

UNC Workgroup 0696 Minutes

Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs

Thursday 28 November 2019

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

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Lorraine O'Shaughnessy	(LO)	Joint Office
Maitrayee Bhowmick-Jewkes	(MBJ)	Joint Office
Andy Clasper	(AC)	Cadent
Carl Whitehouse*	(CW)	Shell Energy Retail Limited
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ed Fyfe*	(EF)	SGN
Ellie Rogers	(ER)	Xoserve
Gareth Evans*	(GE)	Waters Wye Associates
Kirsty Dudley*	(KD)	E.ON
Lea Slokar*	(LS)	Ofgem (Workgroups 0696 and 0701 only)
Lorna Lewin	(LL)	Orsted
Megan Coventry*	(MC)	SSE
Oorlagh Chapman	(OC)	British Gas
Phil Lucas	(PL)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Stephanie Clements*	(SC)	Scottish Power
Steve Britton*	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0696.

The Workgroup Report is due to be presented at the UNC Modification Panel by February 2020.

1.0 Development of Supplemental Report

Alan Raper (AR) showed on screen the Ofgem Decision Letter dated 12 November 2019 and highlighted the areas of concern from Ofgem and the questions that require answering. Lea Slokar (LS) clarified that the Ofgem Decision Letter is quite clear in terms of Ofgem expectations of the Workgroup.

SM provided an update from the Gazprom Lawyers perspective and advised that he believes the Ofgem Send-back Letter lacked substantive detail and went on to highlight the following timeline:

- Issued to Ofgem 21 September
- No further communications until 21 November

He believes that decisions should be provided, best endeavours, within 25 days.

2.0 Clarification of the current capacity booking arrangements, particularly in relation to:

AR advised that the rules in the UNC Code can be summarised that are pertinent to this proposal in a plain English guide to capacity booking and interaction with NExA arrangement covering who-does-what-and-when will be provided which should satisfy this aspect of Ofgem's letter.

LS advised it was not clear to Ofgem how the process currently works, AR confirmed he will explain the code in simplified text, however, he wanted to be clear that there is no substitute for reading the UNC Code itself, but plain-English paper should aid understanding and guide readers to the relevant sections of the Code.

New Action 1101: AR to draft and circulate a synopsis of the current capacity booking arrangements which will cover the Procedures; Responsibilities; Timing of events and Legal arrangements.

2.1.1. Procedures

2.1.2. Responsibilities

2.1.3. Timing of events

2.1.4. Legal arrangements

3.0 Detail on the deficiencies in the current arrangements – as described in the proposal

AR advised that mitigation of this can be achieved by adding just a couple of sentences to the Final Modification Report.

SM added that the whole Modification relates to providing a remedy to the deficiency.

4.0 Review of impact on central systems, processes and procedures

AR provided a view of the legal text that is in the Final Modification Report and highlighted the addition of new rule, Section G 5.1.5(c), which covers supply point capacity, as booked under section G, will be capped out at the number which is in the Network Exit Agreement (NExA) and then released from the cap, in the event the NExA has an increase in capacity. He asked Workgroup to consider how this would get implemented; who is monitoring this and how does it get charged or refunded.

DA confirmed the current process and advised that the capacity that is billed on a monthly basis is what is recorded on UKLink. Xoserve would not know what capacity is associated with the NExA and hence would invoice against the booked capacity.

SM reminded Workgroup that the Modification is very specific and contains two elements.

Firstly, it would provide an enduring capping rule relating to the interaction of booked capacity versus NExA terms, and, second, allows, by way of retrospective application, an adjustment where a breach of the cap occurred prior to implementation.

As such, in terms of implementation, it is envisaged that Xoserve would get instruction from the Transporter to carry out a post-event adjustment for any future occurrences where the cap is breached.

Discussion continued regarding the Xoserve instruction to refund and it was explained that it would be managed in a similar way to offline ratchet charge adjustment. DA confirmed that the PMSOQ is not configurable and, as such, the PMSOQ could not be used to configure a cap but added it would be helpful if Xoserve could in future explicitly configure the PMSOQ, as this would address a number of issues.

SM brought the group back to the specific question from Ofgem in that there are no system changes required and made it clear that he would be unhappy if more questions were starting to be asked instead of concentrating on the specific points raised by Ofgem.

TS asked if there is anything to stop another nomination for the same value at a later date. When asked, DA confirmed that, in the event of another nomination being received for the same value at a later date, this would get rejected again.

RP advised that, as the NExA allows the customer to disclose to the shipper, the shipper nominating a NExA supply point should be fully aware of the existence of the agreement.

It was confirmed that if there is a ratchet, UNC Code states that the shipper capacity will increase and the Transporter would liaise with the customer but the ratchet charge and capacity ratchet would apply.

New Action 1102: All to review the legal text to make sure it meets the requirements of the solution. Specifically, does it cover the ratchet aspect and generally cover all eventualities?

New Action 1103: DA agreed to provide some scenario-based examples to clarify issues arising from new action 1101.

LS asked if there is anything preventing the customer from disclosing the start date to the Shipper.

AR advised that will be captured in his synopsis of how the process works now.

A question was asked regarding the management of capacity and NExAs, and how they interact. The response was that each Transporter will have a different structure. The team that deal with the nomination referral will also have interactions with the NExA, in some cases, the same team would deal with the Shipper and customer.

The Transporters noted that the team managing the referrals is also familiar with the content of the relevant NEXA.

Formatted: Left, Tab stops: Not at -4 cm

Formatted: Font: (Default) Calibri, Font color: Auto

Across most of the Transporters, it is the Network Strategy team that deal with the customer and the NExA. TS commented that there is scope for this to be improved.

5.0 Review and assessment of the Legal Text

Deferred until December 2019 discussions.

6.0 Next Steps

AR summarised the next steps:

- Workgroup will reconvene 17 December 2019
- Xoserve will circulate the scenarios that will aid understanding of the Legal Text
- Workgroup to consider the impact on central processes
- All Workgroup participants will review the Legal Text in the Final Modification prior to the next meeting.

7.0 Any Other Business

None raised.

8.0 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
-------------	-------	---------------------

10:30 Tuesday 17 December 2019	Elexon, 350 Euston Road, London NW1 3AW	Standard Workgroup agenda
-----------------------------------	--	---------------------------

Action Table (as at 28 November 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	28/11/19		AR to draft and circulate a synopsis of the current capacity booking arrangements which will cover the Procedures; Responsibilities; Timing of events; Legal arrangements.	Joint Office (AR)	Pending
1102	28/11/19		All to review the legal text to make sure it meets the requirements of the solution. Specifically, does it cover the ratchet aspect and generally cover all eventualities?	All	Pending
1103	28/11/19		DA agreed to provide some scenario-based examples to clarify issues arising from new action 1101.	Xoserve (DA)	Pending