

**UNC Workgroup 0667 Minutes
Inclusion and Amendment of Entry Incremental Capacity Release
NPV test in UNC**

10:00 Monday 15 April 2019

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

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Blair*	(ABI)	Interconnector UK
Angharad Williams	(AW)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Christiane Sykes	(CS)	Shell Energy
Chris Wright	(CR)	Exxon Mobil
Graham Jack*	(GJ)	Centrica
Jennifer Randall	(JR)	National Grid
Julie Cox*	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Lea Slokar*	(LS)	Ofgem
Nick Tyler*	(NT)	National Grid
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Sinead Obeng*	(SO)	Gazprom
Steve Britton*	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve
*via teleconference		

Copies of all papers are available at: www.gasgovernance.co.uk/0667/150419

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 April 2019.

1.0 Introduction and Status Review

1.1. Approval of minutes (07 March 2019)

The minutes of the previous meeting were approved.

2.0 Review of Amended Modification

Adam Bates (AB) confirmed that Modification 0667 has not been amended since the last meeting. He clarified the last minor amendment made was to the solution, specifically the minimum requirement of Incremental Capacity to be signalled in 4 separate years over the 8 year PARCA period.

3.0 Consideration of Wider Industry Impacts

This was completed as part of item 5.0

4.0 Consideration of Legal Text

Legal Text together with explanatory text has been provided for this Modification. Nick Tyler (NT), Legal Advisor for National Grid provided a walkthrough and explained the intended changes to Legal Text for Section B.

AB raised a query regarding 1.17.9, this refers to incremental release quantity and he questioned if this should be capped to provide the maximum release in the event of a PARCA and suggested that this should be driven by the PARCA applications and not the NPV test. This prompted an offline discussion (during coffee break) between the Proposer and National Grid Advisor Nick Tyler (NT) where the wording for this section was clarified.

The Workgroup discussed whether the legal text is adequately clear that the incremental release quantity is driven by the PARCA application rather than the NPV test. Workgroup agreed that no further amendments are required for this section of the Legal Text.

In conclusion, the Proposer (AB) confirmed, following clarification with the National Grid Legal Team, that he is satisfied with the text in section 1.17.9.

This decision was captured this in the Workgroup Report.

NT agreed to make the required typographical and formatting changes to the draft Legal Text and re-submit Final Legal Text to Joint Office ahead of the UNC Panel meeting on Thursday 18 April 2019.

Post meeting update: Final Legal Text was provided to Joint Office on Tuesday 16 April and is published here: <http://www.gasgovernance.co.uk/0667>

5.0 Completion of Workgroup Report

RH completed a live update to the Workgroup Report agreeing updates with Workgroup and highlighting the view supplied by email by Malcolm Montgomery (National Grid) in relation to Consumer Impacts and Relevant Objective c). The Proposer offered an alternative view, relating to Consumer Impact and Relevant Objective c). This was captured in the Workgroup Report.

RH drew Workgroup attention to sections within the Workgroup Report and asked the Proposer for clarifications based on the recent amendments made to the Modification, making sure they are still relevant.

The Workgroup Report was completed.

6.0 Review of Outstanding Actions

0301: Ofgem (LS), South Hook Gas (AB) and National Grid NTS (PH/MM) to discuss the potential Licence impacts issues to enable the amendments and development of the Modification for completion of the Workgroup Report at the April meeting, and for the findings to be fed back to the Workgroup.

Update: Ofgem clarified for Workgroup that in its view, Modification 0667 requires a Licence change. AB highlighted that this was inconsistent with the Substitution User Commitment test, which is in UNC Section B 1.17.7 c) ii and other similar areas which have not required licence changes were discussed. This discussion was recorded in the Workgroup Report. See section 8.0 **Closed**

0302: Joint Office (BF) to seek a view from Panel on the process they would prefer to be used to develop the Workgroup Report should there be a need for a Licence change and how methodology process changes should be managed between all the relevant parties in future, should these be down to one party.

Update: This will be debated at Panel on 18 April 2019. **Closed**

7.0 Next Steps

RH confirmed the next steps will be:

- National Grid to provide Final Legal Text to be published on the Joint Office 0667 page.

- Draft Modification Report to be presented to UNC Panel on Thursday 18 April.

8.0 Any Other Business

Licence Changes:

AB advised that the South Hook view is this does not need a licence change, he asked Ofgem to highlight where and why in the licence the change would need to be made.

Ofgem clarified for Workgroup that, in its view, Modification 0667 requires a Licence change. The licence obliges National Grid to release capacity, acting in line with the Capacity Release Methodology and as a minimum the Licence would have to be changed to say that National Grid should release capacity in line with the Methodology and the UNC. There are other areas which would need review.

AB provided the example that the Substitution User Commitment Test is included in UNC Section B 1.17.7 paragraph c) ii and not licence.

LS advised Workgroup that Licence change consultations can take up to 6 months. AB suggested there will be many changes required to the Licence and not specifically related to this Modification, therefore it should not impact the timings of this Modification. He added that the timeframe for a Licence change consultation would add additional regulatory uncertainty. This Incremental User Commitment process is used to signal potential investment so uncertainty in this process could impact investment into the GB market.

GJ suggested as an alternative, the Methodology Statement could be changed to identify the relevant part of the UNC.

An update was made to the Workgroup Report to capture this discussion.

9.0 Diary Planning

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

No further Workgroup meetings are planned as the Draft Modification Report is being presented to UNC Panel on Thursday 18 April 2019.

Action Table (as at 07 March 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	07/03/19		Ofgem (LS), South Hook Gas (AB) and National Grid NTS (PH/MM) to discuss the potential Licence impacts issues to enable to the amendments and development of the Modification for completion of the Workgroup Report at the April meeting, and for the findings to be feedback to the Workgroup.	Ofgem (LS) & South Hook Gas (AB) & National Grid NTS (PH/MM)	Closed
0302	07/03/19		Joint Office (BF) to seek a view from Panel on the process they would prefer to be used to develop the Workgroup Report should there be a need for a Licence change and how methodology process changes should be managed between all the relevant parties in future, should these be down to one party.	Joint Office (BF)	Closed