

UNC Workgroup 0752 Minutes
Introduction of Weekly NTS Entry Capacity Auctions
Thursday 04 March 2021
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Blair	(ABI)	IUK
Andrew Pearce	(AP)	BP
Anna Shrigley	(ASh)	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	(DHa)	TPA Solutions
Hannah Reddy	(HR)	Corella on behalf of Xoserve
James Cunningham	(JCu)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KM)	ESB
Kamla Rhodes	(KR)	ConocoPhillips
Lauren Jauss	(LJa)	RWE
Leyon Joseph	(LJo)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RHe)	Hewitt Home and Energy Solutions
Rosannah East	(RE)	National Grid
Sarah Cooper	(SC)	IUK
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0752/040221

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 April 2021.

1.0 Introduction and Status Review

1.1. Approval of Minutes (04 February 2021)

RHa highlighted an amendment to the minutes has been received, Jennifer Randall (JR) provided clarification to the suggested update and the minutes were amended.

Workgroup agreed with the suggested amendment to the minutes which will be finalised and republished.

1.2. Approval of Late Papers

RHa confirmed there were no late papers to consider.

1.3. Review of Outstanding Actions

Action 0201: SouthHook Gas (AB) and National Grid (JR) to clarify whether the modification should be applicable to IPs.

Update: This has been covered in the amended modification. **Closed**

2.0 Amended Modification

Adam Bates (AB) was asked to provide an overview of the amendments, based on discussions held at the last Workgroup meeting, that have been made to the modification and advised the solution where the auction will take place was originally D-9 and has now been changed to D-10 and the capacity would be allocated ty D-9 to incorporate a clear business day in between the start of the auction and the end of the previous one.

It was noted, for the avoidance of doubt, the Capacity Access Management Code cannot be applied to Interconnection Points (IPs) which provided clarification this modification is not applicable to IPs.

Relevant Objectives

When asked, Jennifer Randall (JR) clarified National Grid supports that this modification furthers Relevant Objective a) - Efficient and economic operation of the pipe-line system.

No workgroup participants disagreed.

Jeff Chandler (JCh) commented that if Liquefied Natural Gas (LNG) book monthly or quarterly capacity would mean less revenue which may impact revenue income to National Grid which could have an impact on competition, Relevant Objective d) - Securing of effective competition. AB said that they may move from monthly to weekly and it is hard to pinpoint what the behavioural changes or the revenue impact will be as a result.

JR raised the observation that this modification may reduce the amount of interruptible capacity available, the consequence of that is there will be less interruptible capacity at the discounted rate. If the weekly auction encourages bookings moving away from quarterly bookings, Use-It-Or-Lose-It (UIOLI) will be the perceived consequence of the introduction of a weekly auction. Nick Wye (NW) noted he is not sure this is relevant. He said that it is recognised that UIOLI is an anti-hoarding auction and that moving to more firm bookings is positive for Relevant Objective d), the ability to better profile firm capacity bookings by using a weekly booking facility will limit hoarding.

When it was asked if there is a limit on how much capacity National Grid makes available for UIOLI, JR confirmed there is no limit on the amount of interruptible capacity that can be released, it is the calculation that sets the amount. The quantity of capacity not used is part of the determination as to how much can be released. It was also clarified that this modification is not restricting the amount of capacity that NG can release.

Referring back to the Solution, JR reminded Workgroup that at the last meeting the system solution was discussed specifically how the batch jobs run at the end of the month is a potential problem. This has been discussed with Xoserve and the solution will be to move the batch jobs to run earlier in the month and create a new one for the weekly auctions.

Workgroup moved on to consider the modification and its compliance with TAR Network Code, in particular provisions when there is a need to publish prices which could potentially impact on this modification if it is implemented within the gas year there could be an impact on the obligation to publish prices.

NW provided an alternative interpretation and said that reserve prices applied to the weekly product will be no different to those published for the rest of the year and should not prohibit the introduction of this product.

It was suggested that any auction that spans over 2 gas years could be suspended or the capacity price from gas year one could be used.

JR requested this is written into the solution. AB asked for Ofgem to provide a view in how the introduction mid-year and how the price would be introduced and any implications on any other products.

Max Lambert (ML) responded and said he will look further into Article 29 and provide a view before the next Workgroup meeting.

AB advised that the Rough Order of Magnitude (ROM) is drafted. Hannah Reddy (HR) clarified the calculation of charges will be based on the transaction period; the monthly price multiplied by the number of days. However, this becomes more complex if the week that the auction is set to crosses over from one gas year to the next.

JR asked if it would be feasible to take the price for one part of the week and multiply it by the number of days at that price and multiply the number of remaining days with the new price. HR confirmed it is a more complex calculation which needs consideration.

New Action 0301: Proposer (AB) to liaise with National Grid and Xoserve on the calculation that can be used when the weekly auction spans two gas years.

The Consumer Impact Table was considered and Workgroup comments were added.

3.0 Issues and Questions from Panel

3.1. Consider whether it should be Self Governance.

This was discussed as part of the introduction to the Modification in agenda item 1.0.

4.0 Development of Workgroup Report

This will be considered at the next Workgroup meeting.

5.0 Next Steps

RHa confirmed that Workgroup should expect a further iteration of the modification which will include the scenario where an auction can span two gas years; the discussion relating to TAR NC Article 29 and submission of the ROM.

6.0 Any Other Business

None.

7.0 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	Paper Publication Deadline	Venue	Programme
10:00 Thursday 01 April 2021	5pm Wednesday 23 March 2021	Microsoft Teams	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report

Action Table (as at 04 March 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	04/02/21	1.0	SouthHook Gas (AB) and National Grid (JR) to clarify whether the Modification should be applicable to IPs.	SouthHook Gas (AB) National Grid (JR)	Closed
0301	04/03/21		Proposer (AB) to liaise with National Grid and Xoserve on the calculation that can be used when the weekly auction spans two gas years.	SouthHook Gas (AB)	Pending