

Workgroup 0678 Summary of Outcomes

Tuesday 05 March 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 (until 15:45) |
| Alex Nield | (AN) | Storengy UK |
| Andrew Pearce | (AP) | BP (until 15:45) |
| Anna Shrigley | (AS) | ENI (until 13:50) |
| Bill Reed | (BR) | RWE Supply & Trading |
| Christiane Sykes* | (CS) | Shell |
| Chris Wright | (CW _r) | Exxonmobil |
| Colin Williams | (CW _i) | National Grid (absent between 14:00-15:45) |
| Debra Hawkin | (DH) | TPA Solutions |
| Graham Jack* | (GJ) | Centrica |
| Henk Kreuze | (HK) | Vermilion Energy |
| James Gudge | (JG) | National Grid |
| James Thomson* | (JT) | Ofgem (until 13:50) |
| Jeff Chandler* | (JCh) | SSE |
| John Costa* | (Jco) | EDF Energy |
| Julie Cox | (JC _x) | Energy UK |
| Kirsty Ingham | (KI) | ESB |
| Nick Wye | (NW) | Waters Wye (until 12:30) |
| Nicky White | (NW _h) | npower |
| Paul O'Toole | (PO) | Northern Gas Networks (from 14:15) |
| Paul Youngman | (PY) | Drax Power |
| Pavanjit Dhesi* | (PD) | Interconnector |
| Penny Garner | (PG) | Joint Office |
| Richard Fairholme | (RF) | Uniper |
| Richard Pomroy | (RP) | Wales & West Utilities (joined 11:10-12:50) |
| Smitha Coughlan* | (SCo) | Wales & West Utilities (absent between 11:10-12:50) (left at 14:00) |
| 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/0678/050319</p> | | |
| <p>Critical Actions Log is available at: http://www.gasgovernance.co.uk/0678</p> | | |

Next Meeting Wednesday 06 March 2019

Key Points/Decisions

1. CS confirmed that Shell have not been in a position to raise the potential Shell Alternative as they have not been able to substantiate the need for an Alternative without the appropriate analysis. The Workgroup considered the current deadline to conclude the Workgroup Report on 06 March 2019 and the coinciding deadline for Alternatives. JT confirmed Ofgem's decision for the requested Workgroup Report extension is hoped to be provided verbally today or tomorrow.
2. The Workgroup considered the Workgroup Summary and the comments received from DH expressing concern that the Summary had not captured all topic discussions. PG asked DH to clarify which points were missing. DH referred to item 20 and the list of discussion topics provided to assist with drafting the Workgroup delivery plan if Ofgem were minded to provide an extension. PG confirmed the list was provided verbally and clarified yesterday in the proposed extended Workgroup schedule. The Workgroup approved the Summary for Thursday 28 February 2019.
3. The Workgroup considered the Forecasted Contracted Capacity (FCC) and the treatment of closed sites. The Workgroup report captured the concerns with the distortion of prices if left in. Clarity of treatment was requested.
4. The Workgroup considered Action 05-0403 and the forecasted data being used in the FCC Model and the FCC Values for the Interconnector. The Workgroup Report captured the concerns of the Workgroup within the Workgroup Report and the action was carried forward.
5. It was agreed that SC would provide a response to Action 02-0403 for the DNs via email.
6. The Workgroup considered the Postage Stamp method and the benefits of this compared to Capacity Weighted Distance (CWD), the pros and cons for each approach and the variance in relation to the OCC, Combined ASEP and storage discount. The Workgroup captured the key elements of the CWD and Postage Stamp approach within the Workgroup Report.
7. The Workgroup considered the initial representation from Manx Utilities published at: <http://www.gasgovernance.co.uk/0678/Reps>. Workgroup noted the points raised.
8. National Grid advised the Workgroup that an amended Modification 0678 v3 is anticipated by close of play 05 March 2019. The amendments will be in relation to revenue profiling, target revenue recovery, and to cater for a mid-year effective date. The Workgroup expressed concern about the timeliness of these changes and the knock on impact this may have on revisions of the Alternatives. The Workgroup considered the remaining time to consider late changes, which they believed could require extensive discussion particularly when considering the relevant objectives. The Workgroup discussed the ability of other Proposers and Workgroup participants to consider the extent of changes and be able to provide commentary for the Workgroup Report. It was suggested that the Workgroup capture their assessment as best as they can on the current version of the Modifications as at 1pm 05 March 2019 and in order to give fair and equal consideration for all Modifications that any amendments beyond this stage will not be re-assessed as there would be insufficient time to allow the Workgroup time to conclude the Workgroup Report.
9. The Workgroup requested that the Workgroup Report reflects that the Legal text for National Grid's Modification will be provided following completion of the Workgroup Report but during the consultation period.
10. AS clarified that dependent on the National Grid Modification 0678 amendments, ENI will be considering whether or not to withdraw 0678D.
11. The Workgroup considered and captured commentary for the Relevant Objectives.
12. The Workgroup discussed the ability to submit late comments for inclusion in the Workgroup Report and that any late comments submitted via email at this point cannot be appropriately assessed by the Workgroup for Workgroup Report commentary and that such late submissions will need to be considered during the consultation process.

13. The Workgroup considered and captured comments relating to the FCC governance and the differences between some Modifications which propose that the FCC Methodology is inserted **into** the UNC whereas others propose it resides under the UNC, others are unclear. The Workgroup discussed the method for providing the FCC Methodology and which approach provided better transparency, greater regulatory oversight and stability and therefore better facilitating competition.
14. The Workgroup considered the topics for discussion for 06 March 2019 Workgroup Meeting.

The Critical Actions

The Actions recorded above will be available in the Action Log at:
<http://www.gasgovernance.co.uk/0678/050319>

Next Meeting

The next meeting will be held on Wednesday 06 March 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/0678/060319>

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

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

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