

UNC Workgroup 0716 Minutes
Revision of Overrun Charge Multiplier

**Thursday 05 March 2020 at Elexon, 4th Floor, 350 Euston Road,
London, NW1 3AW**

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(KV)	Joint Office
Loraine O'Shaughnessy	(LOS)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Barnes	(ABa)	Waters Wye Associates
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	Afry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed*	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Mitchell*	(DM)	SGN
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Paul Youngman*	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan*	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0716/050320

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2020.

1.0 Outline of Modification

ASt provided an outline and explained this Modification seeks to amend the multiplier in the Overrun Charge calculation at NTS Entry and Exit points. This will be done by looking at the multiplier in the overrun calculation.

ASt provided an update for the actions that were taken which were originally assigned to Modification 0705R.

Action 0201: National Grid to investigate situations whereby an Overrun might have been caused by a constraint on the network.

Update: ASt explained, at Entry points, in a 4-month winter period 2017/18 capacity was scaled back on 20 occasions, out of which 8 occurred on the same day/locations as Overruns:

- At Exit points, capacity was scaled back on 1st March 2018 (1 location affected by an Overrun where capacity was scaled back)
- NTS is operated in a consolidated manner where actions are taken as a result of multiple influencing factors. It is not possible to quantify the specific impact Overruns have on network configuration.
- The 8 times multiplier is used for instances where there is no constraint requiring National Grid to take action. Where there is a constraint which results in e.g. buy backs, a different multiplier is used for the overrun calculation.

Further analysis was produced for this Action that can be viewed within the published presentation: www.gasgovernance.co.uk/0716/050320.

AS said that she was surprised to see the quantities as low as they are in the Entry Data, Year 2018/19. **Action 0201 Closed**

Action 0203: To what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges.

Update: ASt advised if the only User at an Entry point is the existing contract owner, the Overrun calculation will be based on contractual capacity price. If another User Overruns at Entry point where existing contract exists, the Overrun calculation will be based on the highest bid price (reserve price or above).

Having reviewed Overrun data for 2018/19, all Overrun calculations except for one could have been traced back to the reserve price. **Action 0203 Closed**

Action 0204: Do overrun charges link to the non-transmission charges post charging review implementation?

Update: ASt advised there is no change. Exit overrun charges will be a part of non-transmission charges in the new charging regime. **Action 0204 Closed**

AS passed on her concerns that, due to billing timescales, it is 65 days until the overrun charge is made known.

Slide 13 on the presentation from National Grid shows how the calculations will be carried out going forward.

- The proposed Entry Overrun multiplier will move from 4 to 3
- The proposed Exit Overrun remains at 6 and National Grid are not proposing this value.

A Workgroup participant challenged why the Exit multiplier needs to be twice as big as the Entry multiplier, and asked if the large overrun by one User was removed from the analysis, what would the multiplier be then?

ASt advised that National Grid are trying now to get a quick solution in time for implementation in October 2020 and confirmed they would revisit the multipliers in 12 months.

When asked, National Grid clarified they do not contact Users when they overrun.

AS advised ENI are considering submitting an alternative Modification which would be based on a multiplier of 2 for Entry Capacity Overruns. AS will contact Joint Office next week if she intends pursuing her Alternative Modification.

AP asked if National Grid has considered using a tolerance, JR advised that National Grid, for now, in terms of timeliness, have just been looking at a multiplier change, as this will be easier to put in place in October 2020. However, post implementation JR confirmed National Grid can look at a more different approach.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1. Consider Consumer Impacts

This will be considered at the next Workgroup meeting in April 2020.

2.1.2. Consider materiality of the proposal in terms of governance of the Modification

This will be considered at the next Workgroup meeting in April 2020.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at: <https://www.gasgovernance.co.uk/0716>.

3.0 Next Steps

AR summarised the next steps:

- Development of the Workgroup Report will begin at the next meeting
- Consideration of questions from UNC Panel

4.0 Any Other Business

None.

5.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Friday 02 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 07 May 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 04 June 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Completion of Workgroup Report

Action Table (as at 05 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	06/02/20	2.1	National Grid (ASt) to investigate situations whereby on Overrun might have been caused by a constraint on the network.	National Grid (ASt)	Closed
0203	06/02/20	5.0	National Grid (ASt) to investigate to what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges (ASt)	National Grid (ASt)	Closed
0204	06/02/20	5.0	National Grid (ASt) to confirm if the Overrun charges link to the non-transmission charges post charging review implementation?	National Grid (ASt)	Closed