

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 |
| Steve Mulinganie (Proposer) | (SM) | SEFE |
| 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 |
| Mathew Newman | (MN) | National Gas Transmission |
| Niamh Holden | (NH) | Joint Office |
| Nick King | (NK) | CNG Services |

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| 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 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/0852/051023>

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

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 |
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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 |