

Workgroup 0678 Summary of Outcomes

Wednesday 03 April 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett / Cuin (Secretary)	(HBC)	Joint Office
Adam Bates	(AB)	SouthHook Gas
Alex Nield*	(AN)	Storenergy
Anna Shrigley*	(AS)	ENI
Colin Williams	(CW <i>i</i>)	National Grid
Debra Hawkin	(DH)	TPA Solutions
Graham Jack*	(GJ)	Centrica
Henk Kreuze*	(HK)	Vermilion Energy (left at 10:15)
James Gudge	(JG)	National Grid
James Thomson*	(JT)	Ofgem
Jeff Chandler*	(JCh)	SSE
John Costa*	(JCo)	EDF Energy
Julie Cox	(JC <i>x</i>)	Energy UK
Kamla Rhodes	(KR)	ConocoPhillips
Kamila Nugumanova	(KN)	ESB
Nick Wye	(NW)	Waters Wye
Nitin Prajapati*	(NP)	Cadent
Paul O'Toole*	(POT)	Northern Gas Networks
Paul Youngman*	(PY)	Drax Power
Penny Garner	(PG)	Joint Office
Richard Pomroy*	(RP)	Wales & West Utilities
Sinead Obeng*	(SO)	Gazprom Marketing and Trading
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor
* via teleconference		
<p>Industry parties are strongly encouraged to review this document and the changes. Any comments should be sent to Joint Office at enquiries@gasgovernance.co.uk</p>		
<p>Meeting material available at: http://www.gasgovernance.co.uk/0678/030419</p>		
<p>Critical Actions Log is available at: http://www.gasgovernance.co.uk/0678</p>		
<p>Next Meeting Thursday 04 April 2019</p>		

Key Points/Decisions

1. RHa provided an overview of the planned topics for discussion and confirmed the Workgroup Summary for 02 April 2019 is expected to be published later today for approval on 04 April 2019. The Actions Log will also be updated and published.
2. The Workgroup considered the Vermilion analysis and captured comments within Section 4.12 Impact Analysis within the Workgroup Report.
3. The Workgroup considered how best to capture into the Workgroup Report the analysis not provided by Proposers. The Workgroup agreed to provide a link to any analysis (not provided within Modifications) which will be published on the website. It was also agreed that a key document summary table will be inserted into the Workgroup Report.
4. RHa reiterated if Proposers have appended documents to their Modifications this will be summarised within the summary table and appendices will be carried through within Part II of the Workgroup Report.
5. Whilst considering Vermilion's analysis it was requested that use of the **greatest** of the five data sets within the FCC requires further justification which has not yet been seen by Workgroup. It was suggested that National Grid should provide further clarity to explain why 'greatest of the five data sets' is used. This will then be added to the FCC section within the Workgroup Report.

Action 01-0304: National Grid to provide an explanation on how the current form of the FCC has been constructed with references to **greatest** of the five data sets and a view on why this is considered the best way. (Target Date **Friday 05 April 2019**)

6. The Workgroup considered the provided Storengy analysis. NW confirmed he will link the Storengy analysis within Modifications 0678E, 0678F, 0678G and 0678H. The Workgroup captured their comments within the Workgroup Report Section 4.12 Impact Analysis.
7. Whilst discussing the surrender process it was agreed this needed further consideration and better clarification within Modification 0678F.
8. The Workgroup considered Gazprom's 0678I analysis. SO provided a high-level summary of the analysis. The Workgroup captured their comments within the Workgroup Report Section 4.12 Impact Analysis. SO agreed to provide wording to help with this.

Action 02-0304: Gazprom (SO) to provide the Joint Office with a high-level overview of the analysis for Modification 0678I, and the key elements they wish to flag within the Part I of the Workgroup Report. (Target Date **Friday 05 April 2019**)

9. The Workgroup considered the 95% Ireland Security Discount. JT confirmed that when a Modification has been submitted it is compared against the GB Gas Market Relevant Objectives and legislative requirements by Ofgem. JT confirmed that there are requirements for neighbouring NRAs to be informed on consultations and Ofgem will follow what is required under legislation.
10. The Workgroup considered the increase of costs from the current regime to 0678 and the impact on bills for Irish Gas consumers.
11. Due to the restrictions on time the Workgroup agreed to close discussions on the Impact Analysis and focus discussions for the remainder of the day on considering the Relevant Objectives. RHa explained that the Relevant Objectives have been captured within a separate document and had been published at: <http://www.gasgovernance.co.uk/0678/020419>. The content will be incorporated into the Workgroup Report later.
12. RHa clarified that for each objective an assessment will need to be provided on whether the impact of the solution is negative, neutral or positive. The impacts will also need to be clearly explained, and for example it is not enough to simply state that there is a positive impact; a full rationale of specifically how competition is furthered must be provided.
13. The Workgroup pursued discussing and capturing comments within the Relevant Objectives Section of the Workgroup Report.

14. RHa noted that ENI had submitted a verbatim copy of the 0678D assessment of the Relevant Objectives, for consideration today. RHa reiterated the framework for the Workgroup Report and that information documented within the individual Modifications including appended documents will be carried through into Part II of the Workgroup Report. To avoid repetition as much as possible Part I will provide the overarching overview of the Relevant Objectives.
15. The Workgroup debated the definition of Relevant Objective b) (*the coordinated, efficient and economic operation of the combined pipe-line system*). There was a general view that this objective is focussed on the operation of the pipeline system and not general operations.

Action 03-0304: Centrica (GJ) to provide the link to the RIIO-T2 playback documents for the Workgroup Report Relevant Objective d), relating to maintaining the cost of the network.

16. The Workgroup reviewed the 0678 Comparison Table v5.0 and believed there may be some elements which were out of date. It was noted that for 0678J the publication of the FCC was not up to date

Action 04-0304: National Grid (PL) to confirm that V5.0 of the Comparison table (dated 27 March 2019) is the most current version and if not update where possible and send to Joint Office to be published,

17. The Joint Office agreed to record a 'Snagging List':
 - I. 0678A Relevant Objective D (page14)
 - II. Paragraph alignment
 - III. Review Implementation Section of WGR
18. The Workgroup noted that the Workgroup Report will need to capture the Workgroup's assessment on compliance. It was confirmed this will be the main topic for discussion/conclusion on the 08 April 2019. The current section number within the Workgroup Report was 4.9 Compliance.
19. The Workgroup noted that it still needed to review the DN Impact narrative published on 02 April 2019 at: <http://www.gasgovernance.co.uk/0678/020419>, to summarise any additional Workgroup comments following yesterdays discussions. JCx wished to understand the impact of interest payments (positive or negative), because of the two-year lag which will have cashflow impacts.

Action 05-0304: DNs to provide explanation of the impact of interest on the cash flow difference because of the two-year lag when adjusting their charging revenues (due Monday 08 April 2019)

20. It was noted that National Grid has not yet provided its work on Existing Contracts as requested by Ofgem for publication on 15 March 2019.
21. The Workgroup discussed and captured Workgroups comments on the Charging Relevant Objectives.
22. On concluding the meeting RHa confirmed the topics for discussion on Thursday 04 April 2019. These were; to finalise the OCR analysis and Legal Text.

The Critical Actions

The Actions recorded above will be available in the Action Log at:
<http://www.gasgovernance.co.uk/0678/030419>

Next Meeting

The next meeting will be held on Thursday 04 April 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/0678/040419>

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

**Workgroup 0678 Agenda Summary
(28 March 2019 through to 10 April 2019)**

Time / Date	Venue	Teleconference	Workgroup Programme	Purpose of the session (bold indicates finalisation)
09:30 Thursday 28 March 2019	St John's Hotel Warwick Road Solihull, B91 1AT	Teleconference 0203 582 4515 Conference ID 451-364-066 Screen sharing: https://join.me/bob.fletcher	WG 11	Review all Final Modifications Update WGR to include commentary on Modification features Review FCC Methodology and Existing Contracts Update WGR
10:00 Tuesday 2 April 2019 (Part of NTSCMF)	Elexon, 350 Euston Road London NW1 3AW	Teleconference 0203 582 4515 Conference ID 451-364-066 Screen sharing: https://join.me/bob.fletcher	WG12	Review and finalise Analysis
09:30 Wednesday 3 April 2019	Radcliffe House Blenheim Court Warwick Road Solihull B91 2AA	Teleconference 0203 582 4515 Conference ID 451-364-066 Screen sharing: https://join.me/bob.fletcher	WG13	Finalise Relevant Objectives
09:30 Thursday 4 April 2019	Radcliffe House Blenheim Court Warwick Road Solihull B91 2AA	Teleconference 0203 582 4515 Conference ID 451-364-066 Screen sharing: https://join.me/bob.fletcher	WG14	Finalise OCR Analysis (Workgroup Response) Finalise Legal Text
09:30 Monday 8 April 2019	St John's Hotel Warwick Road Solihull, B91 1AT	Teleconference 0203 582 4515 Conference ID 451-364-066 Screen sharing: https://join.me/bob.fletcher	WG15	Implementation Timings DN Impacts Finalise Relevant Objectives Finalise Compliance and commentary integration.
09:30 Wednesday 10 April 2019 Late session until 6pm	Radcliffe House Blenheim Court Warwick Road Solihull B91 2AA	Teleconference 0203 582 4515 Conference ID 451-364-066 screen sharing: https://join.me/bob.fletcher	WG16	Finalise commentary integration. Finalise WGR
<i>Thursday 11 April 2019</i>	<i>Joint Office Administrative Finalisation of Workgroup Report. Joint Office production of Draft Modification Report</i>			
<i>Friday 12 April 2019</i>	<i>Finalisation and Publication of Draft Modification Report 0678 for Consultation</i>			
<i>Monday 15 April 2019</i>	<i>Consultation commences</i>			

