

NTS Charging Methodology Forum (NTSCMF) Minutes
Tuesday 03 March 2020
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alsarif Satti	(ASa)	Ofgem
Andrew Pearce	(AP)	BP
Anna Shrigley	(ASh)	Eni Trading & Shipping
Bill Reed*	(BR)	RWE
Chris Wright	(CWr)	Exxon Mobil
Colin Williams	(CW)	National Grid
Dan Hisgett	(DHi)	National Grid
David Mitchell	(DM)	CIA
David O'Neill	(DON)	Ofgem
Debra Hawkin	(DH)	TPA Solutions
Henk Kreuze	(HK)	Vermilion Energy
Jeff Chandler*	(JCh)	SSE
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
Kirsty Ingham*	(KI)	ESB
Laura Johnson	(LJ)	National Grid
Nick Wye	(NW)	Waters Wye Associates Ltd
Nitin Prajapati*	(NP)	Cadent
Penny Garner	(PG)	Joint Office
Riccardo Rossi	(RR)	Centrica
Richard Fairholme*	(RF)	Uniper
Richard Pomroy*	(RP)	Wales & West Utilities
Sinead Obeng*	(SO)	Gazprom
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor

Copies of all papers are available at: <http://www.gasgovernance.co.uk/ntscmf030320>

1. Introduction and Status Review

Rebecca Hailes (RH) welcomed everyone to the meeting and invited introductions.

1.1. Approval of Minutes (11 February 2020)

RH explained the minutes had been subsequently amended by Ofgem following the meeting. The minutes from the previous were then approved.

1.2. Modifications with Ofgem

Alsarif Satti (ASa) provided a short overview on the status of Modifications presently with Ofgem as detailed below:

Modification 0678 – 0678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime. ASa confirmed the consultation closed on 24 February 2020, with 32 responses received in total. He confirmed Ofgem will publish the non-confidential responses and their summary on their website by 24 March 2020.

Modification 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC. ASa said the decision letter had been published on 20 February 2020, this can be viewed via the link: <https://www.ofgem.gov.uk/publications-and-updates/decision-reject-uniform-network-code-unc-667-inclusion-and-amendment-entry-incremental-capacity-release-net-present-value-test-uniform-network-code>

Modification 0686 – Removal of the NTS Optional Commodity Rate with adequate notice. ASa said that they were presently assessing the Modification.

Modification 0687 – Creation of new charge to recover Last Resort Supply Payments ASa said that Ofgem were exploring the implication of this Modification on the Licence conditions regarding the price cap.

Modification 0692S - Automatic updates to Meter Read Frequency ASa confirmed that they were considering the appeal and a decision would be made in due course.

1.3. Pre-Modification Discussions

1.3.1. Increasing the Storage Transmission Capacity Charge Discount to 80%

Nick Wye (NW) introduced the Modification and explained following Ofgem's 'minded to' decision in respect of the Modification 0678 suite of Proposals, it was indicated that Ofgem was 'minded to' approve Modification 0678A.

NW said that if either Modification 0678 or Modification 0678A were approved, the new NTS Charging Methodology would include a discount for capacity purchased at Storage Sites of 50%. He said the draft Modification sought to include a higher discount rate of 80% for such capacity. He added that it was proposed as a Modification which was conditional on Ofgem's approval of Modification 0678A or Modification 0678.

RH said that in relation to the Legal Text this clearly needed to state that the changes shown in the Legal Text are changes based on the Legal Text proposed under Modification 0678A in relation to the baseline and NW said this was being amended immediately and Colin Williams (CW) concurred with this statement.

NW said the justification for urgency was sought on the basis that there was a need to introduce the mechanism advocated by this Modification, and this was driven by an imminent date related issue, this being the introduction of the new NTS Charging Methodology from 01 October 2020 (upon the implementation of either Modification 0678 or 0678A on that date).

He added that there was a relatively short period of time between the expected publication of the Authority's final decision in respect of the 0678 suite of Modifications and the 'go-live' date of 01 October 2020. He added that this was not sufficient time in order to deliver a timely decision in respect of this Modification, were it to follow standard governance procedures.

NW also reiterated the need for urgency, as if this was not addressed, it would result in a significant commercial impact for storage owners and Users, as detailed with Ofgem's 'minded to' decision document (as underpinned by CEPA's (Centre of European Policy Analysis) analysis), this could ultimately have an adverse impact on security of price and supply for the GB market.

Richard Pomroy (RP) asked and NW confirmed the commercial impact would be reflected within the Relevant Objectives.

RH then overviewed the suggested Modification timetable and explained that once the formal Modification had been submitted to Ofgem, it was in their remit to alter or amend these dates.

John Costa (JC) questioned the governance on the urgent Modification process, in light of Ofgem's 'minded to' position. RH then verbalised the paragraph that will accompany the Modification in view of this unusual situation; "*The modification rules as presently written do not deal with Modifications based on minded to decisions therefore as Code Administrator we have critically friended each modification and provided our comments to the Proposer. At the Proposer's request we will issue these modifications to Ofgem for their further consideration.*"

David O'Neill (DON) said that once the formal Modification had been received, the urgency criteria would be assessed. He confirmed that he understood it was not Ofgem's decision to say whether the process in respect of the conditionality of the Modifications was appropriate or not.

RP said that he had written to Ofgem recently on behalf of the DN Panel representatives regarding the Modification process, relating to the raising of Modifications based on 'minded to' decisions and suggested that Ofgem could direct for example that for this urgent modification proposal that the legal text of Modification Proposal 0678A shall be treated as being part of the Uniform Network Code.

RH asked when would Ofgem make a decision on the Modifications in question, adding that they could sanction the Modification Rules to be changed in relation to the 'minded to' position. RP and Julie Cox (JCx) both concurred that it did require Ofgem to make a firm decision. DON reiterated that Ofgem would make the decision on the urgency status, once the Modifications were received and added that this could be linked to the decision relation to Modification 0678 on 11 March 2020.

RH highlighted that if anyone was thinking of raising an alternative Modification that this would have to be received by the Joint Office by 12 noon on Thursday 05 March 2020, at the very latest and that the Modifications would be submitted to Ofgem by close of play on Friday 06 March 2020.

2. Workgroups

2.1. 0670R - Review of the charging methodology to avoid the inefficient bypass of the NTS

(Report to Panel 16 July 2020)

<http://www.gasgovernance.co.uk/0670>

3. Forecasted Contracted Capacity (FCC) Review

3.1. FCC Methodology Issues Log

Deferred until the April meeting.

4. Long Term Revenue Forecasts

Deferred until the April meeting.

5. Issues

Deferred until the April meeting.

6. Review of Outstanding Action(s)

Action 0201: Ofgem (DON) to investigate the modelling of the storage capacity and the assumption that NTS Exit Capacity booked at storage was on a firm basis, rather than interruptible which better reflects commercial reality. (Note: as referenced in Section 2 above, clarification from NW and clarity on this corresponding action was added after the meeting.)

Update: RH confirmed this action had been closed following the 'post meeting note' provided in the minutes on 11 February 2020. **Closed**

Action 0202: Ofgem (DON) to provide more information regarding what is incorporated from gas imports, including interconnector transportation tariffs.

Update: RH confirmed this action had been closed following the 'post meeting note' provided in the minutes on 11 February 2020. **Closed**

Action 0203: National Grid (CW) to include the revenues used to calculate the indicative percentage differences in charges along with the appropriate commentary for clarity to illustrate the changes

Update: CW requested this action was carried forward as the necessary work was still in progress. **Carried forward**

7. Any Other Business

8. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Tuesday 07 April 2020	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup Agenda
10:00 Tuesday 05 May 2020	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Standard Workgroup Agenda

Action Table (as at 03 March 2020)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
0201	11/02/20	2.0	Ofgem (DON) to investigate the modelling of the storage capacity and the assumption that NTS Exit Capacity booked at storage was on a firm basis, rather than interruptible which better reflects commercial reality.(Note: as referenced in Section 2 above, clarification from NW and the corresponding action was added after the meeting.)	Ofgem (DON)	Closed
0202	11/02/20	2.0	Ofgem (DON) to provide more information regarding what is incorporated from gas imports, including interconnector transportation tariffs.	Ofgem (DON)	Closed
0203	11/02/20	3.0	National Grid (CW) to include the revenues used to calculate the indicative percentage differences in charges along with the appropriate commentary for clarity to illustrate the changes.	National Grid (CW)	Carried forward