

UNC Transmission Workgroup Minutes
Thursday 01 October 2020
via Microsoft Teams

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
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
Christiane Sykes	(CS)	Shell Energy
Daniel Hisgett	(DH)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
Emma Buckton	(EB)	Northern Gas Networks
India Koller	(IK)	SGN
Iwan Hughes	(IH)	VPI
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick King	(NK)	independent
Nick Wye	(NW)	Waters Wye Associates
Nicola Lond	(NL)	National Grid
Paul Youngman	(PY)	Drax
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Rachel Hinsley	(RH)	National Grid (agenda item 6.0 only)
Ricky Hill	(RH)	Centrica
Samuel Holmes	(SH)	National Grid (agenda item 6.0 only)
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor
Tim Davis	(TD)	Barrow Shipping Ltd

Copies of all papers are available at: www.gasgovernance.co.uk/tx/011020

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all parties to the meeting and confirmed the order of the agenda and that the meeting was quorate.

1.1. Approval of minutes (03 September 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

LOS advised the Workgroup that the Industry Update from Ofgem and a National Grid paper for agenda item 2.0 had been provided after the paper deadline. Workgroup agreed to consider these late papers.

1.3. Review of Outstanding Actions

Action 0301: *Ofgem Update - Decision to reject Uniform Network Code (UNC) 0667: 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: Max Lambert (ML) thought this action had been closed at the previous meeting and reiterated that Ofgem are proposing the three parameters of the NPV test move into the Licence which will provide more clarity within being on the face of the Licence. He confirmed that Ofgem are consulting on the proposed changes to the licence conditions, details of which are provided in the Ofgem industry update under agenda item 1.4.

In response to a question from Julie Cox (JCx), ML confirmed that the Licence would provide clarity of the NPV test parameters, whilst being conscious of any future changes that could result from Net Zero/decarbonisation. The relevant licences and sectors that Ofgem is consulting on include ET, GD, GT and ESO.

Closed

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: Updated as part of Action 0301 and closed.

Closed

Action 0901: PH to provide further clarity on the cost elements and regulations of how the costs are broken down in order to provide assurance that National Grid will not be recovering costs twice.

PH is also to include the previously asked PARCA element as part of his response.

Update: PH provided an update under agenda item 4.0. Workgroup agreed to close the action.

Closed

Action 0902: PH to review what the framework would look like for setting up a Service Line. PH to provide further clarity on a proposed framework and clarify how this change in policy would manifest.

Update: PH provided an update under agenda item 4.0. Workgroup agreed to close the action.

Closed

1.4. Ofgem Industry Update

ML provided an overview of the *Ofgem Industry Update* document published on the [meeting page](#) for this meeting. The update covered the following areas:

- a. RIIO-2 Informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences

The consultation document and relevant subsidiary documents were published on 30 September 2020. Responses to the consultation, including any attachments should be sent to eilidh.alexander@ofgem.gov.uk by the closing date on 28 October 2020. A link to the consultation is provided below:

URL:<https://www.ofgem.gov.uk/publications-and-updates/rrio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>

- b. Decision not to veto National Grid Gas's proposal for exit capacity substitution at Staythorpe DC Exit Point

On 25 September 2020, Ofgem published a decision letter explaining their decision not to veto the exit capacity release and exit capacity substitution of NTS unsold exit capacity to Staythorpe DC Exit Point from Silk Willoughby, Peterborough Power Station, Tatsfield, Farningham B, Farningham, and Shorne. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/decision-not-veto-national-grid-gass-proposal-exit-capacity-substitution-staythorpe-dc-exit-point>

- c. Decision not to veto National Grid Gas's proposal for exit capacity substitution at Peterborough Eye (Tee) Exit Point

On 25 September 2020, Ofgem published a decision letter explaining their decision not to veto the exit capacity release and exit capacity substitution of NTS unsold exit capacity to Peterborough Eye (Tee) (DN) Exit Point from Mappowder (DN) Exit Point. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/decision-not-veto-national-grid-gass-proposal-exit-capacity-substitution-peterborough-eye-tee-exit-point>

- d. Revision of Overrun Charge Multiplier: Decision (UNC 716/A)

The Authority approved Modification proposal UNC 0716: Revision of Overrun Charge Multiplier on 18 September 2020, with the implementation date for Modification UNC 0716 decided as 1 October 2020. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/revision-overrun-charge-multiplier-decision-unc-716a>

- e. Network Innovation Competition – Amended Project Direction for CityCNG

On 7 September 2020, Ofgem provided an amended project direction for Northern Gas Networks' Network Innovation Competition project, CityCNG, following NGN's change requests to delivery timelines and Project Partners. The letter can be found at the link below:

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-amended-project-direction-citycng>

JCx sought clarification of the RIIO-2 informal licence drafting consultation and whether there was any impact on the final determinations and also whether the reopener process was included. She was keen to understand what the implications were for industry parties and to identify which processes might be affected. She suggested that industry parties find the whole area of licences very confusing

ML confirmed that the licence reflects initial draft determinations but some policies may change by the final determinations as these processes run in parallel. He also referred Workgroup to the general document attached to the consultation.

ML also clarified that the final determinations will be published before the statutory consultation.

JCx suggested that industry would find it helpful to have a document which explained the differences between this informal consultation and the statutory consultation. ML suggested that if industry parties consider the general document to be insufficient then they should email Ofgem (eilidh.alexander@ofgem.gov.uk).

In response to a question about the timeline, ML confirmed that the timetable is set out in the consultation document (page 5).

1.5. Pre-Modification discussions

1.5.1. Re-introduce Fungibility for Existing Capacity Booked at Bacton ASEPs

Nick Wye introduced a pre-modification for discussion on behalf of ENI Trading & Shipping. He took Workgroup through the background, highlighted key points from the Ofgem decision letter in relation to Modification 0501CV that were pertinent to this proposal – specifically in relation to the flexibility mechanism. He highlighted that the Modification title will be *Aggregate overrun regime for Original Capacity held at the Bacton ASEPs*.

NW explained that the background to this proposal lies with Modification 0501CV - *Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regs*. NW explained that Ofgem's decision letter suggested that the aggregate overrun regime (referred to as the flexibility mechanism) proposed in Modification 0501CV better facilitated the relevant objective of security effective competition between Shippers than Modification 0501V.

In addition with the implementation of Modification 0678A - *Amendments to Gas Transmission Charging Regime (Postage Stamp)* the baseline has changed as zero-priced capacity will no longer be available therefore the tariff changes will result in a significant loss of flexibility to those Users whose capacity was split between the newly formed Aggregated System Entry Points (ASEPs).

NW added that the Ofgem decision letter encouraged industry to raise a further modification if a risk that future UNC changes would not allow for the existing market mechanisms to be used to flow flexibly at the current cost.

This modification aims to preserve the level of flexibility acquired by purchasers of Bacton entry capacity prior to the split into the Bacton IP and Bacton UKCS ASEP's in light of the implementation of UNC 0678A.

NW clarified that capacity acquired prior to 01 November 2015 (i.e. prior to the Bacton IP split) would be classified as Original Bacton Capacity. Following the split, the Original Bacton Capacity would maintain this status when allocated to either Bacton ASEP. NW illustrated this with some examples.

NW then provided some worked examples highlighting that standard capacity is allocated against flows before Original Available.

Sinead Obeng (SO) asked whether transferred capacity to another user would also be in scope and sought confirmation of the intended implementation date.

NW confirmed that implementation is planned for October 2021 and that transferred capacity is in scope.

He concluded his presentation by confirming the intention to present the proposal to the October Modification Panel meeting.

Post meeting update

Please note that this Modification has been published and is available here: <https://www.gasgovernance.co.uk/0739>

1.5.2. Incremental NTS Entry Capacity Surrender

Tim Davis (TD) introduced a pre-modification to allow Users to surrender incremental NTS entry capacity allocated as a result of bids in entry capacity auctions in the period from April 2017 to September 2020.

TD explained that following implementation of Modification 0678A, Amendments to Gas Transmission Charging Regime (Postage Stamp) , the prices to be paid for incremental capacity can be materially different to the prices that triggered incremental capacity being allocated, and the resulting user commitment may be materially increased.

The proposal allows Users who have been allocated incremental NTS entry capacity following auctions held in the period between 1 April 2017 and 30 September 2020 to make an application to National Grid NTS for entry capacity to be surrendered within one month of the implementation of this Modification.

Malcolm Montgomery (MM) suggested that the Modification should clarify and provide a justification for why only incremental capacity is being treated differently. He also said there should be an explanation for why the PARCA process was not used if this is project related.

TD concluded his presentation by confirming the intention is to present the proposal to the October Modification Panel meeting and recommend that self-governance procedures are followed.

Post meeting update

Please note that this Modification has been published and is available here:
<https://www.gasgovernance.co.uk/0738>

2. European Update

MM provided a brief update on the Security of Gas Supply (EU) Regulation which came into effect in December 2018. He stated that the UK received an infraction notice from the Commission regarding the solidarity requirement in May 2020.

As a result Member States may be required to take measures to reduce supply to its non-solidarity protected customers in order to help solidarity protected customers in the neighbouring state.

MM provided a brief overview of the solidarity process explaining that a revised approach is needed as the Commission is seeking more guarantee on gas molecules physically turning up where they are required. He then outlined the key principles saying 1) a more substantive solution, 2) with a market based and non market based response phase and 3) using existing mechanisms where possible.

The following comments/observations were made by Workgroup:

- a. Paul Youngman (PY) asked for a definition of a solidarity protected customer. Mm agreed to check this and provide an update. Solidarity protected customers includes households, but can also include healthcare, essential social care, emergency and security services.
- b. JCx expressed concern that gas generation could be switched of in the UK to support other residential customers in Belgium. MM confirmed that this was the intention of the legislation and that it would be a political decision if it was enacted.
- c. Pavanjit Dhesi (PD) asked about the implications of Brexit particularly if as the infraction response will be post-Brexit. MM stated that the view from the Department for Business, Energy & Industrial Strategy (BEIS) is that the Free Trade Agreement (FTA) would not impact on this, so there would continue to be an obligation as per the withdrawal agreement but it is not clear how long the obligation would endure for.

- d. Christiane Sykes (CS) asked how many solidarity requests there had been to date. MM indicated that there had been no formal requests that he was aware of. PH pointed out that this is an exceptionally unlikely process and would only be used in an emergency situation.
- e. Angus Paxton (AP) made an observation stating that the original intent of the legislation was to protect eastern European states and wanted more clarification on the Commissions' request to seek more guarantee on gas molecules physically turning up where they are required. MM suggested that a bilateral agreement between Member States might satisfy BEIS and the European Commission together with evidence of implementation of a combination of market based and non-marked based responses. AP suggested that this would be more relevant for Ireland than Belgium. MM pointed out that Ireland have less connections than Belgium and he suggested that it would be relevant for UK, Ireland and Belgium.
- f. Terry Burke (TB) asked for more information on the operational process. MM explained that there would be two phases with a market-based response followed by a non market-based response. In the first instance National Grid would invite market-based offers using existing mechanisms. For the non-market-based phase, National Grid would work through existing emergency procedures, one option could be to withhold firm capacity.
- g. PY asked about the HSE implications if an emergency was triggered in the UK and suggested the Operations Forum discuss this situation at a future meeting. MM indicated that there may need to be changes to National Grid's safety case. He added that the Secretary of State has powers under the UK Energy Act 1976 to direct undertakings that are involved in the production, supply, acquisition or use of natural gas. The powers are wide ranging and they could be utilised in conjunction with changes to the safety case to form the necessary legal and commercial framework for providing solidarity.
- h. PD asked a question in relation to firm load shedding in the context of interconnectors asking what the current obligations were for interconnectors in the emergency process. MM indicated that if GB was providing the support then the interconnector would need to be exempt from interruption.
- i. PY suggested adding the E1 link on National Grid website. General information on National Grid supply emergencies can be found [here](#) and a direct link to the E1 procedure can be found [here](#).
- j. LOS asked about the timing of any proposed new Modification.

<p>New Action 1001: National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.</p>
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3. Workgroups

3.1. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at
(Report to Panel 15 October 2020)

www.gasgovernance.co.uk/0705

3.2. 0735 - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')

(Report to Panel 19 November 2020)

<http://www.gasgovernance.co.uk/0735>

4. Requests to Change Gas Quality Limits at Individual Entry Points

PH provided a paper addressing action 0901 and 0902. Workgroup accepted the National Grid response and both actions were closed.

5. Issues

No issues were raised.

6. Any Other Business

6.1. GS(M)R Review: NGG Implementation Planning

PH provided a presentation outlining:

- IGEM proposals to change the GS(M)R gas quality specification as follows:
 - Increase the upper limit for Wobbe Index from 51.41 MJ/m³ to 52.85 MJ/m³
 - Reduce the lower limit for Wobbe Index from 47.20 MJ/m³ to 46.50 MJ/m³
 - Remove the Wobbe Index emergency limits
 - Remove the Incomplete Combustion Factor parameter
 - Remove the Soot Index parameter
 - Introduce a Relative Density upper limit of 0.7
 - Increase the upper limit for oxygen from 0.2mol% to 1.0mol% on below 38 bar systems.
- An estimate of the current timescales
- The implementation plan

PH explained that he was seeking feedback on the IGEM proposals from key parties including NTS terminal operators, storage operators and interconnectors to help to inform the development of the implementation plan.

PD expressed a concern in relation to cross border aspects and wanted reassurance that there are discussions taking place between GB and European counterparts to ensure alignment. He indicated that IUK can't implement a lower Wobbe limit of 46.5 MJ/m³ because Fluxys can't accept it.

PH suggested that cross TSO co-operation is needed and National Grid will be engaging with key parties to work through the proposed changes. He indicated that the implementation issues can be addressed and are not a barrier to the finalising the IGEM standard.

Workgroup agreed to include the GS(M)R Review as a standing agenda item at Transmission

PH then provided a brief update on the Gas Quality Blending Services Consultation stating that National Grid have been exploring the potential for offering gas quality blending services at NTS entry points and are seeking views via a formal consultation.

The consultation document and associated response form is published on National Grid's website and can be accessed via these links:

Consultation Document:

<https://www.nationalgrid.com/uk/gastransmission/document/132926/download>

Response Form:

<https://www.nationalgrid.com/uk/gastransmission/document/132921/download>

The consultation deadline is 13 November 2020 and a report is expected to be published before Christmas.

PH concluded his presentation by saying that an industry webinar is being held on 13 October 2020 and industry parties can register via this link:

<https://www.eventbrite.co.uk/e/gas-quality-blending-consultation-webinar-tickets-121339903919>.

6.2. Connection Charging Statement Annual Review

Nicola Lond (NL) presented a short presentation in relation to the annual review of the connection charging statement. She explained that the proposed scope includes:

- PARCA/CAM – additional variation fee to allow cost recovery for the variation of PARCA.
- A20 fees – identification of any required uplifts and minor Modification clarification regarding Gas Quality modifications.
- New connection fees - a new fee is being considered for Self Lay applications where a Self Lay organisation is to carry out the works on behalf of the customer, rather than National Grid being responsible for the works.

NL concluded her presentation with details of the industry engagement timeline highlighting that the statement will be effective from 17 January 2021.

In response to a question from JCx in relation to requests for variations to PARCA, NL explained that there could be a small administration fee associated with putting the date back or a larger fee in relation to a change of location request or quantity of capacity. The fee would vary in recognition of the different input required.

Nick King (NK) asked for more information on the proposed fees and what they would cover.

In terms of the consultation, NL agreed to consider a suggestion to align the annual review with key dates such as the gas year or other key regulatory dates.

Self-Lay fee – post meeting update

The proposed self-lay fee is being developed following the commissioning of a pilot self-lay customer project onto the NTS. The intention is to offer customers the option to use a Self-Lay Organisation to carry out the design and build of a project, in a similar way that a Distribution Network does and taking account of the requirements of the NTS high pressure pipeline connection. All the necessary National Grid specifications required to be met will be provided to the Self Lay organisation and quality assured by National Grid. This is under development and proposed to be included within the consultation on The Statement for Gas Transmission Connection Charging and will include further details when published.

6.3. Questions relating to specific change to the UNC Data Dictionary

Rachel Hinsley (RH) joined the meeting to provide an update on the refresh to the UNC Data Dictionary. She stated that National Grid is aiming towards an evolutionary path towards the Energy Data Task Force recommendations leading to an increased need for more visible and relevant data for all industry participants to be able to utilise.

RH explained the key improvements to the Data Dictionary highlighting that it is a document only change and no changes have been made to the MIPI, the report explorer or the data items explorer.

In addition, some updates are proposed to the UNC Operations Reporting Manual (UNCORM) as the UNC Data Dictionary is subordinate to the UNCORM.

RH concluded her presentation by providing a project summary and outlining the next steps which include a request to industry to review the changes and provide comments to National Grid by 07 October 2020. The documents are available here: <https://www.gasgovernance.co.uk/uncc/170920>.

The UNCC have asked that the Data Dictionary be discussed at Transmission Workgroup and an update provided at the October UNCC meeting where approval for any changes will be sought.

In response to a question from JCx, RH confirmed that all data items can be downloaded from MIPI. RH also asked JCx to email her details of a follow-on question in relation to Exit auction results confirming that she would liaise with the appropriate team to provide a response.

6.4. Prevention of capacity booking errors in Gemini

PH flagged that a presentation at Operations Forum provided a reminder to the market that Gemini auto processes auctions and that it is not National Grid's responsibility or process to validate user's capacity bids. Any errors are considered on a case by case basis and in the unlikely event a repayment is authorised there are complex reconciliations needed which could hit a wide proportion of the market's invoices. Finally, to highlight that there are safeguards in the system Users are able to set up, including instructions on how to do so.

A link to slides presented at ops forum is provided below:

<https://datacommunity.nationalgridgas.com/api/files/f8745aa8ca2956f6/send>

7. Diary Planning

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

There is an assumption that all remaining meetings in 2020 will be via teleconference unless an update is given by the Joint Office.

Time / Date	Venue	Workgroup Programme
10:00 Thursday 05 November 2020	Teleconference	Standard Agenda plus GS(M)R Review to be added
10:00 Thursday 03 December 2020	Teleconference	Standard Agenda plus GS(M)R Review to be added

Action Table (as at 01 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/20	1.2	<i>Ofgem Update – Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental</i>	Ofgem	Closed

			<p><i>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>		
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	Closed
0901	04/09/20	5.2	<p><i>Requests to Change Gas Quality Limits at Individual Entry Points:</i></p> <p>PH to provide further clarity on the cost elements and regulations of how the costs are broken down in order to provide assurance that National Grid will not be recovering costs twice.</p> <p>PH is also to include the previously asked PARCA element as part of his response.</p>	National Grid (PH)	Closed
0902	04/09/20	5.2	<p><i>Requests to Change Gas Quality Limits at Individual Entry Points:</i></p> <p>PH to review what the framework would look like for setting up a Service Line.</p> <p>PH to provide further clarity on a proposed framework and clarify how this change in policy would manifest.</p>	National Grid (PH)	Closed
10/01	01/10/20	2.0	<p>National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.</p>	National Grid (MM)	Pending