

Workgroup 0678 Summary of Outcomes

Thursday 28 February 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)	Storengy UK
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI
Bill Reed	(BR)	RWE Supply & Trading
Colin Williams*	(CWi)	National Grid
David O'Neill*	(DON)	Ofgem
Debra Hawkin	(DH)	TPA Solutions
Graham Jack*	(GJ)	Centrica
James Gudge	(JG)	National Grid (13:55)
Jeff Chandler*	(JCh)	SSE
John Costa*	(JCo)	EDF Energy
Kirsty Ingham	(KI)	ESB
Paul Whitton	(PW)	SGN
Penny Garner	(PG)	Joint Office
Richard Fairholme	(RF)	Uniper
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>Please note the meeting was not Quorate between 13:30 – 13:55 whilst the Workgroup was considering the Workgroup Report's Relevant Objectives (see item 26/27)</p>		
<p>Meeting material available at: http://www.gasgovernance.co.uk/0678/280219</p>		
<p>Critical Actions Log is available at: http://www.gasgovernance.co.uk/0678</p>		
<p>Next Meeting Monday 04 March 2019</p>		

Key Points/Decisions

1. The Workgroup approved the Summary of Workgroup discussions held on Tuesday 26 February 2019.
2. The Workgroup Summary from Wednesday 27 February 2019 will be reviewed and approved on Monday 04 March 2019.

3. SO introduced Modification 0678I and provided a presentation. SO explained that the current Proposals on the table will have an impact on Ireland's customers, therefore 0678I proposes a discount to protect customers being impacted by higher costs. SO explained that Modification 0678I takes into account that the Moffat Interconnector is an infrastructure that ends isolation of Ireland, and therefore qualifies for a discount under Article 9 to ensure it continues to attract gas supplies; and provides a cost reflective solution for the transportation of gas across short distance; along with addressing the complexity of some of the Alternatives.
4. SO explained the introduction of a Wheeling charge. She confirmed that Wheeling is the transportation of gas from one entry point to an exit point in the same location or deemed to be in the same location (for example Bacton UKCS Entry and Bacton IP Exit would qualify). GJ requested that clarity is added to Modification 0678I to provide an explanation or a definition of 'same location' and how this will be deemed.
5. SO confirmed that Article 9 of the TAR NC allows discounts at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of member states. CWi did not believe in terms of Article 9 Part 2 there is any qualifying infrastructure in GB network. The Workgroup briefly reviewed Ofgem's decision letter for Modification 0621 and whether a view was provided on justification of Interconnector discounts. It was understood the Interconnector discounts were not specifically rejected by Ofgem however commentary was provided within the 0621 Annex 2. DON suggested that the Proposer needs to consider the views provided by Ofgem within the Annex.
6. BR enquired how infrastructure ending isolation is deemed to be so under Article 9 and whether ACER or the NRA do this. The Workgroup had opposing views on whether Moffat was a piece of infrastructure ending isolation.
7. DON suggested that GazProm should bring forward as much legal advice as possible as to whether Moffat is applicable under Article 9.
8. JCh questioned the relevance of the same location and the 400m rule. SO explained that the Wheeling Product Charge is used in other EU Member States and it is in essence the same as Shorthau, aimed at avoiding inefficient use of the network. It is an incentive to remain connected and use the NTS. It was requested that the Modification 0678I clarifies the purpose of Wheeling.
9. The Workgroup considered the mechanism for daily, monthly and quarterly nominations and the entitlement to a discount if not flowing gas against that nomination.
10. A number of observations were made for Modification 0678I which the Workgroup suggested meant that further clarity needs to be added to the Modification.
11. On concluding the introduction of Modification 0678I RF expressed concern about the ability for National Grid to provide Legal Text for the recently submitted Modifications. He believed 3 days would not allow sufficient time for the provision of additional Legal Text. RH clarified that the timing of Legal Text provision was considered yesterday, and it was recognised that finalised Legal Text 0678 will probably be available, however the Text for the Alternatives would not be available at the point the Workgroup Report needs to be concluded on 06 March 2019.
12. RF expressed concern about the timing of Modification 0678I and whether it would be sufficiently developed to allow the production of Legal Text for it to proceed. As a Panel member RF believed that Business Rules would be required to assist with the production of Legal Text. As the Modification was only conceptual it would make it difficult for the modification to proceed. RH urged Gazprom to consider providing more clarity within the Modification.
13. JCh provided the Workgroup with some suggested text for inclusion in the Workgroup Report relating to Modification 0678C's Revenue Recovery. GJ enquired about the system solution for Rough capacity and the development of Modification 0662 - Revenue Recovery at Combined ASEPs. This Modification was intended to provide protection for Rough or other abandoned storage facilities, JCh wasn't sure if the solution provided protection as a stand-alone single solution and if there were discriminatory points to consider. The Workgroup considered whether the suggested text should be added to the 0678C Modification or added to the Workgroup Report. Workgroup continued with

updating the Workgroup Report taking in to consideration the text submitted by JCh with counter-commentary.

14. The Workgroup considered how best to capture the appraisal of Capacity Weighted Distance (CWD) versus the Postage Stamp approach and avoiding repetition of concerns for each Modification. There was consensus to capture the high-level commonality which applied to all Modifications.
15. To assist with capturing views the Proposers were asked to consider what comments they would like included within the Workgroup Report. BR agreed to provide an appraisal for Postage Stamp for inclusion in the Workgroup Report. The Workgroup suggested one of the Proposers proposing CWD could undertake the appraisal. The appraisal should identify any problems with each model and how they impact TAR NC.

Action 01-2802: Proposers to provide a comparison appraisal of CWD verses Postage Stamp. (Target Date 04 March 2019).

16. PG asked the Workgroup to note that the Independent UNC Panel Chair has formally written to Ofgem to request an extension reflecting on the challenges and consider the treatment of any further alternatives. The Independent UNC Panel Chair has suggested the completion of the Workgroup is extended until 10 April. If Ofgem were to grant an extension the Workgroup would need to consider and provide a delivery plan, with a meeting schedule and topics that still require consideration, to enable the Workgroup to be concluded. DON expressed concern over potentially elongating the assessment process and wished to understand the clear benefits of providing an extension.

Action 02-2802: Joint Office to formulate a draft delivery plan by 10am on 04 March 2019 to share and agree with the Workgroup.

17. Some parties expressed concern about the timing of any consultation period, the timing of Easter and parties' commitments and planned work potential. GJ made a request that the Joint Office and the UNC Panel consider an additional two weeks for the consultation period to account for commitments parties may have made around the original timeline. The Workgroup agreed that the consultation period should not be shortened to take into account an extension to conclude the Workgroup Report. RH confirmed that the request for an additional two weeks would provide a consultation period of 6 weeks.
18. PG clarified that the current schedule meetings will still take place on the 04 March, 05 March and 06 March and the Workgroup will need to continue until a response from Ofgem is provided.
19. The Workgroup considered the Relevant Objectives within the Workgroup Report and captured the Workgroup's commentary.
20. PG provided a suggested list of discussion topics to assist with drafting the Workgroup delivery plan if Ofgem were minded to give an extension. DON enquired about the proceeding of further Workgroups and the progress that could be made with further meetings along with the potential for more Alternatives. He wasn't sure if an extension would place the Workgroup in a better position that it is in now. DON enquired if meetings could continue without being classified as Workgroup meetings. The Workgroup briefly considered the ability to disapply the Modification Rules which has never been used in the past but could be applied with approval from the Authority.
21. The Workgroup considered industry's ability to raise further Alternatives. BR believed there would be value on providing a clear steer on a deadline for Alternatives to allow focus on the key elements within the Modifications.
22. Workgroup explored whether Ofgem allowing Alternatives to 0678 could be reversed by Ofgem. DON confirmed that this had been considered previously but expressed concern that this would result in separate Urgent Modifications being raised.
23. The Workgroup considered the remaining scheduled meetings.
24. The Workgroup concluded Workgroup discussions and briefly reviewed the Agenda items for Monday 04 March 2019.

The Critical Actions

The Actions recorded above will be available in the Action Log at:

<http://www.gasgovernance.co.uk/0678/280219>

Next Meeting

The next meeting will be held on Monday 04 March 2019 at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA.

Note this meeting will begin at 10am.

Agenda and papers: <http://www.gasgovernance.co.uk/0678/040319>

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 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	WG06 <ul style="list-style-type: none"> • Non-Transmission Charges. • Workgroup Report Approach • Relevant Objectives

		screen sharing https://join.me/JointOffice	
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
10:00 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 screen sharing https://join.me/JointOffice	WG10 <ul style="list-style-type: none">• Workgroup Report• Compliance• Relevant Objectives
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	WG10a <ul style="list-style-type: none">• Workgroup Report

		screen sharing https://join.me/JointOffice	
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