

UNC Transmission Workgroup Minutes
Thursday 05 October 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alex Nield	(AN)	Storengy UK
Amy Howarth	(AH)	Storengy UK
Andrew Blair	(AB)	Interconnector
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	South Hook Gas
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BM)	Vermillion Energy
Carlos Aguirre	(CA)	Pavilion Energy
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Conor McClarin	(CM)	National Gas Transmission
Corrine Brooke	(CB)	Department for Energy Security and Net Zero (DESNZ)
Ellie Rogers (11:15)	(ER)	Xoserve
Gavin Williams	(GW)	National Gas Transmission
Georgie Price (12:36)	(GP)	Ofgem
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Isabel Capp	(IC)	Department for Energy Security and Net Zero (DESNZ)
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Jonath Roche	(FR)	Department for Energy Security and Net Zero (DESNZ)
Jonathan Balls	(JB)	Ofgem
Joseph Leggett	(JL)	Interconnector
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJa)	RWE
Lona Wilson	(LW)	Department for Energy Security and Net Zero (DESNZ)
Lucy Manning	(LM)	BP
Marion Joste	(MJ)	ENI
Maryam Khan	(MK)	Ofgem
Mathew Chandy	(MC)	Ofgem
Matthew Atkinson	(MA)	SEFE Energy
Matthew Newman	(MN)	National Gas Transmission
Niamh Holden	(NH)	Joint Office
Nick King	(NK)	CNG Services
Nick Wye	(NW)	Waters Wye Associates
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper

Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Stephen Huang	(SH)	Castel Commodities UK
Steve Mulinganie	(SM)	SEFE Energy

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/TX/051023>.

1. Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting.

1.1. Approval of minutes (07 September 2023)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

EF noted no late papers.

1.3. Review of Outstanding Actions

None.

1.4. Industry Update from Ofgem

An update was provided from the Ofgem Expected Decision Dates (EDD) publication timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>) dated 22 September 2023 noting the most recent updates (see below table).

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	Rejected 29 September 2023
0808 - Reverse Compression	TBC
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0839 - Revision of the Modification Panel Membership Cessation Provisions	12 January 2024
0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024	Implemented 25 September 2023

1.5. Pre-Modification discussions

1.5.1. Extension of the arrangements introduced via UNC Modification 0814

Matthew Newman (MN) provided a brief update concerning the extension to arrangements of the UNC 0814. MN confirmed that the Modification had lapsed at the end of September and explained that due to unforeseen delays in the implementation of the Modification and market conditions, BBL had not had sufficient chance to utilise the services.

MN explained that NGT planned to permit BBL access temporarily as this would give BBL another opportunity to use the services and create a level playing field with Interconnector Ltd. MN confirmed that NGT had originally intended to raise the modification in September but had reflected on the feedback received in the previous Workgroup meeting.

Joseph Leggett (JL) requested confirmation whether this is to be a Self-Governance Modification. MN confirmed that it will be raised as such for the October UNC Modification Panel.

1.5.2. Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity

Phil Lucas (PL) provided the background to the pre-Modification advising that its purpose is to acknowledge the extent of Transporters' obligations to accept gas tendered for delivery to (or make gas available for offtake from) the System in the provisions that set out the charges payable where a User utilises the System without holding system capacity.

PL referring to previous Workgroup discussions relating to Overruns and several actions confirmed the commitment to raise a clarification modification to cross reference Section TPD B to TPD Section I and Section J to set out the extent of the relevant Transporter's obligations to accept deliveries of gas to, and make gas available for offtake from, the Total System. For details, please refer to the draft proposed Modification.

The Workgroup considered the Solution provided within the Modification and the reference to National Gas Transmission (NGT) not being obliged under any provision for the Code to make gas available for offtake from the Total System by a User at a DM Supply Point which exceeds the registered Supply Point Capacity. PL clarified this is not to say that gas cannot be made available, simply there is no obligation to provide an offtake quantity which exceeds the User's Registered Supply Point Capacity. Lauren Jauss (LJ) queried whether this means that NGT are not liable for compensation if the gas wasn't made available. PL stated that this sounds logical. Jeff Chandler (JC) asserted that NGT would not be able to stop you from flowing gas. LJ explained that she had recently raised a pre-modification to ensure aligned understanding. LJ advised that this pre-modification was separate and would affect a different section of the Code but looked at a similar issue.

The intention was to raise the Modification for the October UNC Modification Panel. It was agreed to discuss with the Joint Office the best time to raise this Modification to manage workload.

Lauren Jauss (LJa), referring to the potential change in operations, the recent National Gas webinar, and Q&A documents stressed the importance of not delaying the Modification as there is a material impact on procurement strategies for purchasing capacity. LJa explained that although this is a clarification Modification it is very important.

Steve Mulinganie (SM) also expressed the need to consider the two proposals in parallel while the issues are fresh in mind.

2. Transmission Horizon Plan

Kirsty Appleby (KA) took the Workgroup through the National Gas Transmission Change Horizon plan, noting three key items:

- Gemini Sustain Plus program due to be implemented in September 2024.
- Modification 0846 decision approved, with several system drops due.
- Modification 0823 expected decision in December.

Gemini Sustain Plus Engagement

KA explained that a Change Freeze will be put in place ring-fencing the legacy Gemini system to mitigate regret spend. This is not a UNC Modification freeze. Change development activities will continue during this period in the new Gemini Sustain plus platform.

The high-level delivery plan was provided, with a partial freeze from March - April 2024 and a full change freeze from May - September 2024.

SM enquired about the contingency arrangements if there is a failure to deliver the new platform and the impact on the freeze if the whole plan needs shifting. Referring to the dress rehearsal KA explained the approach to stop developing the old system and provided a number of options during the Change Freeze which included manual workaround options. KA agreed to confer with the project team on the change freeze if the implementation date changes.

New Action 1001: *Gemini Sustain Plus* - NGT (KA) to confirm the mitigation/contingency plans on the change freeze if there is a delay in implementation and if this will be extended or shifted in line with the implementation date.

Post Meeting Note: *If Gemini Sustain Plus implementation date moves.*

The Gemini 'Change Freeze' period is aligned to the Implementation Dress Rehearsal phase of the Gemini Sustain Plus programme. This ensures there is a confirmed code base on which to undertake the dress rehearsal activities. It also helps mitigate the risk of inefficient spend. If the Sustain Plus implementation date changes, the change freeze will be realigned to the updated implementation dress rehearsal period. Information on this change would be provided at all standard industry forums, along with bespoke programme communications for maximum transparency.

This will be included on the Programme website Q&A section.

KA advised that updates will continue to be provided to the Transmission Workgroup and made available on the Gemini Sustain Plus website:
<https://www.xoserve.com/change/investment-change/gemini-changes-overview/gemini-sustain-plus>. More detail can be provided with input from the Workgroup on any questions or topics. These can be submitted to: kirsty.appleby@nationalgas.com

3. Workgroups

The following Workgroup meetings took place:

3.1. 0835R - Review of Gas Demand Side Response Arrangements

(Report to Panel 21 March 2024)

<https://www.gasgovernance.co.uk/0835/051023>

3.2. 0852 - Shipper notification in relation to option exercise for Customer Demand Side Response

(Report to Panel 18 January 2024)

<https://www.gasgovernance.co.uk/0852/051023>

3.3. 0854 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers

(Report to Panel 18 January 2024)

<https://www.gasgovernance.co.uk/0854/051023>

3.4. 0856 – Introduction of Trials for System Management Services

(Report to Panel 16 November 2023)

<https://www.gasgovernance.co.uk/0856/051023>

4. Issues

No new issues have been identified.

5. Any Other Business

5.1. Mercury Content

Kirsty Appleby (KA) provided an update on the consultation that NGT conducted on the NTS Specification for Mercury. Referring to recent communications KA confirmed that having considered all the information available, NGT have determined to leave the guidance limit for mercury at $10\mu\text{g}/\text{m}^3$ at this time, as detailed in the Gas Ten Year Statement.

The Gas Ten Year Statement can be found at: <https://www.nationalgas.com/insight-and-innovation/gas-ten-year-statement-qtys>

KA provided the background and rationale on leaving the guidance limit of $10\mu\text{g}/\text{m}^3$. Please refer to the published presentation.

RF questioned the source of this guidance limit, stating that they had always worked on the understanding that 0.1µg/m³ was the limit. RF expressed his concern regarding the environmental impact of this higher limit, querying whether it would need to be discussed with the environment agency.

KA explained that following two surveys, the feedback suggested that respondents were not all in agreement. Some would like a higher figure, whilst others would prefer lower. LJ touched on RF's point, querying whether NGT had been in touch with the environment agency, suggesting that further sampling may be necessary.

KA took the Workgroup through the survey results and advised on the rationale behind leaving the limit at 10ug/m³, KA advised that a judgement call had to be made which complied with the GS(M)R. KA said that they were conscious that many would be disappointed with the limit staying as is, but noted the following future developments:

- Further Sampling
- Risk Assessment
- Device Trials
- RIIO3

KA explained that there were currently several possibilities under consideration, requesting a slot in January to discuss updates.

New Action 1002: *Mercury Content* - NGT (KA) to provide an update following further sampling and risk assessment

LJ questioned whether NGT planned to follow up with the Environment Agency. KA confirmed that NGT had taken the initial steps. EF confirmed that KA would be welcome to provide an update in January.

5.2. EU Requirements

Phil Hobbins (PH) enquired about resurrecting the EU Requirements as a standing agenda item, for the NGT project lead to provide updates to the Workgroup. PH explained that there is an EU gas package going through at the moment, which could have implications for decisions we make in the UK.

SM expressed that this would be useful to have those discussions again. JL, as an interconnector, encouraged these discussions, and JC strongly supported the idea of bringing these discussions back as a standing item.

The Workgroup considered how often updates should be provided welcoming bi-monthly updates from November.

5.3. Return to physical meetings 2024

EF enquired about the appetite for Transmission Workgroup meetings to be held face-to-face.

Some Workgroup participants welcomed the option of attending meetings face-to-face, having a hybrid option. It was noted that to justify travel physical meetings would need to be substantial in content.

NGT expressed a preference for physical meetings as often as possible. Some Workgroup participants supported hybrid due to considerable travel time, noting that teleconference options allow wider participation without travel constraints.

It was agreed that future planning of physical meetings would take into account the length of meetings, content and travelling time.

5.4. GDFN

GDFN paper was provided for information only. Further updates expected towards the end of the year.

5.5. End to End Balancing Guide

Available at: <https://www.nationalgas.com/balancing/end-end-balancing-services>

6. Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Monday 16 October 2023	Short Notice Papers.	Microsoft Teams	Workgroup 0856 only.
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	Standard Transmission Workgroup Agenda Including 0835R, 0852, 0854 and 0856
10:00 Thursday 07 December 2023	5 pm Wednesday 29 November 2023	Microsoft Teams	Standard Transmission Workgroup Agenda Including 0835R, 0852 and 0854
10:00 Thursday 04 January 2024	5 pm Friday 22 December 2023	Microsoft Teams	Standard Transmission Workgroup Agenda Including 0835R, 0852 and 0854
10:00 Thursday 09 February 2024	5 pm Wednesday 01 February 2024	Microsoft Teams	Standard Transmission Workgroup Agenda Including 0835R

Transmission Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1001	05/10/23	2.0	<i>Gemini Sustain Plus</i> - NGT (KA) to confirm the mitigation/contingency plans on the change freeze if there is a delay in implementation and if this will be extended or shifted in line with the implementation date.	November	NGT (KA)	Pending
1002	05/10/23	5.1	<i>Mercury Content</i> - NGT (KA) to provide an update following further sampling and risk assessment	November	NGT (KA)	Pending

UNC Workgroup 0835R Minutes
Review of Gas Demand Side Response Arrangements
Thursday 05 October 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Phil Hobbins (Proposer)	(SM)	National Gas Transmission
Alex Nield	(AN)	Storengy UK
Amy Howarth	(AH)	Storengy UK
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Christiane Sykes	(CS)	Shell
Conor McClarin	(CM)	National Gas Transmission
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Ellie Rogers (11:15)	(ER)	Xoserve
Gavin Williams	(GW)	National Gas Transmission
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Stephen Huang	(SH)	Castel Commodities UK
Steve Mulinganie	(SM)	SEFE Energy

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 March 2024.

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

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1.0 Introduction and Status Review

1.1. Approval of Late Papers

There were no late papers.

1.2. Review of Outstanding Actions

None to review

2.0 Progress Update

Phil Hobbins (PH) gave an update on the progress of the Demand Side Response (DSR) review reform for 2024-25.

Steve Mulinganie (SM) enquired if there was any feedback on this year's tender outcome and if National Gas Transmission (NGT) have any insight that can be shared.

PH reported that NGT had received more interest in the DSR options than last year, and that NGT are preparing a tender report, hoping to provide more details at the next meeting. PH confirmed that the draft scope of work was shared at the September Transmission Workgroup, the reforms potentially taking forward will require some considerable development time.

3.0 Overview of Longer-Term Options

PH provided several points to be reviewed including:

- Timing of the tender process
- Timing of the non-domestic renewal round and the need to take this into account.
- Within-day options along with option quantity for a within-day option and the lead time for exercising offers.
- Winter Average Demand (WAD) noting that history may not be reflective of future demand.
- Whether Measurement Errors might materially impact WAD
- Operational timings
- Margin Notices
- Tolerances
- Impact on Balancing Neutrality, security and credit checks
- Aggregation concept to allow for more volume
- A multi-day DSR product
- A 24-hour DSR exercise
- Consumer DSR
- Extending the facility of Direct Contracting to Class 2 Sites

Feedback on the points summarised was welcomed.

Steve Mulinganie (SM) welcomed the suggestion to bring the tender forward to mid-August and agreed with PH that the current timing is problematic.

SM suggested extending Class 2 may be a preferred route and that consideration may need to be given to Hydrogen blending and how this might interact with DSR longer term. EF suggested that PH speak with Megan Bray of NGT who is leading Review Group 0849R.

4.0 Next Steps

A timeline of the Review was provided. PH proposed deferring further discussion of 0835R next month to allow some bilateral discussions, coming back to Workgroup in December to provide an assessment of the accessible options, and dedicating more time in December.

The intention is that the Request Workgroup could be closed in December with a view to raising a Modification in the New Year for implementation 2024.

5.0 Any Other Business

None.

6.0 Diary Planning

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Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 07 December 2023	5 pm Wednesday 29 November 2023	Microsoft Teams	<ul style="list-style-type: none">• Conclusion of Request Workgroup Report

UNC Workgroup 0852S Minutes
Shipper notification in relation to option exercise for Customer
Demand Side Response
Thursday 05 October 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
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1.0 Outline of Modification

Steve Mulinganie (SM) introduced the Modification and explained the purpose of the Modification will require National Gas Transmission (NGT) to notify the relevant Shipper in the event that a Customer Demand Side Response (DSR) option is being exercised.

This reflects the views from Shippers and Customers to account for a new concept that NGT will communicate with customers directly and inform Shippers in line with informing the Gas Distribution Networks (GDNs) of customers turning demand down gas demand in the event of these arrangements being given effect. This was considered as a pre-emergency communication tool with strong views on this approach being prudent.

2.0 Initial Discussion

2.1. Issues and Questions from Panel and Initial Representations

The Workgroup considered the potential operational impacts on control rooms should communication be required for Shippers at times when operations are focussing on the avoidance of an incident escalating into an emergency.

The Workgroup considered the Panel Question and the initial representation submitted by National Gas Transmission (NGT) in relation to Direct Contracting with Customers. Phil Hobbins (PH) expressed that NGT should not step further into the Shipper role and that the Consumer should inform the Shipper using existing communication requirements as a 'business as usual'. This should be considered an additional reason for Consumers to be in communication with their Shipper.

It was noted that the GDN inter-transporter communication arrangements are already established, and NGT did not want control rooms undertaking an administrative activity when they needed to focus on the efficient use of the system.

It was questioned if NGT should have an obligation in the UNC when there is no direct relationship with Consumers. Concern was particularly expressed with NGT being aware of Shipper changes and this could have a material effect on operating the system.

The Workgroup considered the protection of the entire system, the limited number of instances, and the importance of making the process as safe and effective as possible.

Ofgem, Maryam Khan (MK) enquired about the impact of Consumers not notifying Shippers of an exercise being entered, and if a failure to inform the Shipper could have significant impact. It was clarified that the failure could have a financial impact which may then impact future

participation. The Workgroup considered the strong incentive for Consumers to notify of the exercise due to the potential financial impact and if the change proposed would be better. The Workgroup compared the consequence of NGT not providing a notification in a timely manner and the incentive on NGT to discharge the obligation.

The Workgroup considered the current process and what happens now when a Consumer wishes or needs to turn down demand. Matthew Atkinson (MA) expressed the need for full confidence in the process

Richard Fairholme (RF) noted that in a pre-emergency situation, prices are likely to be very high and knowing that a turn-down could avoid the need to purchase gas at a high price. It was suggested that control room staff need not take on this role and that it could be outsourced to an administration team.

Phil Hobbins (PH) noted that instant access to an administration support function may be more complicated than initially perceived as resources are not always freely available. RF suggested the use of a systemised solution and that other forms of communication could be utilised.

SM expressed he was seeking the mitigation of risk and operating prudently to avoid a regretful position.

Anthony Miller (AM) wanted to understand the dynamics and risks associated with a User not turning down demand.

The difference between GDN and Shipper notifications was discussed including the physical aspects, stock management, and progression to stage 2. It was clarified that the GDNs need to know which sites are already off. It was noted there is a difference between a physical issue versus a Commercial issue. Bethan Winter (BW) GDNs explained the impact and risk to balancing the network and minimising stock.

It was agreed not to continue with the circular discussion and that a Workgroup Report is drafted and considered next month to capture the polar reviews, including the materiality and the Self-Governance status. It was suggested that Ofgem could provide a view on the Governance Status. MK noted that the plan is to address this, in relation to protecting the control room when there is business as usual and Ofgem is still considering if this Modification still meets the Self-Governance criteria, along with futureproofing. It was noted by the Workgroup that Ofgem can call-in a Self-Governance Modification.

2.2. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0852

3.0 Next Steps

Review of the Workgroup Report to capture views:

4.0 Any Other Business

None.

5.0 Diary Planning

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10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Development of Workgroup Report
10:00 Thursday 07 December 2023	5 pm Wednesday 29 November 2023	Microsoft Teams	<ul style="list-style-type: none">• TBC
10:00 Thursday 04 January 2024	5 pm Wednesday 22 December 2023	Microsoft Teams	<ul style="list-style-type: none">• TBC

UNC Workgroup 0854 Minutes
Revision of Virtual Last Resort User and Contingent Procurement of
Supplier Demand Event Triggers
Thursday 05 October 2023
via Microsoft Teams

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Steve Mulinganie	(SM)	SEFE Energy

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 January 2024.

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0854/051023>

1.0 Outline of Modification

Phil Lucas (PL) introduced the Modification and explained the intention is to extend the availability of ‘Virtual Last Resort User’ and ‘Contingent Procurement of Supplier Demand’ provisions (currently only available as a consequence of User Termination) to instances where (in exceptional circumstances) National Gas Transmission (NGT) issues a User Premises Termination Notice (as a consequence of the application of sanctions on that User by the UK Government). The availability of these two mechanisms in such an event will facilitate the maintenance, ongoing integrity and continued effective operation of the commercial Energy Balancing and Transportation arrangements in the immediate/short term until an alternative User Registration is in place for the relevant Supply Meter Points.

PL provided an introductory presentation to provide some context to Shippers being subject to UK Government sanctions and Shippers not being able to transact with counterparties.

PL provided an overview of the User Termination Triggers and the current arrangements for a Terminated User. An overview of the potential gaps in the arrangements was also provided.

The Workgroup considered the proposed solution to extend the triggers available for the Virtual Last Resort User (VLRU) and Contingent Procurement of Supplier Demand (CPSD) in the absence of Ofgem disapproving the issue of the cessation notice (rejected Modification 0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers).

The Workgroup considered the application of sanctions, the nature of sanctions, regulations, the consequences, required activities and capturing this within the Legal Text. Jonathan Balls (JB) understood sanctions can be against an entity or an individual.

The Workgroup considered the context, the right to veto and not creating a perverse outcome by removing the requirement for the regulator's right to veto. JB commented that primarily this is outside the vires or expertise for Ofgem to take on the role, with complications with sanction entities and putting an onus on the regulator to have a disapproval role.

Richard Fairholme (RF) requested clarification on which government was being referred to in ‘government sanctions’. PL referring to the legal text confirmed it refers to the UK Government. RF challenged that once sanctions are communicated who would be in a better position other than the Regulator, noting that other industry parties would need to refer to lawyers.

The Workgroup considered the introduction to a simple solution/tool and the risk it would place on a very complex problem and whether it is appropriate to have this in the UNC, along with the unintended consequences of the application of sanctions.

It was noted that the Ukraine issue would not have been resolved by this Modification. It was challenged that this Modification creates a lot more questions than answers, and there were expressed concerns about creating perverse outcomes. SM raised the issue that if sanctions were imposed on complex corporate structures, the parent companies could be sanctioned instead of the shippers. There was a view that this should not be dealt with through the UNC taking into account Compliance with the law, along with complicated interpretations and trans actioning with a terminated party.

NGT expressed the preference to proactively consider UNC arrangements to provide structure to imbalance risk.

SM requested clarification regarding removing Ofgem’s right to step in and veto. PL confirmed that the requirement placed on Ofgem to step in had been removed but they were not prevented from doing so. SM suggested a requirement be included that required NGT to have conversations with Regulators. PL argued that this would almost reintroduce the requirement which was rejected. SM stated that it does not place any duty but introduces the assurance of having it reviewed by a regulator.

JB explained that Ofgem had set out their reasoning in the decision on 0813, and if the step requiring conversations to be had were to be included in a new mod, it would likely be rejected for the same reason as 0813.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

1. Does the Modification directly impact IGT UNC
2. Would the Modification impact REC and the registration process

The Workgroup briefly considered the Panel Question.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0854

3.0 Next Steps

EF stated that there was some useful debate. PL confirmed that they will provide a Legal Text within the next Workgroup.

See the Workgroup Programme in Section 5 below.

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	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Consideration of Business Rules• Review of Impacts and Costs

			<ul style="list-style-type: none"> • Review of Relevant Objectives • Consideration of Wider Industry Impacts
10:00 Thursday 07 December 2023	5 pm Wednesday 29 November 2023	Microsoft Teams	<ul style="list-style-type: none"> • Development of Workgroup Report
10:00 Thursday 04 January 2024	5 pm Wednesday 22 December 2023	Microsoft Teams	<ul style="list-style-type: none"> • Review of Legal Text • Conclusion of Workgroup Report

**UNC Workgroup 0856 Minutes
Introduction of Trials for System Management Services
Thursday 05 October 2023
via Microsoft Teams**

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Mathew Newman (Proposer)	(MN)	National Gas Transmission
Alex Nield	(AN)	Storengy UK
Amy Howarth	(AH)	Storengy UK
Andrew Blair	(AB)	Interconnector
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	South Hook Gas
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BM)	Vermillion Energy
Carlos Aguirre	(CA)	Pavilion Energy
Chris Wright	(CWr)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Conor McClarin	(CM)	National Gas Transmission
Corrine Brooke	(CB)	Department for Energy Security and Net Zero (DESNZ)
Ellie Rogers (11:15)	(ER)	Xoserve
Gavin Williams	(GW)	National Gas Transmission
Georgie Price (12:36)	(GP)	Ofgem
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Isabel Capp	(IC)	Department for Energy Security and Net Zero (DESNZ)
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Jonath Roche	(FR)	Department for Energy Security and Net Zero (DESNZ)
Jonathan Balls	(JB)	Ofgem
Joseph Leggett	(JL)	Interconnector
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJa)	RWE
Lona Wilson	(LW)	Department for Energy Security and Net Zero (DESNZ)
Lucy Manning	(LM)	BP
Marion Joste	(MJ)	ENI
Maryam Khan	(MK)	Ofgem
Mathew Chandy	(MC)	Ofgem
Matthew Atkinson	(MA)	SEFE Energy
Niamh Holden	(NH)	Joint Office
Nick King	(NK)	CNG Services
Nick Wye	(NW)	Waters Wye Associates
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission

Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Stephen Huang	(SH)	Castel Commodities UK
Steve Mulinganie	(SM)	SEFE Energy

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 November 2023

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0856/051023>

1.0 Outline of Modification

Matthew Newman (MN) introduced the Modification and explained the intention to create a framework to enable National Gas Transmission (NGT) to explore innovative solutions through the means of limited trials which can support the effective balancing of the whole gas system and enhance pre-emergency tools which are funded by the Energy Balancing Neutrality mechanism.

MN provided a summary of the Modification which will include the production of a unique Specification Document, to include conditions, payment terms, duration, success, criteria, size and scale, estimated costs and a post-event report. MN clarified the Specification Documents will be subject to consultation and Authority approval before National Gas Transmission (NGT) can proceed.

A suggested Workgroup schedule was provided and a delivery plan to conclude the Workgroup Report for submission to the November UNC Modification Panel, to allow the consultation to occur and for a Final Modification Report to be available for December. Recognising timeframes are tight NGT is hoping to obtain an Ofgem Decision by early January.

Steve Mulinganie (SM) asked if there is an alternative approach and as a compromise that similar to a Derogation, new Specifications have to be introduced via a Modification analogous to Derogations and how new Use Cases are achieved.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

1. Could this concept be suitable for accommodation under the Derogation process/with another Use Case?

NGT do not believe it is suitable to use the Derogation Process even with a new Use Case, as NGT require the Trials to be funded via the Energy Balancing Neutrality Mechanisms, not an exemption (disapplication) from having to comply with a UNC obligation.

Richard Fairholme (RF) expressed a concern on the ability for NGT to draw on Energy Balancing Neutrality with no guarantees. MN reassured the Workgroup the level of exposure would be limited and this would not be an open ability to draw on funding. It would be subject to Ofgem approval.

RF questioned the ability of placing an obligation on Ofgem within the UNC.

Mayann Khan (MK) noted the trial basis, the timebound element of the process and subsequent to the trial in order to take forward any permanent change the normal UNC Modification process would be followed.

Christiane Sykes (CS) enquired on the options for funding and what alternatives have been considered. MN explained the rationale for using the Energy Balancing Neutrality Mechanism.

SM expressed concern on having a never-ending funding route for Shippers to fund industry development activities, challenging where there is a check and balance and what justification would be considered. SM was concerned this Modification would enable a 'blank-cheque' for NGT to obtain funding for developing industry initiatives, not measured against the Transporter's relevant objectives, noting that UNC Modifications are measured against the relevant objectives.

RF suggested a different approach to ringfence trials, suggesting a Modification for each project landscape (outside of DSR) rather than an open-scoped approach.

Corinne Brooke (CB) in support of a flexible tool recognised the concerns being raised and if the Workgroup should consider capping the funding to alleviate concerns.

SM urged for due diligence, appropriate ratification, and governance considering the future potential use of this framework.

MN welcomed feedback/suggestions on the Governance, scrutiny, rigour and the rules around the specification. SM urged for more detail.

RF noted that innovation by networks is already funded by the network innovation fund and if this would qualify.

MN clarified NGT have considered other areas for funding including the network innovation fund, this was discounted as an option. The Energy Balancing Neutrality Mechanism was considered the most appropriate option.

2. Will this precipitate demand reduction or demand transfer?

NGT recognising the potential impacts to the electricity market wanted to learn more about this. NGT believe this can be explored through the means of a limited trial to better understand the extent of the risk. Learnings from the trial will contribute to longer-term thinking on the suitability of ensuring NDM DSR products.

RF challenged if the cross-code impacts have been considered and whether this change would need to be highlighted to CUSC and BSC.

SM also expressed concern about the risks to customers being requested to reduce consumption. MN explained it would be clear the request would be to turn thermostats down not to completely stop using gas. SM was concerned about vulnerable customers not fully understanding the request and placing them at risk.

3. Can the Workgroup complete a Workgroup Report in the timescales proposed?

The Workgroup considered its ability to conclude the Workgroup Report with such a wide scope, within the timetable provided.

SM suggested as a compromise to ringfence this Modification to a limited scope for the NDM DSR trial only with an option to consider a broader scope Modification after a limited scope trial has been undertaken.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0856

3.0 Next Steps – Problem Statement

MN provided a Problem Statement to expand and explore how to incentivise Non-Daily Metered (NDM) consumers to reduce consumption.

MN provided information on the optimal number of participants being 10,000 for a NDM DSR trial with smart meters, in Class 3 and 4. System changes were not envisaged.

The aim of the trial would be to gain insight into price incentives required for Consumers and Shipper/Suppliers to participate and contribute towards a longer-term thinking on the viability of an enduring product and to better understand the risks to domestic demand estimation, especially on vulnerable customers.

SM suggested advanced and smart meters could be in scope.

RF referring to an article already speculating that Domestic Customers will be asked to turn down/off their heating, expressed concern this has already triggered calls from customers concerned about this prospect.

Shiv Singh (SS) referred to the Transporter PSR register and suggested the Workgroup may want to consider this.

The Workgroup concluded discussions for NGT to consider its approach for further debate on Monday 16 October 2023.

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	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Monday 16 October 2023	5 pm Friday 06 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Additional October meeting. Short notice papers• Development of Workgroup Report
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Conclusion of Workgroup Report