

Workgroup 0678 Summary of Outcomes

Monday 18 February 2019

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

Attendees		
Penny Garner (Chair)	(PG)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI
Colin Williams	(CWi)	National Grid
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
Henk Kreuze*	(HK)	Vermilion Energy
James Gudge*	(JG)	National Grid
James Thomson*	(JT)	Ofgem
Jeff Chandler*	(JCh)	SSE
John Costa*	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsty Ingham	(KI)	ESB
Nitin Prajapati	(NP)	Cadent
Paul O'Toole*	(PO)	Northern Gas Networks
Paul Whitton*	(PW)	Scotia Gas Networks
Paul Youngman*	(PY)	Drax Power
Richard Fairholme	(RF)	Uniper
Smitha Coughlan	(SCo)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor
Will Webster*	(WW)	Oil & Gas UK
* 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/0678/180219</p>		
<p>Critical Actions Log is available at: http://www.gasgovernance.co.uk/0678</p>		
<p>Next Meeting day 20 February 2019</p>		

Key Points/Decisions

1. The Workgroup approved the summary of Workgroup discussions held on Thursday 14 February 2019.
2. The Workgroup reviewed all current Actions providing appropriate updates.
3. No pre-modifications were raised. PG reminded the Workgroup of the importance of submitting any potential Alternative Modifications. The Modification Panel will convene on Thursday 21 February 2019.
4. GJ introduced his compliance comparison assessment for Modification 0678C.

During discussions the following key elements were considered (by exception):

Article 6 – for clarification CWi advised how the model will work with regards to Reference Price Methodology (RPM), this is quite a complicated calculation, and is an option that can be included in to the model.

The CWD calculation, the mechanics of how the model calculates. Workgroup agreed for GJ to alter the wording around the sentence “multiplying by a constant with the aim of setting charges to recover”.

Article 7: It was confirmed that the cost of compressors, the asset cost, would be Transmission Services.

Article 9: GJ confirmed he is open minded about the % split quoted, 50% discount for Storage facilities and 0% for LNG facilities. GJ would be prepared to consider something should it be highlighted to him.

Article 12: RF asked for clarification with regards to the tariffs to be applied.

Ofgem clarified, this has been discussed at previous meetings and Ofgem are working through this as modifications develop.

JCh raised specific points with regards to signalling or surrendering capacity during the July Auctions and stated that, during the first 2 weeks of July, if the Industry know in advance the price of contracts, then the Industry can plan for their business requirements accordingly.

GJ confirmed this should be a well-managed implementation to enable planning for business requirements.

PG asked that all Proposers of all Modifications should produce their compliance assessment in the same format as submitted by 0678A and 0678B.

For clarification the three issues highlighted by Ofgem in their Modification 0621 decision letter were confirmed:

- The creation of ‘interim contracts
- The content of the proposed ‘transition period’; and
- The NTS Optional Charge.

5. Workgroup Report

The Workgroup considered wording for the Workgroup Report and a live update was completed. Consideration was given to the Compliance Assessments provided for 0678A and 0678B and Workgroup provided appropriate wording and produced a statement for inclusion in the Workgroup Report.

Action 01-1802: Any firm statements to be included in the Compliance section for Modifications that are currently live are to be provided by 22 February 2019 (Target date 22 February 2019)

Action 02-1802: Any firm statements to be included in the Compliance section for Modifications that are NOT currently live are to be provided by 01 March 2019 (Target date 01 March 2019)
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When asked, it was confirmed that Modification 0678B does not inhibit any Shipper User from accessing the Optional Capacity Charge.

The Workgroup discussed at length the risk of interruptions and the discount that would be applied. If a User is buying Interruptible capacity, then that User is buying the risk of interruption.

The Workgroup went on to discuss the following issues raised by RF:

Shorthaul

There are no rules at the moment for a User to come off the existing offer from National Grid relating to Shorthaul.

RF advised he would like to see some Rules on how Users can be taken off the existing Shorthaul rate.

GJ clarified that there is a section in 0678B Optional Capacity Charge solution (Transition Arrangements) that should be adequate, but RF will review.

Historical Contracts

When capacity is traded, Article 35 protects capacity contracts that are concluded prior to 06 April 2017.

For example, if in 2010 some capacity was traded that was purchased in 2008, would that capacity receive special treatment under any of the Modifications that 0678 has currently.

CWi confirmed that for Storage, if Capacity is traded up until 6 April 2017 it is protected, anything after that date is not protected.

The Critical Actions

The Actions recorded above will be available in the Action Log at:
<http://www.gasgovernance.co.uk/0678/180219>

Next Meeting

The next meeting will be held on day 20 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: www.gasgovernance.co.uk/0678/200219

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

Workgroup 0678 Agenda Summary

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

			<ul style="list-style-type: none"> 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 Solihull B91 2AA	Teleconference Number 0203 582 4515 Conference ID 401-706-701 screen sharing https://join.me/JointOffice	WG05 - Postponed
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 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 Workgroup Report

09:30 Thursday 28 February 2019 (Provisional)	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
09:30 Monday 04 March 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	WG10 <ul style="list-style-type: none"> Workgroup Report Compliance
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	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