

**UNC Workgroup 0670R Minutes**  
**Review of the charging methodology to avoid the inefficient bypass**  
**of the NTS**

**Tuesday 30 April 2019**

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

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Adam Bates*	(AB)	SouthHook Gas
Andrew Pearce	(AP)	BP
Colin Williams	(CWi)	National Grid
Debra Hawkin	(DH)	TPA Solutions
James Gudge	(JG)	National Grid
James Thomson*	(JT)	Ofgem
Jeff Chandler*	(JCh)	SSE
Laura Johnson	(LJ)	National Grid
Kamla Rhodes*	(KR)	ConocoPhillips
Kamila Nugumanova*	(KN)	ESB
Nick Wye*	(NW)	Waters Wye
Nicky White	(NW <sub>h</sub> )	npower
Nitin Prajapati*	(NP)	Cadent
Richard Fairholme*	(RF)	Uniper
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor
<b>Apologies</b>		
Chris Wright	(CW <sub>r</sub> )	Exxon Mobil
Graham Jack	(GJ)	Centrica
Bill Reed	(BR)	RWE
* via teleconference		

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0670/300419>

The Request Workgroup Report is due to be presented at the UNC Modification Panel by 15 August 2019.

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (02 April 2019)

The minutes of the previous meeting were approved.

### 1.2. Review of Outstanding Actions

**0201:** Reference NTS Bypass Avoidance Charge - National Grid (JG) to look to provide analysis based around a comparison between UNC Modifications 0670R and 0678, including existing versus future usage predications; limiting factors for sites in or around the NTS; generic costs and cost of gas and gas sources in respect of construction of a pipeline.

**Update:** Action completed as part of Modification 0678 – the document entitled “Optional Charge Analysis” is available at: <http://www.gasgovernance.co.uk/0678/analysis> and

<http://www.gasgovernance.co.uk/0670/300419>. It was noted that the Cost of Gas and gas source had been deemed to be out of scope. **Closed.**

**0202:** Reference NTS Bypass Avoidance Charge - National Grid (JG) to look to provide analysis based upon the UNC Modification 0678 model and to also look to provide a view on the potential NTS Revenue Sensitivity Risk Assessment aspects.

**Update:** Addressed with the publication of the Optional Charge Analysis. **Closed.**

## 2.0 Discussion

JG provided a brief overview of the current Workgroup's position and suggested that the Workgroup may wish to consider how best to proceed whilst Modification 0678 is progressing. He suggested that parties may wish to review particular material from Modification 0678 which falls into the scope of the 0670R Workgroup. National Grid were anticipating the Workgroup Report would be compiled with a number of recommendations, with consideration of whether any modifications were required.

CWi noted further consideration may be dependent on Modification 0678 outcomes and any Ofgem communications. It was anticipated there could be a range of potential directions of travel, one option would be to wait for further progress with Modification 0678 before reconsidering Request 0670R.

The Workgroup acknowledged there could be a range of potential outcomes, independent of Modification 0678 and its timing. The Workgroup recognised that it not only needed to consider the timing of the Modification 0678 decision, but also the need to look at what the options are for example, considering a new method, or the method outlined under Modification 0678B, or a security discount, or a wheeling charge. It was agreed that there was a need to look at the various optional methods. The following actions were therefore captured to progress further consideration at the next meeting.

<b>New Action 0401:</b> National Grid to provide views on the various optional methods at the next meeting.
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<b>New Action 0402:</b> National Grid to confirm if there are any further methods which could be considered at the next meeting.
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<b>New Action 0403:</b> All other parties to provide suggestions for a new method or one of the methods outlined in Modifications 0678.
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<b>New Action 0404:</b> Parties to state if they have a view on Optional Charges.
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<b>New Action 0405:</b> Parties to provide feedback/queries/questions on the Optional Charge Analysis.
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The Workgroup noted that there were three further Workgroups remaining. RH summarised the anticipated next steps would be to look at the various method options. CWi noted that the outcome of 0670R may not be to recommend an optional charge, there may be other forms of arrangements developed from those considered under Modification 0678.

## 3.0 Consideration of NTS Revenue Sensitivity Risk Assessment aspects.

It was clarified this was an agenda item set up prior to Modification 0678 Workgroups finishing.

It was noted that the formula for Amended Modification 0678I Version 6.0 would change the analysis provided, and that the results were based on the previous version of the Modification. CWi confirmed the changes were not significant, and National Grid were not expecting the change to the Modification to fundamentally change the analysis results.

## 4.0 Next Steps

- Consideration of UNC Modification 0678 developments;
- Consideration of Optional Methods
- Consideration of Optional Charges

## 5.0 Any Other Business

None.

## 6.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Tuesday 04 June 2019	Elexon, 350 Euston Road, London NW1 3AW	Consideration of UNC Modification 0678 developments; Consideration of Optional Methods Consideration of Optional Charges
10:00 Tuesday 02 July 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	
10:00 Tuesday 30 July 2019	Elexon, 350 Euston Road, London NW1 3AW	

### Action Table (as at 02 April 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	05/02/19	2.2	<i>Reference NTS Bypass Avoidance Charge</i> - National Grid (JG) to look to provide analysis based around a comparison between UNC Modifications 0670R and 0678, including existing versus future usage predications; limiting factors for sites in or around the NTS; generic costs and cost of gas and gas sources in respect of construction of a pipeline.	National Grid (JG)	<b>Closed</b>
0202	05/02/19	2.2	<i>Reference NTS Bypass Avoidance Charge</i> - National Grid (JG) to look to provide analysis based upon the UNC Modification 0678 model and to also look to provide a view on the potential NTS Revenue Sensitivity Risk Assessment aspects.	National Grid (JG)	<b>Closed</b>
0401	30/04/19	2.0	National Grid to provide views on the various optional methods at the next meeting.	National Grid (CWI/ JG)	<b>Pending</b>

**Action Table (as at 02 April 2019)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0402	30/04/19	2.0	National Grid to confirm if there are any further methods which could be considered at the next meeting.	National Grid (CWI/JG)	<b>Pending</b>
0403	30/04/19	2.0	All other parties to provide suggestions for a new method or one of the methods outlined in Modifications 0678.	All	<b>Pending</b>
0404	30/04/19	2.0	Parties to state if they have a view on Optional Charges.	All	<b>Pending</b>
0405	30/04/19	2.0	Parties to provide feedback/queries/questions on the Optional Charge Analysis.	All	<b>Pending</b>