

**NC Workgroup 0705R Minutes
NTS Capacity Access Review
10:00 Thursday 03 June 2021
via Microsoft Teams**

| Attendees | | |
|---------------------------------------|-------|-------------------------------------|
| Eric Fowler (Chair) | (EF) | Joint Office |
| Maitrayee Bhowmick-Jewkes (Secretary) | (MBJ) | Joint Office |
| Adam Bates | (ABa) | South Hook Gas Ltd |
| Alex Nield | (AN) | Storengy |
| Andrew Blair | (AB) | Interconnector UK |
| Angus Paxton | (AP) | Afry |
| Anna Shrigley | (AS) | ENI |
| Anna Stankiewicz | (ASt) | National Grid |
| Ashley Adams | (AA) | National Grid |
| Bethan Winter | (BW) | Wales & West Utilities |
| Carlos Aguirre | (CA) | Pavilion |
| Chris Wright | (CW) | ExxonMobil |
| Christiane Sykes | (CS) | Shell (<i>only for 0705R</i>) |
| Daniel Hisgett | (DHi) | National Grid |
| Emma Buckton | (EB) | Northern Gas Networks |
| Hannah Reddy | (HR) | Correla on behalf of Xoserve |
| Henk Kreuze | (HK) | Vermilion |
| Jeff Chandler | (JCh) | SSE |
| Jennifer Randall | (JR) | National Grid |
| Julie Cox | (JCx) | Energy UK |
| Kamila Nugumanova | (KM) | ESB |
| Kamla Rhodes | (KR) | ConocoPhillips |
| Lauren Jauss | (LJ) | RWE |
| Lucy Manning | (LM) | Grain LNG |
| Max Lambert | (ML) | Ofgem |
| Phil Hobbins | (PH) | National Grid |
| Phil Lucas | (PL) | National Grid |
| Rachel Hinsley | (RHi) | National Grid (<i>0771S only</i>) |
| Rebecca Hailes | (RH) | Joint Office |
| Richard Fairholme | (RF) | Uniper |
| Ritchard Hewitt | (RHe) | Hewitt Home and Energy Solutions |
| Rudi Streuper | (RS) | BBL Company |
| Samuel Dunn | (SD) | Interconnector UK |
| Shiv Singh | (SS) | Cadent |
| Sinead Obeng | (SO) | Gazprom |
| Steven Britton | (SB) | Cornwall Insight |

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0705/010721>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 October 2021.

1. Introduction and Status Review

Eric Fowler (EF) welcomed all to the meeting.

1.1. Approval of minutes (03 June 2021)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

Amended papers submitted on the day of the meeting were approved.

1.3. Review of outstanding actions

0601: User Commitment for capacity within baseline (ECPG) - Ofgem (ML) to confirm if Ofgem can provide a summary statement in terms of transparency with the monitoring process

Update: Max Lambert (ML) advised that if the Capacity Guidance were not suitable, the Standard Licence Conditions would allow Ofgem to change them as required. ML assured the Workgroup Ofgem would keep the monitoring process transparent and inform the industry of any changes being made. **Closed**

0602: Flow Swap vs the 'new process name': National Grid (JR) to provide a graphical diagram setting out how the direct connects would interact.

Update: This is to be covered below. **Closed.**

0603: (Transferred from TWG minutes for 03 June 2021) National Grid (ASt) to confirm what mandatory parameters are being implemented as part of Modification 0745S – Mandatory Setting of Bid Parameters.

Update: This is to be covered below. **Closed**

0603: (Transferred from TWG minutes for 01 July 2021) *Overrun Reporting* - To check the commercial sensitivity to provide the types of points where the overruns occur e.g. IPs; Storage.

Update: This is to be covered below. **Closed**

2. Review of Exit Regime

Movement of capacity between offtakes

Jen Randall (JR) provided an update on the movement of Capacity between exit points, highlighting that National Grid had carried out an exercise to review all the NTS offtakes and associated them to LDZs to illustrate that a Shipper active on any of these sites could move sites within the same LDZ.

Please see published papers on the meeting page for detailed information.

The Workgroup reviewed the information provided by National Grid. The key points of discussion are noted below:

- Some discrepancies were identified in the list compiled by National Grid. JR acknowledged this was the result of a preliminary review and would need to be revised.
- Anna Stankiewicz (ASt) noted a process would be required if this was to be progressed further.
- Julie Cox (JCx) noted that it was useful for individual parties to see if there was more than one offtake within the same LDZ.

JR noted that there were no guarantees that there would be 1 to 1 exchanges within the same LDZ. JCx advised that to progress this, it would be necessary to limit sites that were close but not necessarily within the same LDZ, noting that it would be a challenge to do so.

- Lauren Jauss (LJ) asked if there were specific timescales for moving between exit points. JR explained movement would be allowed for the duration of any capacity holding, whether it was an enduring or an annual product.
- Nick Wye (NW) agreed with JCx and noted that whilst he appreciated the view National Grid had presented, he believed it was more important to move capacity outside the LDZs, particularly when there was a 1 to 1 relationship. He noted anything else would not be beneficial for any parties who were not a DNO (Distribution Network Operator).
- JCx asked how this would link with substitution exchange rate. ASt explained that there would be some implications and that adding a cap could be an option, but further consideration would be required. JR agreed with this view.
- JCx asked whether this would be managed within the process or whether a Modification would be required to amend the code. JR advised that this could be considered at a later date.
- JCx was concerned that the proposal is setting up arrangements beneficial to DNOs, who are only a subset of customers, which the other customers would not have the opportunity to use and which the industry would not be able to modify as the arrangements would not be enshrined in the UNC.
- The Workgroup asked Ofgem to provide their view on the proposal. Max Lambert (ML) noted this was still in early stages of development but noted it was linked with some other work Ofgem had been carrying out and that Ofgem would liaise with National Grid on the processes going forward.
- EF noted that the concerns raised by the Workgroup could be delved into at a deeper level when developing the Workgroup Report.

Overruns

- ASt presented an overview of Overruns. Please see the published papers on the meeting page for detailed information.

- Emma Buckton (EB) asked whether the adjustments mentioned because of errors had been corrected. ASt confirmed this.
- Bethan Winter (BW) noted that as a result of lack of accurate information, it is not a level playing field for all industry participants. EF agreed with this view and suggested it could be considered due discrimination.
- NW noted a review was required as the volume and costs of overruns have increased in the new charging regime.
- JR advised that as part of Modification 0761, a review of the charging regime was due to take place around September 2021. NW noted this and suggested the industry should be preparing for this now.
- JR added as part of the review if a new Modification was required, it would be raised separately to amend the multiplier.
- NW suggested a further investigation was required to identify why overruns were happening.
- EF noted this and advised a placeholder to review overruns would be kept on the agenda. Rebecca Hailes (RH) added that the reasons for benefits of exits could be collated as part of this review.
- ASt noted that National Grid had been reviewing other factors such as tolerance and scheduling charges and would bring these to the Workgroup to aid discussions.

New Action 0701: National Grid (ASt) to present a detailed review of overruns for the Workgroup.

- LJ suggested that it would be useful to understand what costs were associated with overruns and this insight would be useful as part of the review. ASt noted that some analysis had already been carried out for this to support Modification 0761 and she could provide this to the Workgroup.

New Action 0702: National Grid (ASt) to provide analysis (including driver for charges feeding into overruns) to the Workgroup for review.

Products

- JR presented an overview of products including CAM Code and Domestic Capacity auction.
- The Workgroup discussed these and felt that a lack of activity on some of these products were because of Ofgem's steer previously.
- The Workgroup requested Ofgem's current views. ML noted he was unable to provide a view on the products immediately but advised he would discuss the progression of the product options with National Grid offline to review the appetite to move away from the single regime.

New Action 0703: National Grid (JR) to discuss moving away from a single regime with Ofgem to see how the product options could be progressed.

- The Workgroup discussed the options and how they could be progressed in the light of the transition of the energy market.
- Chris Wright (CW) noted that the gas network was due to change dramatically, which would result in parties wanting certainties about long term entry capacity bookings. JR noted this view.

3. Review of Overrun Multiplier

As above.

4. Next Steps

EF confirmed that more detail will be provided Movement of Capacity, Overruns and Products at the next Workgroup meeting.

5. Any Other Business

No items required discussion.

6. Diary Planning

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

| Time / Date | Venue | Workgroup Programme |
|-------------------------------------|-----------------|---------------------|
| 10:00 Thursday 05 August 2021 | Microsoft Teams | TBC |
| 10:00 Thursday 02 September 2021 | Microsoft Teams | TBC |

Action Table (as at 01 July 2021)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|---------------------|----------------|
| 0601 | 03/06/21 | 2.0 | User Commitment for capacity within baseline (ECPG) - Ofgem (ML) to confirm if Ofgem can provide a summary statement in terms of transparency with the monitoring process | Ofgem (ML) | Closed |
| 0602 | 03/06/21 | 2.0 | Flow Swap vs the 'new process name' : National Grid (JR) to provide a graphical diagram setting out how the direct connects would interact. | National Grid (JR) | Closed |
| 0603 | 03/06/21 | 5.1 | (Transferred from TWG mins for 03 June 2021) National Grid (ASt) to confirm what mandatory parameters are being implemented as part of <i>Modification 0745S – Mandatory Setting of Bid Parameters</i> . | National Grid (ASt) | Closed |
| 0701 | 01/07/21 | 2.0 | National Grid (ASt) to present a detailed review of overruns for the Workgroup. | National Grid (ASt) | Pending |
| 0702 | 01/07/21 | 2.0 | National Grid (ASt) to provide analysis (including driver for charges feeding into overruns) to the Workgroup for review. | National Grid (ASt) | Pending |
| 0703 | 01/07/21 | 2.0 | National Grid (JR) to discuss moving away from a single regime with Ofgem to see how the product options could be progressed. | National Grid (JR) | Pending |