

**UNC Workgroup 0738 Minutes
Incremental NTS Entry Capacity Surrender**

Thursday 03 December 2020

via Microsoft Teams

Attendees		
Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	AFRY
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(Dhi)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Nigel Bradbury	(NB)	EIUG
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Terry Burke	(TB)	Equinor
Tim Davis	(TD)	Barrow Shipping (agenda item 3.1)
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0738/031220

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 December 2021.

1.0 Introduction and Status Review

1.1. Approval of Minutes (05 November 2020)

The minutes from 05 November 2020 were accepted.

1.2. Approval of Late Papers

LOS advised the Workgroup that the Legal Text from National Grid had been provided late. Workgroup agreed to consider this late papers.

1.3. Review of Outstanding Actions

Action 1101: National Grid (MM) to provide analysis of incremental allocations between April 2017 and September 2020 to allow a comparison of the initial commitment compared to on-going commitments post October 2020. This will provide information on the materiality of potential costs. Closed

Update: MM provided the analysis for the QSEC incremental allocations between 01 April 2020 and 30 September 2020 which included allocations covering three relevant QSECs, March 2018; July 2018 and March 2019 and confirmed that some of the incremental capacity was provided via substitution and some provide via non-obligated.

MM went on to show the Annual Breakdown which runs from Gas Year 2020/21 to Gas Year 2032/33 and advised the costs are spread fairly evenly across the period.

No questions were asked by Workgroup. LOS confirmed she will add this to the Workgroup Report for clarification in terms of the materiality. **Closed**

2.0 Amended Modification

LOS confirmed that TD had submitted an amended Modification on 26 November 2020 and invited Tim Davis (TD) to advise Workgroup of the amendments made.

TD advised the timeline has been amended to reflect the Workgroup Report being submitted to UNC Panel on 17 December 2020 and the solution has been amended to expand the Solution Section to provide guidance to National Grid NTS about the issues they should consider when deciding whether or not to accept any application to surrender incremental capacity, and some extra rules have been added to define the exact periods, to make sure it is not retrospective.

3.0 Issues and Questions from Panel

3.1. Workgroup to consider if the Modification satisfies the Self-Governance criteria

This was considered as part of Workgroup discussions and is answered within the Workgroup Report.

4.0 Review of Business Rules

This was covered as part of the amended solution review in agenda item 2.0.

5.0 Consideration of Legal Text

MM confirmed the legal text provided was based on the amended modification and provided an overview of the changes that are required to the Transitions Document.

MM confirmed the inclusion would be to Paragraph 1 of Part IIC Transition Rules in the Transition Document which sets out transitional provisions relating to the arrangements in TPB Section B (System Use and Capacity) of the Uniform Network Code. A new paragraph 1.1.11 shall be inserted in Part IIC of the Transition Document.

After the walkthrough, Bill Reed (BR) asked if there are multiple applications eligible, MM confirmed there are three different QSECs eligible and advised that all of the non-obligated incremental capacity will be combined together to make an eligible application.

BR advised that it was not clear in the legal text, MM advised he would consider adding clarification before this goes out to consultation.

No further comments on the legal text provided.

LOS confirmed she will add the legal text to the Workgroup Report. Workgroup agreed that the Legal Text met the intent of the solution and this would be captured in the Workgroup Report.

6.0 Development of Workgroup Report

LOS provided an overview of the current version of the Workgroup Report, (version 0.4 dated 30 November 2020) and confirmed it is due to report to UNC Panel on 17 December 2020 and following consultation would report back to January 2021 UNC Panel.

When confirming the agreed Authority Direction justification TD stated that this might be a cost of £2million a year, and asked if that is really material. It was confirmed that the materiality was based more on the commercial side, the application of retrospective removal of the obligation, rather than the value which had been agreed during the November Transmission meeting. The analysis provided was to provide greater on costs.

LOS added further information in the Workgroup assessment section to further clarify the reason for Authority Direction.

All sections of the Workgroup Report were addressed and reviewed by Workgroup, LOS made live amendments as and where necessary. The final version of the Workgroup Report will be published on the main Modification 0738 web page once Joint Office have finalised it. www.gasgovernance.co.uk/0738/

When reviewing the Central Systems Impacts section, it was noted in the Workgroup Report that MM confirmed that National Grid do not have the functionality to hand back capacity, and advised there are 3 options:

1. Remove the rights associated with the surrendered capacity
2. Remove the liability associated with the surrendered capacity
3. Re-offer the surrendered capacity, which would only apply to obligated capacity

As the legal text was reviewed by Workgroup it is agreed that this met the intent of the solution on the basis that MM may provide further clarification as noted above.

7.0 Next Steps

LOS confirmed the next steps to be:

- Workgroup Report will be presented to December UNC Panel

JCx raised the concern that some Authority Direction decisions are taking some time. Some Workgroup participants agreed that UNC Panel should be stating its general dissatisfaction with Ofgem performance with this regard.

Add note in WGR – WG concerned that this mod will sit with Ofgem for deliberation for some time.

Workgroup was closed.

8.0 Any Other Business

None.

9.0 Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Programme
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No further meetings planned

Action Table (as at 03 December 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	05/11/20	1.0	National Grid (MM) to provide analysis of incremental allocations between April 2017 and September 2020 to allow a comparison of the initial commitment compared to on-going commitments post October 2020. This will provide information on the materiality of potential costs.	National Grid (MM)	Closed