

UNC Workgroup 0671 Minutes

New Capacity Exchange process at NTS exit points for capacity below baseline

Thursday 07 February 2019

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

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Anna Shrigley*	(ASh)	Eni Trading & Shipping
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE Supply & Trading GmbH
David Cox*	(DC)	London Energy Consulting
Debra Hawkin*	(DH)	TPA Solutions
Emma Buckton* (0671)	(EB)	Northern Gas Networks
Graham Jack*	(GJ)	Centrica
Jeff Chandler*	(JC)	SSE
John Costa*	(JC)	EDF Energy
Jonathan Baggott	(JB)	National Grid NTS
Julie Cox*	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Lea Slokar*	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid
Nicky White*	(NW)	npower
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Roddy Monroe	(RM)	WWA
Steve Britton*	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Sue Ellwood*	(SE)	TPA Solutions
Terry Burke*	(TB)	Equinor

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0671/070219>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 February 2018.

1.0 Introduction and Status Review

1.1. Approval of Minutes (08 January 2019)

Richard Pomroy (RP) had previously requested some minor amendments to the minutes, these were subsequently agreed by the Workgroup. The minutes from the previous meeting were then approved.

2.0 Consideration of Amended Modification

RP provided an overview of the amendments to the Modification as suggested at the previous meeting and drew attention to specific areas of interest. He explained that he had removed the enduring annual exit flat capacity from the Modification scope and that this process had been expanded to encompass additional years, but that it still excluded Year+1. He said he had also revised the rules for the transfer of user commitment, together with restricting the exit points within the same exit zone.

Within the 'Why Change' section, Julie Cox (JCx) said in relation to the enduring capacity, whether this made it DN/LDZ specific and therefore not Direct Connections to the NTS. RP said he had been advised that the NTS Direct Connects had their own exit zones. A lengthy general discussion then took place regarding exit zones and Graham Jack (GJ) questioned if this was unduly discriminatory on the exit zones and Bethan Winter (BW) said the wording could be further amended to clarify it was referring to Direct Connections where these were within an exit zone.

When RP was overviewing the Exit Capacity Methodology Exit Zone examples in Appendix 1, JCx questioned if the exit zones included more than one Offtake or other connections, and Phil Hobbins (PH) said that the Exit Capacity Methodology was used to manage each point. JCx said that was satisfactory, providing that this did not conflict with anything else and that this aspect was clearly defined.

A brief general discussion then took place in relation to the LDZ's and the 1 :1 exchange rate – RP asked the Workgroup to note that an LDZ is a DN concept and should not be related to Direct Connections. JCx asked about the impact on the Substitution Methodology and if this was effectively saying that substitution within any exit zone was deemed to be a 1:1 exchange rate. JCx added that she did not believe there would be a 1 :1 exchange in this process and she said this should be clear in the Legal Text. RP said he would add this into the Legal Text. JCx said that analysis was needed as to what the bounds were, in real terms and what would it mean, if the exchange rate was 1:1. Malcolm Montgomery (MM) said that if the exchange was near to an exit zone, then the investment would still be valid. JCx said she was not happy with how this was presently written in this context. Both RP and MM said they would investigate this area and add the Relevant Articles of CAM into the Modification to provide clarity.

New Action 0201: National Grid NTS (MM) and Wales & West Utilities (RP) to include the relevant investment management Articles of CAM into the Modification.

Bill Reed (BR) queried the impact on top-up charges with regards to the post Modification 0678 implementation, that would have to be recovered from all other users in the event of under-recovery and hence potential creation of a cross subsidy. BR wanted to know what were the wider system benefits that could justify this, adding that this area of interaction with Forecasted Contracted Capacity needed to be articulated within the Modification to aid clarity.

Steve Pownall (SP) said that a Rough Order of Magnitude (ROM) should be requested once the Modification had been formally amended and the solution was considered to be stable.

Further general discussions then ensued regarding how new sites were added and the procedure for them to be given an exit zone and what the communication process was for this information transfer. MM said he would provide information on this area at the next meeting.

New Action 0202: National Grid NTS (MM) to provide information on how new sites are allocated to exit zones, how this information is then communicated and the timeframe.

RP then provided an overview of the pricing and User Commitment examples within the various scenarios. BR said that there was still a requirement for more information within the Modification on the allocation and assessment of capacity. MM proposed that presently there was sufficient information to allow the ROM to be requested and he suggested that the User Commitment examples should be attached to the ROM in an appendix format.

3.0 Development of Workgroup Report

3.1 Consideration of wider Industry impacts

Not discussed in the meeting.

4.0 Review of Outstanding Actions

Action 0101: Wales & West Utilities (RP) to justify possible due discrimination of Interconnection Points.

Update: RP said this action could now be closed as this area had been added into the amended Modification. **Closed**

Action 0102: Wales & West Utilities (RP) to rework the User Commitment examples to demonstrate how the Business Rules will apply and include the example in the Modification.

Update: RP said this action could be closed as User Commitment examples had been produced and discussed. **Closed**

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 Thursday 07 March 2019	Elexon 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> Review of Amended Modification Review of Legal Text Review of Rough Order of Magnitude (ROM) Consideration of Business Rules Development / completion of Workgroup Report

Action Table (as at 07 February 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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Action Table (as at 07 February 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	08/01/19	4.0	Wales & West Utilities (RP) to justify possible due discrimination of Interconnection Points.	Wales & West Utilities (RP)	Closed
0102	08/01/19	4.0	Wales & West Utilities (RP) to rework the User Commitment examples to demonstrate how the Business Rules will apply and include the example in the Modification.	Wales & West Utilities (RP)	Closed
0201	07/02/19	2.0	National Grid NTS (MM) and Wales & West Utilities (RP) to include the relevant investment management Articles of CAM into the Modification.	National Grid NTS (MM) and WWU (RP)	Pending
0202	07/02/18	2.0	National Grid NTS (MM) to provide information on how new sites are allocated to exit zones, how this information is then communicated and the timeframe.	National Grid NTS (MM)	Pending