*	(PW)	Scotia Gas Networks
Paul Youngman*	(PY)	DRAX
Penny Garner	(PG)	Joint Office
Phil Lucas*	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Steve Pownall	(SP)	Xoserve
* via teleconference		
<b>Industry parties are strongly encouraged to review this document and the changes. Any comments should be sent to Joint Office at <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a></b>		
<b>Meeting material</b> available at: <a href="http://www.gasgovernance.co.uk/0678/260219">http://www.gasgovernance.co.uk/0678/260219</a>		
<b>Critical Actions Log</b> is available at: <a href="http://www.gasgovernance.co.uk/0678">http://www.gasgovernance.co.uk/0678</a>		
<b>Next Meeting</b> Wednesday 27 February 2019		

### Key Points/Decisions

1. The Workgroup briefly reviewed the previous meeting summary. PG welcomed any comments on the summary by close of play 26 February to enable the summary to be approved.
2. JT asked for the Joint Office to record that Ofgem will be dialling into to all future Workgroup meetings.
3. PG asked all industry participants to indicate their availability to attend the proposed late-night sessions on 04 and 06 March as these sessions can be opened until 8pm if the Workgroup requires.

4. NW reiterated from yesterday the key differences for Modification 0678F submitted by Storengy. He re-explained the concept of Unprotected System Entry Capacity and based on the German model that if the underlying price increases by more than 5% the holder of the capacity will be able to surrender some or all of the capacity they have acquired. Some analysis has been undertaken to understand the amount and value of capacity purchased for 2019. NW hoped to release some analysis but highlighted this would not be available for inclusion within the Workgroup Report. He therefore asked due to the timing and value of the analysis the possibility of not closing the Workgroup process down to allow the submission of the analysis.
5. The Workgroup considered the facilitation and sharing of analysis once consultation has begun and the ability for parties to submit analysis as part of the consultation process. The Workgroup also considered the ability to re-submit responses if the provided analysis would change their original response whilst still in the consultation phase. The Joint Office confirmed submitted representations can be amended and replaced whilst still in the consultation phase.
6. NW wished to note that the Workgroup Report will be very limited without analysis and the limited time parties have had to assess the content of the most recent Alternative Modifications. In light of the time required to produce the analysis, the Workgroup asked Ofgem about the possibility of extending the Workgroup Report date by one week to enable time for analysis to be included.
7. JT confirmed there was no intention for Ofgem to extend the period to produce the Workgroup Report. NW expressed his concern that Ofgem have not provided the Workgroup with justification for not extending the Urgency timeline, noting with the current timeline, that the 31 May 2019 target date for implementation cannot be achieved and challenged the accelerated timeline, bearing in mind the highlighted risk to Ofgem that the Workgroup Report will be sub-standard without appropriate analysis and will not assist the UNC Panel in making an informed decision/recommendation.
8. JT acknowledged that the process timeline was challenging and from the outset Ofgem had been very clear about Ofgem's expectations and stressed on numerous occasions that Alternative Modifications would need to be submitted in good time.
9. NW expressed concern over Ofgem's stance. The Workgroup expressed there were significant concerns about the quality of the Workgroup Report that could be produced within the current timeline. JCx noted that the stance by Ofgem does not enable the Workgroup to produce an adequate Workgroup Report with very limited analysis noting the burden this places on Ofgem to undertake an Impact Assessment.
10. NW briefly summarised the key difference for Modification 0678E submitted by Gateway LNG. He clarified that 0678E is the same as the 0678C SSE Modification with the storage discount currently proposed as [80%], and that there will be no Revenue Recovery Charges applied to storage capacity. The Workgroup continued to consider the compliance assessment for 0678E and updated the Workgroup Report.
11. The Workgroup considered the ability to include a cost estimate for system changes within the Workgroup Report.

<p><b>Action 01-2602:</b> EU/GB Project Team (Relevant National Grid project team) to provide a systems cost estimate and issues and feasibility update statement for inclusion in the Workgroup Report (Target date 01 March 2019)</p>
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12. The Workgroup considered the governance of the FCC Methodology and the differences between the Modifications to incorporate the FCC Methodology within the UNC or having the FCC Methodology reside outside the UNC. It was noted that if the FCC Methodology is not inserted into the UNC there would need to be a reference to the methodology within the UNC and an appropriate UNC Related Document.
13. The Workgroup noted since National Grid's amendment of Modification 0678 to v2 where the ENI Modification 0678D was different to Version 1.0 in terms of extending the Revenue Recovery Charge to include existing contracts this has now been changed within Modification 0678. The Workgroup considered whether 0678D was still required.

14. The Workgroup considered SSE's provided sensitivity analysis for 0678C Capacity Weighted Distance Reference Price Model. PY noted that it appeared that the 0678C model was giving the same results as the 0678 Model. Workgroup asked the proposers to check their models.
15. The Workgroup concluded proceedings for the day and to agreed to continue discussions tomorrow.

### The Critical Actions

The Actions recorded above will be available in the Action Log at:  
<http://www.gasgovernance.co.uk/0678/260219>

### Next Meeting

The next meeting will be held on Wednesday 27 February 2019 at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA.

Please note meetings will start at 9:30am and finish at 4:00pm.

Agenda and papers: <http://www.gasgovernance.co.uk/0678/270219>

Details of planned meetings available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Teleconference	Workgroup Programme
09:30 Tuesday 29 January 2019	St John's Hotel, Warwick Road, Solihull, B91 1AT	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG01 <ul style="list-style-type: none"> <li>• Approach</li> <li>• Compliance</li> </ul>
09:30 Thursday 31 January 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG02 <ul style="list-style-type: none"> <li>• Integration of RPM,</li> <li>• Forecasted Contracted Capacity (FCC),</li> <li>• Revenue Recovery</li> <li>• Existing Contracts</li> </ul>
10:00 Tuesday 05 February 2019	Elexon, 350 Euston Road, London NW1 3AW	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG03 <ul style="list-style-type: none"> <li>• Multipliers and Discounts</li> <li>• Shorthaul Approach</li> </ul>
09:30 Monday 11 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG04 <ul style="list-style-type: none"> <li>• Compliance</li> <li>• Forecasted Contracted Capacity (FCC)</li> </ul>
09:30 Wednesday 13 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701	WG05 - <b>Postponed</b>

		screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	
09:30 Thursday 14 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG06 <ul style="list-style-type: none"><li>• Non-Transmission Charges.</li><li>• Workgroup Report Approach</li><li>• Relevant Objectives</li></ul>
09:30 Monday 18 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 451-364-066 screen sharing <a href="https://join.me/bob.fletcher">https://join.me/bob.fletcher</a>	WG07 <ul style="list-style-type: none"><li>• Compliance</li><li>• Workgroup Report</li></ul>
09:30 Wednesday 20 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG07a (introduced as part of 0678B) <ul style="list-style-type: none"><li>• Assessment of Alternative solutions</li><li>• Workgroup Report</li></ul>
09:30 Monday 25 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG08 <ul style="list-style-type: none"><li>• Assessment of Alternative solutions</li><li>• Compliance</li><li>• Workgroup Report</li></ul>
09:30 Tuesday 26 February 2019	St John's Hotel, Warwick Road, Solihull, B91 1AT	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 451-364-066 screen sharing <a href="https://join.me/bob.fletcher">https://join.me/bob.fletcher</a>	<ul style="list-style-type: none"><li>• Assessment of 0678 Amended Modification (v2)</li><li>• Compliance</li><li>• Relevant Objectives</li><li>• Impact (results) of model 0678</li><li>• Comparison table 0678/A/B/C/D/E/F</li></ul>
09:30 Wednesday 27 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG09 <ul style="list-style-type: none"><li>• Legal Text (AM)</li><li>• Compliance</li><li>• Relevant Objectives</li></ul>
09:30 Thursday 28 February 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG09a (Envisaged as part of 0678C) <ul style="list-style-type: none"><li>• Assessment of Alternative solutions</li><li>• Workgroup Report</li><li>• Comparison table review</li><li>• Amended Mods</li></ul>
09:30 Monday 04 March 2019 (possible 8pm late finish)	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701	WG10 <ul style="list-style-type: none"><li>• Workgroup Report</li><li>• Compliance</li><li>• Relevant Objectives</li></ul>

		screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	
10:00 Tuesday 05 March 2019 (NTSCMF)	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG10a <ul style="list-style-type: none"><li>• Workgroup Report</li></ul>
09:30 Wednesday 06 March 2019 (possible 8pm late finish)	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<b>Teleconference Number</b> 0203 582 4515 <b>Conference ID</b> 401-706-701 screen sharing <a href="https://join.me/JointOffice">https://join.me/JointOffice</a>	WG11 <ul style="list-style-type: none"><li>• Finalise Workgroup Report</li></ul>