

Request Workgroup Individual Terms of Reference

0661R - Reconciliation and Imbalance Cash Out Prices

Date referred from Panel: 18 July 2018

Introduction

This is an Individual Terms of Reference that includes matters referred from Panel or identified within any initial representations. It replaces the standard Terms of Reference.

Purpose of Request

Please refer to <https://www.gasgovernance.co.uk/0661>

This Request aims to seek a method of incentivising Shippers to purchase the “correct amount” of gas for NDM sites, in advance of the gas day and support de-risking Shipper imbalance costs cash out, relative to reconciliation costs.

Topics for Discussion

- Understanding the objective
- Clarification and provision of evidence that the issue is material;
- Clarification and confirmation of the scope in the Terms of Reference for review at the September 2018 Panel meeting
- Assessment of any alternative means to achieve objective and identification of any compliance (or other) issues such options would present
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request where and if possible.

Output

To produce a Request Workgroup Report, for submission to the UNC Modification Panel on or before 21 March 2019, containing the assessment and recommendation(s) of the Workgroup.

Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be ordinarily be quorate provided at least two Transporter and two Shipper User representatives are present. However at the UNC Modification Panel on 16 August 2018, Panel Members agreed a pragmatic approach so that a 0661R Request meeting is quorate providing one Transporter attends.

Meeting Arrangements

Meetings will be administered by the Joint Office of Gas Transporters and conducted in accordance with the Code Administration Code of Practice (<https://www.gasgovernance.co.uk/cacop>)

Initial Feedback on Scope – as requested by Panel

The scope as drafted in the Request proposal was discussed at the first Request meeting (22 August 2018). The proposer confirmed that the scope should remain focussed on reconciliation of NDM sites in line with the Request proposal. Workgroup concluded it was unlikely that daily imbalance costs would be subject to change because it was believed that they were set in accordance with the EU Balancing Code (Regulation 312/3014) which (post-Brexit) will be reflected in domestic legislation (via a Statutory Instrument). This will be confirmed at the next meeting following receipt of action updates. Further discussion of whether the NDM reconciliation process is in scope will also take place at the next Workgroup meeting following receipt of action updates.