

## UNC Workgroup 0701 Minutes

### Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs

Thursday 22 August 2019

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

#### Attendees

Alan Raper (Chair)	(AR)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Alsarif Satti*	(AS)	Ofgem (0701 only)
Andy Clasper	(AC)	Cadent
Brandon Rodrigues*	(BR)	ESP Utilities
David Mitchell	(DM)	SGN
Debbie Mulinganie*	(DMu)	BP
Ellie Rogers	(ER)	Xoserve
Kate Mulvany*	(KM)	Centrica
Kirsty Dudley*	(KD)	E.ON
Lorna Lewin*	(LL)	Orsted
Mark Jones*	(MJ)	SSE
Richard Johnson	(RJ)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities
Sean Hayward*	(SH)	Ofgem (0701 only)
Simon Harris	(SHa)	Xoserve
Steve Britton*	(SB)	Cornwall Insights
Steve Mulinganie	(SM)	Gazprom
Tracey Saunders	(TS)	Northern Gas Networks

\* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0701/220819>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 December 2019.

#### 1.0 Outline of Modification

Tracey Saunders (TS) introduced the Modification and explained that at the August Panel meeting the Panel had voted that proposed Modification 0696A was not an alternative to Modification 0696 and, consequently, has been renumbered so it can be considered as a standalone Modification.

She provided a high-level walk through of the presentation provided for the August Panel meeting, explaining that currently there is a lack of visibility where a bi-lateral Network Exit Agreement (NExA) exists between a consumer and the relevant Transporter. In addition, regarding capacity bookings, there is no link between any existing, or future dated, maximum capacity limit set-out in the NExA and this proposal seeks to remedy the fact that capacity increases, made under the provisions set-out in the UNC, can exceed those set-out a NExA.

The intention of the Modification is:

- to consider the introduction of more visibility where a NExA exists (for all classes) by populating the NExA flag in DES;
- to establish the maximum capacity in the NExA as maximum bookable under the provisions of the UNC and;
- where a capacity increase is triggered under the provisions of the UNC and the associated NExA has a future dated capacity increase included in its terms, to ensure that any capacity increases are limited by date & quantity to the values recorded in the NExA.

Workgroup had a brief discussion in relation to the flag in DES following a concern raised about the details of the NExA agreement and what information would be provided. TS explained that the registered Shipper has the right to request data from Transporters, but it cannot just be shared wider. Steve Mulinganie (SM) stated that even though bi-lateral agreements are known to exist, often the capacity values are not known. He suggested that there needs to be discussion of how this information could be made available or whether tri-partite NExAs should be considered.

Richard Pomroy (RP) stated that whilst Wales & West Utilities (WWU) no longer have tri-partite agreements in place, the agreements do allow for a limited release of information if it is requested.

TS suggested that she had sought Legal advice in this area and highlighted that different networks can have slightly different NExAs in place. She suggested that the best way forward is to have agreement to release information on a request basis. In response, SM stated that it would be helpful for Northern Gas Networks to share their legal advice and in particular, provide more information to explain why the capacity values cannot be made available.

He agreed the flag was useful but asked why Shippers cannot request the information directly from the CDSP. TS indicated that this was because some NExAs have specific clauses regarding the release of capacity values.

A general discussion then took place on the size of the issue and if it was known how many NExAs are in place currently.

RP indicated that 10 years ago WWU had just 5 agreements (Class 1) but this has now increased to 25 mostly related to flexible generators which are not all Class 1.

AR summed up the discussion by suggesting that NGN consider the principles by which values can be shared with Shippers and the process for sharing.

Ellie Rogers (ER) indicated that a data item is visible in DES indicating if a NExA is in place and the flag options are either a 'Y' or a 'N'. She also suggested that a process needs to be put in place to enhance the information held by Xoserve as currently the field is not in use and a mechanism for populating it would need to be established.

In terms of next steps, TS confirmed that the reporting is December 2019 which is an aggressive timescale.

Kirsty Dudley (KD) asked if both Modifications (0696 and 0701) were implemented can they both work together.

TS confirmed that Modification 0701 would enhance aspects of Modification 0696 but the retrospective elements would be removed going forward.

ER asked if there had been any guidance provided by Ofgem at the Panel meeting. TS reported that Ofgem had not provided a formal response but suggested that from internal discussions there was an indication that it would be helpful for both Modifications to be considered together.

In light of this, KD asked if there is a plan to align the timetable for the Modifications. SM indicated that this is not possible as Modification 0696 has been issued to consultation reporting on 12 September 2019. He added that both Modifications can be implemented separately but following implementation of 0701 the retrospection element would be removed as it would no longer be relevant.

A brief discussion then took place on whether there could be a uniform and consistent format of NExAs. TS explained that as NExAs are commercial agreements between a specific Network Operator and a gas customer and may include a different commercial terms, and as such, it would therefore be difficult to standardise them.

RP described the approach taken by WWU which was to try and standardise NExAs where possible by adopting a common structure to ensure broad consistency across Agreements.

In terms of standardisation, SM pointed out that some NExAs don't cover SOQ and SHQs and agreed that as commercial bi-lateral arrangements, they will by necessity have a degree of differentiation.

TS asked Xoserve if it was possible to amend the flag in DES to allow 3 responses – 'Y', 'N' and NExA capacity value (or linked to a maximum SOQ value).

TS also agreed to have further discussions with NGNs legal team and consider how much of a NExA can be made visible and she suggested other DNs also look into this.

**New Action 0801:** Northern Gas Networks (TS) to provide clarification from the legal team on what information from a NExA can be made available through CDSP systems.

Brandon Rodrigues (BR) stated that he would raise the issue of NExAs at the next IGT meeting and ask if this is a relevant issue for IGT Networks. He agreed to provide feedback at the September meeting.

**New Action 0802:** ESP Utilities (BR) to provide an update at the September meeting on whether the visibility of NExAs is a relevant issue for IGT Networks.

Workgroup then had a discussion about the Provisional Maximum Supply Point Capacity (usually referred to as "PMSOQ"), SM stated that when a site ratchets there are various rules about PMSOQ and the AQ can change and in some cases it can be up to 16 times higher or twice the Supply Point Capacity. He asked if the Modification is proposing a cap where a NExA is in place. He also asked if a cap would create a detriment to the customer?

AR highlighted that Business Rule 2 within the solution section of the Modification states that:

"For Class 3 and 4 Supply Points: Any AQ changes shall be capped to ensure that the chargeable capacity does not exceed the daily offtake rate set out in the NExA."

ER suggested that there was a diagram that helps to explain how the SOQ/SHQ can be capped if there no linked value in the NExA and she would send it to TS to consider inclusion in the Modification as an Annex.

Simon Harris (SHa) suggested that with regards to capping AQ, there could be detrimental impact on UIG.

SM challenged why the Business Rules is only applied to Class 3 and 4. SHa agreed that capping AQs for Class 3 and 4 is difficult to rationalise and TS agreed to discuss this rule further with Xoserve.

TS concluded her presentation by confirming that it was her intention to gather further information in the forthcoming weeks and provide an amended Modification for discussion at the October meeting.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

None raised.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at <http://www.gasgovernance.co.uk/mods>

## 3.0 Next Steps

AR confirmed that the next meeting would focus on further consideration of the Business Rules and the impacts and costs.

## 4.0 Any Other Business

None.

## 5.0 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, Thursday 26 September 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> </ul>

**Action Table (as at 22 August 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	22/0819	1.0	Northern Gas Networks (TS) to provide clarification from the legal team on what information from a NExA can be made available through CDSP systems.	Northern Gas Networks (TS)	<b>Pending</b>
0802	22/0819	1.0	ESP Utilities (BR) to provide an update at the September meeting on whether the visibility of NExAs is a relevant issue for IGT Networks.	ESP Utilities (BR)	<b>Pending</b>