

UNC Transmission Workgroup Minutes
Thursday 04 June 2020
Via Teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Aisling Jenson-Humphreys	(AJH)	Conoco Phillips
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Angus Paxton	(AP)	Poyry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Christiana Sykes	(CS)	Shell
Chris Wright	(CW)	Exon Mobil
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Henk Kreuze	(HK)	Vermillion
Hilary Chapman	(HC)	SGN
India Koller	(IK)	SGN
Iwan Hughes	(IH)	VPI Immingham
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Jon Dixon	(JD)	Ofgem
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Pavanjit Dhesi	(PD)	Interconnector
Rachel Hinsley	(RH)	National Grid (<i>agenda item 6.2 only</i>)
Richard Pomroy	(RP)	Wales and West Utilities
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	SP)	Xoserve
Terry Burke	(TB)	Equinor
Will Webster	(WW)	Oil and Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/tx/040620

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) advised Workgroup that she had a request if an update under Item 3 of the Agenda could be discussed relating to Urgent Modification 0726 could be brought forward early and asked Workgroup if this could be covered after agenda item 1.1 on the Agenda by Richard Pomroy (RP). Workgroup were happy to accommodate.

1.1. Approval of minutes (7 May 2020)

The minutes from the previous meeting were approved.

1.2. Ofgem update

An overview was provided by Max Lambert (ML) of the Industry Updates document which covered the following topics:

UNC678 (Gas Charging Review) Amendments to Gas Transmission Charging Regime

On Thursday 28 May, Ofgem published their decision and final impact assessment on GCR, approving modification proposal UNC0678A - Amendments to Gas Transmission Charging Regime (Postage Stamp). Following the publication of their Minded to Decision and Draft Impact Assessment on 23 December 2019, Ofgem consulted for two months.

Ofgem's decision is to approve modification proposal UNC0678A, with an implementation date of 1 October 2020.

<https://www.ofgem.gov.uk/publications-and-updates/amendments-gas-transmission-charging-regime-decision-and-final-impact-assessment-unc678abcdefghij>

Uniform Network Code Modifications aimed at mitigating the impacts of COVID-19

On 11 May 2020, Ofgem approved three Uniform Network Code (UNC) modification Urgent proposals related to the COVID-19 pandemic. These are:

0722 - Allow Users to submit Estimated Meter Reading during COVID-19

0723 - Use of Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

0724 - Amendment to Ratchet charges during COVID-19 period

On 29 May 2020, Ofgem made the decision to reject Modification 0725 (Urgent) - Ability to Reflect the Correct Customer Network Use and System Offtake Quantity (SOQ) During COVID-19, which had been granted urgency status on 7 May, and proposed to temporarily reduce the network capacity and associated charges allocated to daily metered supply points, to be based on a lower level of network usage during the COVID-19 period. Ofgem felt the modification would not better facilitate the achievement of the relevant objectives of the UNC.

Whilst Ofgem concluded it would not be appropriate to direct the implementation of Modification 0725 (Urgent), they are sympathetic with the situation of customers who have entered into capacity commitments in accordance with prevailing requirements, and subsequently found they were unable to use that capacity due to COVID-19 regulations. Ofgem are aware the current situation continues to present challenges, and Ofgem is working closely with government and industry the needs of customers are being met, including the most vulnerable.

ML also informed Workgroup that Modification 0721 (Urgent) - Shipper submitted AQ Corrections during COVID-19, was rejected as Ofgem felt this modification would not better facilitate the achievement of the relevant objectives of the UNC.
<https://www.gasgovernance.co.uk/0721>

Modifications 0722, 0723, 0724

<https://www.ofgem.gov.uk/publications-and-updates/authority-decision-unc722-unc723-unc724-and-consent-modify-c058>

Modification 0725

<https://www.ofgem.gov.uk/publications-and-updates/unc725-ability-reflect-correct-customer-network-use-and-system-offtake-quantity-soq-during-covid-19>

Final decision: South Hook Terminal Company's LTD's application for exemption from regulated third party access for additional capacity

Ofgem published their decision to grant South Hook Terminal Company LTD (SHT) an exemption from regulated Third Party Access (rTPA) for additional Liquefied Natural Gas capacity, estimated to be ~5.3 billion cubic metres per year. The granted exemption will be in place for 25 years from the date that commercial operation commences in respect of the Incremental Capacity, and the capacity will fall back within the rTPA regime when the exempt period for the Incremental Capacity ends.

Ofgem have notified the European Commission of their decision, who have two months from the day following receipt of the Ofgem decision to request Ofgem to withdraw or amend it.

<https://www.ofgem.gov.uk/publications-and-updates/final-decision-south-hook-lng-terminal-company-ltd-s-application-exemption-regulated-third-party-access-additional-capacity>

1.3. Pre-Modification discussions

LOS advised that JR has a Pre-Modification discussion. JR advised that she would cover this under item 4.1.

1.4. Outstanding Actions

Action 0301: Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code: Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.

Update: ML confirmed there is no further update. **Carried forward**

Action 0302: Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code: With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.

Update: ML confirmed there is no further update. **Carried forward**

2. European Codes Update

2.1. National Grid update (PH)

National Grid confirmed there is no European Update to be provided this month.

3. Consequential impacts of coronavirus

Further to the Introduction as detailed above, RP took the opportunity to introduce Modification 0726 (Urgent) – COVID-19 Liquidity Relief Scheme for Shippers. and explained its intent is to provide relief on some of the Transportation invoices to Shippers that qualify. This Modification will defer the majority of the amount due for June; July and August billing periods to later in the year to those Shippers that qualify.

This Modification is currently out for Consultation which closes at 5pm on 12 June 2020.

RP advised the solution to the Modification is quite detailed and that he is currently working on the legal text which will be published as soon as it is finalised.

JCx commented that Industry appear to be bearing all of the risk of non-payment. RP clarified that is broadly consistent with the current arrangements.

RP explained the Transporters would seek to recover any bad debt incurred within the scheme, if a Shipper fails to make one of the deferred payments they would be evicted from the scheme and would no longer enjoy the benefit.

JCx also asked, RP to clarify how any interest earned will be refunded to Shippers, as the understanding of this is different to what is mentioned in the Ofgem Open Letter dated 02 June 2020, (*Managing the impact of COVID-19 on the energy market – introducing the option of relaxing network charge payment terms for suppliers and shippers*), JCx asked for clarification from Ofgem. Jon Dixon (JD) agreed to provide a Q&A approach that can be published alongside the modification.

New Action 0601: Modification 0726 (Urgent): All Workgroup Participants to submit any questions to Jon Dixon, Ofgem. Joint Office will publish these alongside the Modification.

RP suggested that if Shippers need to apply for the scheme, they should consider what they need to provide within the interim period as detailed in the Modification. He explained that applications can only be made during the last five Business Days of each of the billing periods. The eligibility Criterion and application Business Rules can be found within Section 5 of the Modification.

RP clarified that the CDSP will receive all applications and apply the eligibility criteria, they will then update the Shipper and the Transporter. Applications should be submitted no later than 23 June 2020 and Shippers will need to apply for each billing period separately in advance for the billing month.

Anna Shrigley (ASh) commented that all companies manage their cash flows in different ways and asked if the company has to have an acceptable credit rating, as she advised that those that did not, would also find this scheme to be helpful during the COVID-19 period.

RP confirmed that he accepts this Modification is targeting relief at those Shippers that do not have internal resources, and he has used a credit rating as a proxy for that.

ASh asked if there is a limit on the individual Shippers deferred payments, RP clarified this is approximately £330,000 per Shipper per Network per month.

John Costa (JCo) asked for clarification on what the background is to this Modification. RP clarified the Modification has been raised in response to the Ofgem Open Letter and has been raised on behalf of all Networks in order to provide some relief as a result of COVID-19.

National Grid update

JR advised that National Grid have been holding regular COVID-19 Webinars and provided a brief update:

Operational update

- Gas demand continues to trend lower than in previous years, especially power generation (as it has been sunny and windy, renewables have taken up more of the share of power generation).
- LDZ demand however, is now trending closer to what National Grid forecasts would normally predict
- Gas prices have trended downwards recently; the NBP is materially lower than European hub prices in April but now more aligned.
- Storage: high injection rates observed in April when National Grid saw a lot of LNG supply.

GNCC Update

- Absenteeism remains low.
- Still operating with 4 shift teams on 12 hr rotas with 2 shift teams on stand-by.
- Accommodation pods are still available as a contingency.
- All non-GNCC staff continue to work from home.
- National Grid have started their planning for de-escalation, including what has worked well during lockdown that they should carry on with, while maintaining an ability to manage operational risks in the event of a second peak.

4. Workgroups

- 4.1. **0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at**
(Report to Panel 15 October 2020)
www.gasgovernance.co.uk/0705
- 4.2. **0716 - Revision of Overrun Charge Multiplier**
(Report to Panel 16 July 2020)
www.gasgovernance.co.uk/0716
- 4.3. **0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point**
(Report to Panel 16 July 2020)
www.gasgovernance.co.uk/0720

5. Issues

No issues were raised.

6. Any Other Business

6.1. User Representative Election process

LOS provided an overview of the UNC Elections Process and confirmed that the User Representatives appointment procedure had now commenced, whereby the Single Point of Contacts (SPoCs) would be confirmed towards the end of June 2020, in readiness for them to submit their nominated representatives for the Committees and advised that the Joint Office have sent out communication to all parties.

6.2. Gas Information Provision

Rachel Hinsley (RH) provided a review for Gas Information Provision and explained the Data Energy Taskforce recommendations advising that there is an increasing need for more visible and relevant data for all industry participants to be able to utilise. National Grid are committed to providing more data and working with the industry to ensure the data is more visible, relevant, and fit for purpose. RH advised that Recommendations are welcome and are currently ongoing and a consultation to industry will be sent out shortly. . In the meantime, RH is looking at an improved governance process which is quicker and more streamlined governance process with an improved data dictionary.

There is a proposed data governance process that is shown on slide 4 of the presentation provided which shows what the process would be for adding, amending, or deleting a new data item.

There is a Data Community Website which is hosted by National Grid, this currently has circa 50 members. The intention is that whenever a new data item is required, the Data Community Website would be used as a forum and also advised that if anyone has any questions or needed any additional information to contact her.

Next Steps

National Grid plan to take this to the July 2020 UNCC to seek approval for the UNC Operations Reporting Manual (UNCORM) and the UNC Data Dictionary Updates. Go-Live is intended for August 2020.

7. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10:00 Friday 02 July 2020	Teleconference	Transmission Workgroup standard Agenda plus any associated Modifications

10:00 Friday 06 August 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications
10:00 Friday 03 September 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 04 June 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/20	1.2	<p><i>Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:</i></p> <p>Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.</p>	Ofgem	Carried Forward
0302	05/03/20	1.2	<p><i>Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:</i></p> <p>With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.</p>	Ofgem	Carried Forward
0601	04/06/20		<p><i>Modification 0726 (Urgent):</i></p> <p>All Workgroup Participants to submit any questions to Jon Dixon, Ofgem. Joint Office will publish these alongside the Modification.</p>	All	Pending