

**NTS Charging Methodology Forum (NTSCMF) Minutes**  
**Tuesday 6 February 2024**  
**Via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Tanaka Tizirai (Secretary)	(TT)	Joint Office
Aidan Lo	(AL)	Joint Office
Adaeze Okafor	(AO)	Equinor
Adam Bates	(AB)	SEFE Energy
Anna Shrigley	(AS)	ENI
Alex Nield	(AN)	Storengy
Ash Adams	(AA)	National Gas Transmission
Christiane Sykes	(CS)	Shell
Chris Wright	(CW <sub>r</sub> )	Exxon Mobil
Colin Williams	(CW <sub>i</sub> )	National Gas Transmission
Carlos Aguirre	(CA)	Pavilion Energy
David Bayliss	(DB)	National Gas Transmission
Debra Hawkin	(DH)	National Gas Transmission
Emma Robinson	(ER)	E.ON
Jeff Chandler	(JC)	SSE
Joseph Glews	(JG)	Ofgem
Joseph Leggett	(JL)	Interconnector
Julie Cox	(JC <sub>x</sub> )	Energy UK
Kieran McGoldrick	(KMc)	National Gas Transmission
Kirsty Appleby	(KA)	National Gas Transmission
Lucy Manning	(LM)	National Gas Transmission
Mariachiara Zennaro	(MZ)	Centrica
Nick Wye	(NW)	Waters Wye Associates
Oliver Weston	(OW)	Ofgem
Richard Fairholme	(RF)	Uniper
<p><i>Please note that NTSCMF meetings will be quorate where at least six participants are attending, of which at least two shall be Shipper Users and one Transporter is in attendance.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="https://www.gasgovernance.co.uk/NTSCMF/060224">https://www.gasgovernance.co.uk/NTSCMF/060224</a></i></p>		

**1. Introduction**

Eric Fowler (EF) welcomed delegates to the meeting.

**1.1. Approval of Minutes (11 January 2024)**

The minutes from the previous January 2024 meeting were considered by the Workgroup.

Colin Williams (CWi) noted a few points which may need to be amended in connection with the consistency of the references to the term “Non-Obligated Entry Capacity”. He identified a need to amend the wording to correctly reflect the full term “Non-Obligated Entry Capacity” within the paragraphs sitting at page 4 and page 6 of the January 2024 minutes.

EF acknowledged those points and ensured that the appropriate amendments will be made to those minutes prior to being re-published.

Julie Cox (JCx) proposed a suggestion, from a process point of view, that any proposed amendments to published minutes, those which are received ahead of the meeting, are presented to the Workgroup in mark-up format as to allow them to be reviewed and properly considered as to whether they are reasonable in a more time-efficient manner.

The Workgroup upon noting the above points were otherwise satisfied to approve the January 2024 minutes. EF confirmed that those minutes will be re-published with the amendments.

## 1.2. Approval of Late Papers

EF informed the Workgroup that there were two late papers received on the 5<sup>th</sup> February 2024 (*i.e. intended for agenda items 1.5.1, and 3*). He noted that these could be seen as a preview for the upcoming March 2024 meeting should the Workgroup reject for today’s meeting.

CWi acknowledged that the late papers for NTSCMF – Transmission Services were submitted short notice, but they have been published for NGT flagging the matters to the parties for awareness purposes.

Julie Cox (JCx) raised a concern regarding the number of late papers submitted for this meeting as being inappropriate. She proposes that either the Pre-modification discussions slated for today’s meeting rely on previous version of the materials published on time or the agenda item is pushed forward to the next meeting. She further noted that it is important that the Joint Office starts to refuse to accept submissions made after the deadline, particularly those which arrive and seek to be published 24 hours before a meeting.

Christiane Sykes, Lucy Manning, Anna Shrigley, and Richard Fairholme agreed with JCx’s comments.

EF acknowledged those points and noted that to the agenda does allow Workgroup Participants to express their sentiments regarding late papers.

CWi accepted JCx points and recognised the concerns around the pre-modification materials but noted that they had submitted everything on time. CWi mentioned that in terms of the late paper for the Transmission Services agenda item, this can be pushed to the March 2024 meeting. He noted that the published material can be used as a preview of what will be discussed in the March 2024 meeting.

AA mentioned that he could see that Kieran McGoldrick (KMc) had submitted the presentation materials for the pre-modification agenda item on time, but the subsequent panel presentation for the same matter was published on the Joint Office website in place of the NTSCMF by mistake.

EF summarised the discussions, and suggested that the pre-modification materials previously published will be those relied on by NGT; the Capacity and Revenue reporting materials are accepted as per normal; and the materials relating to the Transmission Service Review will not be discussed today and can be considered in the March 2024 meeting.

## 1.3. Review of Outstanding Actions

**Action 0301:** National Gas Transmission to consider the effect of the removal of non-obligated entry capacity revenue from capacity neutrality.

**Update:** EF provided a quick overview regarding the joint actions (Action 0301 and Action 0801) and noted that the Workgroup had been requested to consider whether the debate on the actions in the prior meeting was sufficient for both actions to be closed. He informed the Workgroup of the Joint Office's recommendation for these actions to be closed, and for any follow-on questions to be articulated under new actions.

Julie Cox (JCx) mentioned that there are outstanding issues around neutrality and whether it is still appropriate. She highlighted that the previous presentations held the view that *"this is how things have been for ages, so that is okay"* and suggested that this approach is not appropriate. She explained that arrangements may be put in place which do not consider the wider consequences or impacts. For example, MOD0748 tripped-up several issues and JCx noted that there are still questions around the different treatment for Entry and Exit, and the compliance issues relating to that.

EF asked JCx whether those are things which should be turned into specific actions.

JCx agreed and noted that if they are not recorded as actions they will get lost. She proposed that the questions could be along the line of:-

- *to further explore the compliance issues arising from different treatment of Entry and Exit Revenues; and*
- *a general review of the appropriateness of capacity neutrality rules in today's market.*

EF asked CWi whether the above questions articulated in that way form the basis of something which can produce guidance or useful insights.

CWi firstly explained that in respect to 0748, there were a specific series of events which triggered it, of which the end result was not to change the mechanisms of capacity neutrality. He explained that 0784 stripped-out some of the revenue streams that were ultimately considered to be transmission rather than system operation and this was reflected in the licences. He further mentioned that the trigger around that was the impact of the sizeable revenue recovery charge. He stated that the stuff which was sought of brought to its conclusion last month was a continuation of a look into the revenue related components for capacity, specifically around capacity and not capacity neutrality.

CWi further explained that capacity neutrality is not a transportation charging process in and of itself, it sits under part of Section B and deals with and links to many of the capacity arrangements. He noted that the charging treatment is fundamentally about making sure people understand *where things work, how things sit, and what they do or don't do* i.e. it is for people to understand what the effects are around the charge setting process, and not necessarily for people to critique whether something is in the right in place or not.

CWi addressed JCx questions suggested that in respect of the compliance issue people should specify what exactly they think is not compliant (i.e. people should specify what they think is wrong with the existing treatment) as this will allow them to reflect on those concerns. He further mentioned that in respect to the second issue on capacity neutrality; it is important to recognise that it is more than a single revenue stream for capacity and there are also costs which go through it, which are divorced away from what they do. CWi explained that reviewing capacity neutrality itself has the potential to move across different types of processes. Therefore, it is important to consider whether *charging* is the main driver for any review. In essence, he highlighted that any questions that posed need to be more focused.

Jeff Chandler (JC) stated that ultimately things need to sit somewhere and explained that it was the EU Network Charging Code which kicked off the charging review. He mentioned that in his mind, the review sits clearly under charging and under this forum. JC highlighted that from the previous meeting it was recognised that there is a need for a review and broad support was shown for it. He explained that relevant questions were raised two years ago and they have not been answered, and perhaps those can be considered and therefore determined as the detailed questions which need to be answered.

EF asked whether those questions are somewhere written down in a place easy to refer to.

JC highlighted that those questions should have been the actions for NTSCMF meetings from 2 year ago, of which it was discovered found that the revenues were not flowing in a manner expected in view of the compliance with TAR network code (i.e. commodity charges feeding into non-commodity; non transmission into transmission; and entry / exit were not treated the same). He mentioned that these were the basic tenets for how EU TAR was expected to be implemented into UK law.

CWi fundamentally agreed with JC, however, noted that there were revenue mapping materials which showed how everything flows; the respective charges together with information on the revenue treatment. He noted that perhaps the concerns arise from the differences in the specifics around what was expected versus what observed from those materials. CWi asked that if people want to challenge anything around the current arrangements, then they need to raise specific questions which will assist in those challenges.

JCx mentioned that a challenge which arises is that Ofgem so far has ruled on compliance for matters which have changed but they have not rule on compliance were things have not changed (e.g. capacity neutrality).

Joseph Glews acknowledged CWi comments as accurate, and he highlighted the difficulty for Ofgem to respond to things which are based on general feelings that something is not compliant. However, if specific questions around compliance are raised, those specificities would be useful and would enable them to investigate and assist in framing discussions. He also acknowledged JCx concerns and mentioned that Ofgem are still able to respond to compliance questions outside of the modification process but the questions / concerns need to be delivered in a specific and structured manner.

EF confirmed that an action would be recorded for Workgroup participants to consider the historic papers to identify any questions that have not been adequately answered or specific concerns, all of which can be posed to NGT or Ofgem to be addressed.

JCx mentioned that her question would be around the fact that there are certain revenue aspects of capacity neutrality and a response required as to whether these still make sense.

CWi highlighted that capacity neutrality is a separate process in and of itself, they may not always be able to answer the questions relating to it as it is greater and goes beyond the charging processes and its related consequences. He encouraged people to always consider provisions under Section B for any questions around capacity neutrality in general.

JCx acknowledged that it is fair to not expect CWi and his team to have the answers. However, she mentioned that the item should sit in this forum, and NGT can always call-upon relevant personal to attend and provide the requisite answers to the Workgroup. **Closed**

**Action 0801:** National Gas Transmission (CWi) to Provide an overview, and an understanding of the reasons underpinning the current treatment, of recovered revenue for Entry Non-Obligated capacity and its inclusion in capacity neutrality. This will also cover thoughts on the potential impacts, for discussion, of changing the treatment of Non-Obligated Entry Capacity revenue.

**Update:** Please see Action 0301 for the update for this action. **Closed**

**Action 0101:** National Gas Transmission (AA) to engage with power station users regarding the assumptions and return to the Workgroup with any finding following those requirements.

**Update:** JCx mentioned that the action was in the minutes, and someone was meant to investigate the matter and revert with an email. She reiterated that it is linked to the methodology and the underlying question asked what discretion NGT exercises in terms of declaring whether a change is material. The methodology provides numbers and NGT can adjust them and the Workgroup wanted to understand what that actually means in practice. She further stated that as a part of this, AA was meant to have some discussions with some of the generators in an attempt to understand the variations.

Joseph Glews (JG) confirmed that he was happy to pick-it up as an action from Karen Cashio and he will revert to get back to JCx.

CWi noted that what is in the methodology takes into account what is in the overall FCC arrangements. He noted that whilst the methodology does not change, they have discretion regarding its application. CWi confirmed that he is happy to receive comments on its and also views from Ofgem. **Carried Forward.**

**1.4. Industrial Update from Ofgem**

Joseph Glews (JG) referred to the Ofgem Expected publication dates timetable at [Code modification/modification proposals with Ofgem for decision - Expected publication dates timetable](#): noting the estimated decision dates for:

<b>Modification</b>	<b>Estimated Decision Date</b>
0839 - Revision of the Modification Panel Membership Cessation Provisions	Implemented 17 January 2024
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	Rejected 26 January 2024
0819 - Establishing/Amending a Gas Vacant Site Process	Approved 09 February 2024
0856 - Introduction of Trials for Non-Daily Metered (NDM) Demand Side Response (DSR)	TBC
0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)	TBC

JG notified the Workgroup Ofgem published its decision in respect to UNC823 on 26 January 2024. He noted that the modification was rejected and the decision can be found on its website.

JG further highlighted that the previous meeting it was agreed that he would take away an action regarding the topic of the Article 26 Consultation, which covered the timeline of when the TAR NC EU law was retained and then subsequently amended.

JG explained in brief that TAR NC was initially retained as a part of the EU Exit bill in 2019. It was then amended by Statutory Instrument 2019/531, which was then itself amended by Statutory Instrument 2019/1393.

For ease of reference, JG shared to the Workgroup the following links below to each of the relevant pages:

- Chapter 7 of TAR NC: <https://www.legislation.gov.uk/eur/2017/460/chapter/VII>
- SI 2019/531: <https://www.legislation.gov.uk/ukSI/2019/531/schedule/5/paragraph/9>
- SI 2019/1393: <https://www.legislation.gov.uk/ukSI/2019/1393/schedule/paragraph/5/made>

He confirmed that in summary, everything that is required to be consulted in accordance with the legislation raised as a consultation item by NGT.

JG also informed the Workgroup that Ofgem is running workshops on Incentives in advance of RIIO3. He mentioned that the invites were sent out to Shippers, and all other relevant parties. JG highlighted that it has transpired that there may be relevant parties who may be interested in attending the remaining workshops which are scheduled for next month. He mentioned that any individuals interested should not hesitate to contact himself or anyone from Ofgem should they not have any invites.

JCx thanked JG for the summary of the issues around the legislation and consultation provisions. She noted a concern regarding the Workshops being heavily Code-related, which emphasises the importance of having the legislation elements easily understandable.

### **1.5. Pre-Modification discussions**

Kieran McGoldrick (KMc) presented a pre-modification presentation to the Workgroup and provided a background and overview of the basis of why a change to the PARCA is required. The PARCA (Planning and Advance Reservation of Capacity Agreement) process is an essential part of the new connections process.

He explained that when they calculate the weighted average price for any future PARCAs, the current process does not distinguish between sites that they have a discount and those that do not. KMc mentioned that they intend to make the PARCA consistent with the rest of the capacity charging by proposing to replace the current process by aligning non-storage with the reserved capacity prices.

For full details, please refer to the presentation pack published: [NTSCMF 06 February 2024 | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

KMc noted that it is intended that this modification would be proposed for the self-governance route.

JCx questioned that this proposed modification should be considered under the self-governance route considering it is proposing to make changes to security amounts and charges. She raised a further concern that this represents an unintended consequence to the changes to the charging regime that introduced under the postage stamp charging and that it has taken four years to identify these issues. She is worried that what is happening keeps occurring (e.g. 0748); and that there may be more issues and it is important that these issues are identified right at the outset of a modification.

JCx further raised questions around being unsure that this proposal is actually doing the right thing. She mentioned that as per her understanding, the security fee is an amount of money that a PARCA party, having progressed to Stage 2 and committed to reserving capacity has to set aside security for. She is not sure whether that as a principle, this means there is any much difference between storage sites and non-storage sites. Especially since it is an incentive for ensuring the non-hoarding of capacity.

Christiane Sykes (CS) agreed with JCx' point that anything which impacts charges should not be regarded as self-governance.

Chris Wright (CW) agreed with JCx' point and added that part of the security amount was intended to compensate NGT for progressing the PARCA and for that reason he cannot see a difference between a storage site and non-storage site in terms of the work needing to be done. Another point he raised was regarding new connections, so the wording will need to be carefully considered. He mentioned that there is clarification required on whether it is in impact the PARCA's already in flight or it is respective to PARCA's which are new applications.

JCx mentioned that it may be worthwhile to go back to the modification which introduced PARCA's as it will contain the principles. She noted that that needs to be explored in this modification.

KMc noted the points raised by Workgroup and will revert back to the upcoming NTSCMF meeting.

For full details, please refer to the presentation pack published: [NTSCMF 11 January 2024 | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

## **2. Workgroups**

No Workgroups currently on-going.

**3. Non-Transmission Charging Reforms**

None to be considered.

**4. Transmission Services Review**

More details to follow in the forthcoming meeting in March 2024.

**5. NTS Gas Charging Consultation – Periodic Consultation under Art 26 of TAR**

More details to follow in the forthcoming meeting in March 2024.

**6. Capacity and Revenue Monitoring**

Kieran McGoldrick (KMc) provided the Capacity and Revenue Monitoring Report summarising the Entry and Exit capacity and revenue actuals against the forecast.

KMc highlighted the capacity bookings for Entry and Exit remain closely aligned with their forecasts, despite the mild December 2023 figures.

**Exit Capacity & Revenue FY24 – December 2023**

- December 2023 was lower than the forecast results and it has been the lowest levels for around 5 years.

**Entry Capacity & Revenue FY24 – December 2023**

- The actuals for December 2023 remain in line with the forecasts.

**General Non-Transmission & St Fergus Compression Revenue FY24**

- The revenues remain slightly on the low-side in respect to the forecasts.

Please refer to the published slides for full details: [NTSCMF 06 February 2024 | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)

Anna Shrigley (AS) asked when the indicative charges for entry and exit are going to be published, and that in view in the large under-recovery on entry, perhaps these need to be reviewed.

David Bayliss (DB) reflected on the discussions which were had in 2023 when there was the significant exit over-recovery and industry had asked NGT via NTSCMF to provide some indicative values in terms of what they thought the impact to the charges would be for the future year. He advised that that is not something they undertake as a norm, but they did so last year as an exception because of those circumstances.

AS acknowledged that the information is not easy to provide but she concerned about the significant under-recovery on entry and also non-transmission. She noted that it would be really useful to have that information but she will leave that decision with NGT.

**7. Any Other Business**

**7.1 Periodic Consultation required under Article 26 of the Tariff Network Code**

Ash Adams (AA) provided a quick update to the Workgroup and showed a timeline which had previously been published and further noted that in terms of the scope, the requirements are detailed under Article 26 of TAR. He mentioned that they will be covered in either the consultation document or the data tables. AA noted that the consultation will not replace the UNC change process as the primary vehicle for progressing industry change.

He mentioned that they are on track to publish on the 16 February. It will be published on National Gas Transmission website and a direct link sent via the Joint Office. He further noted that anyone with an interest in gas transmission charging can respond.

For full details, please refer to the presentation pack published: [NTSCMF 11 January 2024 |](#)

[Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk)

8. **Diary Planning**

NTSCMF meetings are listed at: <https://www.gasgovernance.co.uk/NTSCMF>

All other Joint Office events are available via: [www.gasgovernance.co.uk/events-calendar/month](https://www.gasgovernance.co.uk/events-calendar/month)

<b>Time/Date</b>	<b>Meeting Paper Deadline</b>	<b>Venue</b>	<b>Workgroup Programme</b>
10:00 Tuesday 5 March 2024	5 pm Tuesday 27 February 2024	Via Microsoft Teams	Standard Agenda
10:00 Tuesday 2 April 2024	5 pm Tuesday 26 March 2024	Via Microsoft Teams	Standard Agenda
10:00 Tuesday 7 May 2024	5 pm Tuesday 26 April 2024	Via Microsoft Teams	Standard Agenda
10:00 Tuesday 4 June 2024	5 pm Tuesday 24 May 2024	Via Microsoft Teams	Standard Agenda



NTCSMF Action Table						
Action Ref	Meeting Date	Min Ref	Action	Reporting Month	Owner	Status Update
0301	07/03/23	1.3	<p>National Gas Transmission to consider the effect of the removal of non-obligated entry capacity revenue from capacity neutrality.</p> <p><i>Would NGT consider this to be a helpful change? Does NGT consider that there are other necessary, or desirable changes (in UNC and/or Licence) to appropriately manage non-obligated entry cashflows?</i></p>	December 2023	National Gas Transmission (CW <i>i</i> )	<b>Closed</b>
0801	01/08/23	1.3	<p>National Gas Transmission (CW<i>i</i>) to provide an overview, and an understanding of the reasons underpinning the current treatment, of recovered revenue for Entry Non-Obligated capacity and its inclusion in capacity neutrality.</p>	December 2023	National Gas Transmission (CW <i>i</i> )	<b>Closed</b>
0101	11/01/24	8.1	<p>National Gas Transmission (AA) to engage with power station users regarding the assumptions and return to the Workgroup with any findings following those engagements. And NGT / Ofgem to revert back with insights to the workgroup regarding NGT's discretion around determining a change as material.</p>	March 2024	National Gas Transmission (AA) / Ofgem	<b>Carried Forward</b>