

UNC Transmission Consolidated Workgroup Minutes
Thursday 06 February 2020
at Radcliffe House, Blenheim Court, Warwick Road, Solihull
B91 2AA

Attendees

Alan Raper Chair	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams*	(AA)	National Grid
Bill Reed	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Edd Fyfe*	(EF)	SGN
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa*	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Lea Slokar*	(LS)	Ofgem
Leteria Beccano	(LT)	Wales & West Utilities
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick King	(NK)	CNG
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman*	(PY)	IUK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/060220>

1. Introduction

1.1. Approval of minutes (09 January 2020)

The minutes from the previous meeting were approved.

1.2. Ofgem update

An overview was provided by Lea Slokar (LS) of the Industry Updates document which covered the following topics:

Reports to Ofgem, from RIIO-2 Independent Customer Engagement Groups and User Group, on the energy network company business plans for RIIO-2

- On 03 January 2020 Ofgem published the reports provided by independently chaired Customer Engagement Group and User Group on the energy network company business plans for RIIO-2 (submitted on 9 December 2019). These reports have been published by the energy network companies.

<https://www.ofgem.gov.uk/publications-and-updates/reports-ofgem-riio-2-independent-customer-engagement-groups-and-user-group-energy-network-company-business-plans-riio-2>

Decision on the Transmission Planning Code

- On 10 January 2020, pursuant to Special Condition 7B of the National Grid Gas (NGG) Gas Transporter Licence, Ofgem have decided to approve the revised version of the Transmission Planning Code submitted to us by National Grid on 18 December 2019.

https://www.ofgem.gov.uk/system/files/docs/2020/01/20200109_decision_letter_-_transmission_planning_code_2019.pdf

GB Gas Storage Facilities

- On 13 January 2020 Ofgem published information on GB Storage Facilities. This information was published in fulfilment of Ofgem's obligations under section 19A of the Gas Act.

<https://www.ofgem.gov.uk/publications-and-updates/gb-gas-storage-facilities-2020>

RIIO-2 Challenge Group Independent Report to Ofgem

- On 24 January 2020 Ofgem published the RIIO-2 Challenge Group Independent report on the Business Plans submitted by the network companies to Ofgem (on 09 December 2019) for RIIO-2. The report is intended to support Ofgem's work towards its Final Determinations on the revenue required by these network companies to operate their businesses in the future, but the Group hopes it will also be of use to anyone participating in the Ofgem's Open Hearings process in 2020.

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-challenge-group-independent-report-ofgem>

Network Innovation Competition - Funding Direction for National Grid Gas (Transmission)

Publication date

- On 30 January 2020 Ofgem published their Funding Direction for NGG which sets out the amount that National Grid Gas Plc (Transmission) can recover from its customers in relation to the NIC. Ofgem's Direction also specifies the net amounts to be transferred between NGG and other gas network licensees in relation to their NIC projects.

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-funding-direction-national-grid-gas-transmission-0>

Ofgem's Decarbonisation Action Plan

- On 03 February Ofgem published their Decarbonisation Action Plan. The Plan sets out the actions Ofgem will take in the next 18 months, beginning their next steps on an urgent, but decades-long journey towards net zero. Ofgem will work closely with government, industry and consumers to do this at the lowest cost. Their approach will continue to evolve, and they will develop new actions and programmes as the opportunities arise.

https://www.ofgem.gov.uk/system/files/docs/2020/02/ofg1190_decarbonisation_action_plan_web.pdf

Decision on the proposed modification of Special Condition 8I of National Grid Gas Plc's Gas Transporter Licence to amend all references to 'Gas Deficit Warning' (GDW) to 'Gas Balancing Notification' (GBN)

- In October 2019 Ofgem published a statutory consultation on proposed modifications to National grid Gas Plc's ("NGG") gas transporter licence ("the Licence"). Ofgem invited views on proposed modification to the Licence in respect of proposing to amend all references in the licence to 'Gas Deficit Warning' ("GDW") with 'Gas Balancing Notification' ("GBN"), to align the licence with the Uniform Network Code ("UNC").

Following the closure of the statutory consultation, and having considered the proposed changes further, on 04 February 2020, Ofgem have decided to implement the licence modifications as set out in the Schedule 1 of the decision notice published on their website alongside this letter. Their decision to make these licence changes will take effect from 01 April 2020.

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-funding-direction-national-grid-gas-transmission-0>

1.3. Pre-Modification discussions

1.3.1. There were no Pre-Modification discussions.

2. European Code Update – PH

Phil Hobbins (PH) confirmed there was no EU Update.

3. Updates

There were no new updates.

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. **0712S – Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus plant**
(Report to Panel 21 May 2020)
www.gasgovernance.co.uk/0712
- 4.3. **0713S – Amendments to TPD V3.1.7 Independent Assessment table**
(Report to Panel 16 April 2020)
www.gasgovernance.co.uk/0713
- 4.4. **0714 – Amendment to Network Entry Provision at Perenco Bacton terminal**
(Report to Panel 21 May 2020)
www.gasgovernance.co.uk/0714

5. Any Other Business

5.1. Default System Marginal Price Update – (MM)

Malcom Montgomery (MM) provided a brief update on the Default System Marginal Price and said that there were presently a few courses of action that could be considered. These included, no change, but continue to monitor balancing behaviour, or to raise a simplified Modification to encompass the important areas that had been identified. He said there was a requirement to conduct further, more in-depth analysis with regards to the reform arrangements and then a more complex Postage Stamp Modification could be raised. MM added it would be wise to wait until the wider balancing review has taken place, under GMaP. He added the latter would require significant further investigations and would be a lengthy process.

Steve Pownall (SP) said that there were specific issues in relation to the overall CV's role in settlement and invoicing which would also need to be addressed, and he added that Xoserve were already developing solutions in terms of hydrogen etc, and agreed that any balancing should be discussed after the Charging Review.

MM agreed and said it was for this reason that further discussions were still taking place to ascertain the most practical way forward and that any feedback or suggestions were welcomed on this topic.

5.2. Mid-winter review of Margins Notice Changes - (PH)

Phil Hobbins (PH) provided an overview of the Mid-winter review of the Margins Notice Changes and explained that the LNG Methodology had been changed by the implementation of Modification 0698 - *Improvements to Margins Notice Arrangements*, and this matter had previously been discussed in the December meeting. He then drew attention to the day ahead forecasting formula schematic and said that he would supply a further update at the May Workgroup meeting.

John Costa (JC) asked if the levels included 95% or higher, in relation to the Margins Notice Trigger which changes on a daily basis and PH advised it was based on the prevailing view, that could be accessed via the National Grid website. He added that LNG stocks were being maintained throughout the winter and that is why the levels were high, although other factors, such as ships' ability to dock, caused fluctuations.

6. Review of Outstanding Actions

Action 1203: ~~Neptune Energy/Centrica (TB) to contact~~ Ofgem (LS) to contact the HSE to ascertain if there was a requirement for them to undertake an Impact Assessment.
Update: AR proposed this action was carried forward and moved to the 0714 Workgroup. It was agreed this action should be on Ofgem to contact the HSE in relation to an Impact Assessment requirement. **Carried forward**

Action 1204: Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.
Update: AR/TB confirmed this action was now closed as the Modification was submitted to the December Panel. **Closed.**

Action 0101: National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.

Update: MM agreed this action could now be closed as this information had been produced and presented. **Closed**

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, Thursday 05 March 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 06 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1203	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.	Neptune Energy/Centrica (TB)	Carried forward <i>(Transferred to the 0714 Workgroup)</i>
1204	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.	Neptune Energy/Centrica (TB)	Closed
0101	09/01/20	5.2	National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.	National Grid (MM)	Closed

UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 06 February 2020
at Radcliffe House, Blenheim Court, Warwick Road, Solihull
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Attendees

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Karen Visgarda (Secretary)	(KV)	Joint Office
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*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0705/060220>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (09 January 2020)

The minutes from the previous meeting were approved.

2.0 For February discussion and onwards, as below:

2.1. Review of Overrun Charges

ASt explained that the review of Overrun charges was linked to the Action 0102 as detailed below in Section 5.

ASt then provided an overview of a presentation that proposed to reduce the entry overrun multiplier to x4 and exit to x6 from the current x8 to preserve the status quo in revenue collected, behaviours remained the same.

This proposal brought about a lengthy general discussion, where the Workgroup were keen to see more evidence where Overruns had occurred. Paul Youngman (PY) said that a great deal more detail and information was required in relation to this area. A few of Workgroup participants believed this proposal was disproportionately harsh for what, in many cases, was typically an administration error. Anna Shrigley (AS) said that this proposal would not reflect how the capacity booking behaviour would change following the implementation of the capacity charging review.

Lea Slokar (LS) also stated that more evidence would be required, and although Ofgem believed Overruns were necessary to prevent under booking, they would need to be convinced the incentive in the new regime was 'fit for purpose' from a booking perspective. She said Ofgem would need to see as much evidence as possible that the incentives to under book were in place and that there could be other solutions and multipliers. ASt said that in the last 2 years, there had been 20 times when National Grid had to scale back capacity and Overruns were incurred. PY said he would be interested to know if there was a constraint on those days, and if interruptible capacity had been a factor in causing the Overrun. Julie Cox (JCx) said this could have been an Overrun, and if so, how many were 'in the day' occasions, and what was the materiality impact.

ASt explained that the Overrun charges were not designed to be cost-reflective and she pointed out that National Grid do not directly retain any revenue from Overrun Charges other than through the incentive scheme, and therefore she questioned the use of this analysis. She added that it was also very difficult from a system analysis perspective, to correlate Overruns within the operation of the network, although ASt went to say she would further investigate this area.

New Action 0201: National Grid (ASt) to investigate situations whereby on Overrun might have been caused by a constraint on the network.

Bill Reed (BR) asked if an Overrun regime was still a relevant incentive in a system which has spare capacity and that a simple contractual obligation on Shippers to book could be sufficiently adequate. There were mixed opinions within the Workgroup and some participants thought some form of economic incentive was appropriate as an contractual obligation would be inefficient and difficult to monitor. Dave Adlam (DA) noted that DNs had to book their 1 in 20 which means they incur more costs. He added that the DNs have a concern that Shipper bookings could drop, meaning the DNs would in turn, pick up more capacity costs if Overruns were removed altogether and that there would need to be a concerted effort to guard against under-booking too. (JCx) said she appreciated the need for an incentive to book, but she said it needed to link to operational problems with a test as to whether the constraint caused the Overrun or the Overrun caused the constraint. On this topic RF and PY both felt that the Modification needed to justify the change from the status quo; the 8x was arbitrary, so preserving the existing level of revenue generated, did not seem, in itself, to be a good enough reason. ASt noted the proposed Modification was to use the revenue as a measure of performance of how Shipper's flows had matched capacity bookings historically, and was trying to preserve the same incentive on the Shippers as there was currently, on the basis that was driving "acceptable" behaviours currently.

Nick Wye (NW) said that the 4x and 6x penalty would be so onerous as to risk over-booking which would be a bad outcome for all stakeholders within the industry. Jennifer Randall (JR) stated that it was not within the scope of this Modification to predict changes in booking behaviour, and the main driver from a best approach aspect was to maintain the status quo for now, with the opportunity to review once the charging reforms had been implemented.

The Workgroup participants said they would prefer the proposal to be the other way around, with the multiplier reduced to x2, and then this could be monitored and increased again in the future, if the evidence justified this change. Anna Shrigley (AS) said that she questioned the numbers used in the National Grid data within the table that had been represented at the previous meeting, as she felt the numbers were somewhat hypothetical, rather than reflective of actual costs.

2.2. NTS Exit Capacity Substitution & User Commitment

NTS Access Review – Next Workstream

Jennifer Randall (JR) provided a synopsis of the present issues, and she proposed that the 'Signalling and allocation of Capacity' area should be a collective piece of work, incorporating user commitment, PARCA, zonal and substitution. All were in support of this suggestion.

Dave Adlam (DA) explained that the DNs had told National Grid that it was difficult for them to weigh up booking capacity that they subsequently do not need verses the risk of capacity being substituted away that they subsequently need to secure due to their 1 in 20 obligation. He added that Cadent are looking at the demand forecast which would give rise to challenges over the next 3-4 years, due to peaking power generation increasing, once locked into User Commitment, (UC), they then lose the ability to reduce this, which results in unnecessary costs and would sterilize this capacity for others.

DA said if it was possible to wait until closer to the winter period, then the risk would be if a substitution was effected in an area where the DN demand was set to increase, it would then be difficult to know which site was triggering it and then how the substitution methodology would be applied by National Grid and which DN offtakes might be affected. DA added it was for these reasons, that Cadent and the DNs would like to see the UC rules softened.

He said historically at the time of the exit reform, there was still some expectation that demand for capacity might grow, but that was not the case now, so it would be of benefit for the DNs to be aware of sites where additional capacity might be required. Emma Buckton (EB) was in full agreement with DA and said from her perspective, of the 9 offtakes in Yorkshire that had been affected by substitution, 7 have had significant changes from 2021 onwards. She added in the past, 6 other offtakes had signalled for substitution and she said if they had booked capacity it would have been cancelled along with associated PARCAs. DA said that Cadent also had actual capacity requirements below the levels in the PARCA request, based on a 1-20 change which would have secured capacity that was not needed. Leyon Joseph (LJ) agreed with DA and identified the Lincolnshire and Yorkshire area, that were subject to PARCAs but offtake did not increase.

(JCx) agreed and said a lot of these issues also applied to Direct to NTS Connections, (DCs); in the context of, if the Shippers bought extra capacity to protect sites and the new connection did not happen then they ended up overbooking. Bill Reed (BR) agreed and said this was particularly the case where power stations had obligations to meet in the Capacity Market to deliver peak generation, and that the PARCA mechanism was based on expanding system. He added the UC used to be 1 year before PARCAs, pre-2012 and proposed if there could be a different UC mechanism, depending on whether investment was or was not, required.

PY said that he recognised an element of overbooking was needed by the DNs to protect 1 in 20 flexibility in this area where necessary, and that there could be an incentive to book more firm capacity to avoid substitution. He said from the Ofgem perspective that they had to judge whether National Grid had correctly followed the substitution methodology and whether there was a need to redesign this process and to ascertain if an Ofgem role is still required in this area.

John Costa (JC) said from the substitution process perspective it would make sense in an expanding system, but now the current design is unsuitable and he did not feel this was 'fit for purpose' any longer, especially as some of the National Grid baselines had been preserved even though sites had been disconnected. JR agreed to investigate this area in more depth.

New Action 0202: National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.

2.3. Modification 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

Not discussed in this meeting.

3.0 Review of Workplan

AR confirmed that Workplan would be updated following the areas of discussion in the meeting in readiness for the March Workgroup.

4.0 Review of Amended Request

Not discussed in this meeting.

5.0 Review of Outstanding Actions

Action 0101: National Grid to investigate instances where zero or no overrun charges apply to overruns at ASEPs where no bookings were made and how this will change following implementation of Modification 678A.

Update: ASt presented a slide on instances where zero or no overrun charges could be incurred. RF asked about the impact of there being a near-zero existing contract. ASt said that if no-one bought any capacity in the new regime then the capacity price that Overruns are based on, would be the existing contracted price, e.g. where existing contract price is 0.0001p/kWh/day, multiplied rate would be 0.0008p/kWh/day, a lot less than the new capacity price of 0.0429p/kWh/day. Anna Shrigley (AS) also said that more exact information was required on this topic especially in relation to the potential breach of the capacity charge. The Workgroup wanted more information to be supplied regarding this topic. **Closed**

New Action 0203: National Grid (ASt) to investigate to what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges.

Action 0102: National Grid (ASt) to investigate the revenue overrun charges at a more granular level; to ascertain if there was a constraint on the days the overruns were charged, and if so, provide the necessary evidence.

Update: *Please see the detail in relation to this action above in section 2.1.* ASt provided an overview of a presentation and confirmed this action could then be closed. **Closed.**

Action 0103: National Grid (ASt) to investigate where the revenue is collected and how and where the credits are redistributed methodology in relation to cost neutrality.

Update: Anna Stankiewicz (ASt) presented a slide that showed where revenue goes and confirmed this action could now be closed. Richard Fairholme (RF) asked whether Overrun charges link to the non-transmission charges post the charging review implementation and ASt said she would investigate this area further. **Closed**

New Action 0204: National Grid (ASt) to confirm if the Overrun charges link to the non-transmission charges post charging review implementation?

6.0 Next Steps

AR confirmed that the next steps were as detailed below:

Areas for consideration during March or later:

- Entry Trading and Ofgem related issues
- DN Capacity booking process
- Modification 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC
- Review of Workgroup Plan
- Review of Amended Request

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	Venue	Workgroup Programme
10.00 Thursday 05 March 2020	Elexon, 350 Euston Road, London, NW1 3AW	Detail planned agenda items. February and later: <ul style="list-style-type: none"> • Entry Trading and Ofgem related issues • DN Capacity booking process • Modification 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC • Review of Workgroup Plan • Review of Amended Request

Action Table (as at 06 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	09/01/20	3.0	National Grid to investigate instances where zero or no overrun charges apply to overruns at ASEPs where no bookings were made and how this will change following implementation of Modification 678A.	National Grid (ASt)	Closed
0102	09/01/20	3.0	National Grid (ASt) to investigate the revenue overrun charges at a more granular level; to ascertain if there was a constraint on the days the overruns were charged, and if so, provide the necessary evidence.	National Grid (ASt)	Closed
0103	09/01/20	3.0	National Grid (ASt) to investigate where the revenue is collected and how and where the credits are distributed in relation to cost neutrality.	National Grid (ASt)	Closed
0201	06/02/20	2.1	National Grid (ASt) to investigate situations whereby on Overrun might have been caused by a constraint on the network.	National Grid (ASt)	Pending
0202	06/02/20	2.2	National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.	National Grid (JR)	Pending
0203	06/02/20	5.0	National Grid (ASt) to investigate to what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges (ASt)	National Grid (ASt)	Pending
0204	06/02/20	5.0	National Grid (ASt) to confirm if the Overrun charges link to the non-transmission charges post charging review implementation?	National Grid (ASt)	Pending

UNC Workgroup 0712S Minutes

Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus SAGE plant

Thursday 06 February 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

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*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0712/060220>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 May 2020.

1.0 Introduction and Status Review

1.1 Approval of Minutes (09 January 2020)

2.0 Further consideration of Oxygen penetration heat map analysis

Phil Hobbins (PH) explained that more work had been undertaken since the last meeting and he presented the updated NTS Penetration analysis which showed the cumulative effects of recent oxygen content increases in the NEAs. He drew attention to the specific areas of interest, which included the updated heat map schematics.

A brief general discussion took place in relation to the steady progression and the consumer evolution and it was subsequently agreed that the proposed Modification change would only have a minimal impact.

3.0 Completion of Workgroup Report

Alan Raper (AR) provided an overview of the Workgroup Report content and confirmed that this would be updated accordingly to encompass the updated NTS Penetration Analysis and comments received at the meeting. He added that this would be published on the Joint Office Website as a 'Draft', so that any feedback could be subsequently added, these should be sent to the Joint Office, for AR to update according.

4.0 Review of Outstanding Actions

Action 0101: National Grid (PH) to investigate producing an aggregated heat map showing the cumulative effect of the maximum oxygen impact levels on the network.

Update: PH confirmed that this action could now be closed as the updated heat maps had been supplied. **Closed**

5.0 Next Steps

AR confirmed that the expectation was that the updated and completed Workgroup Report would be presented to the February Panel, with a request for this to proceed to consultation. All the Workgroup participants were in agreement with the next steps proposed.

6.0 Any Other Business

None.

Action Table (as at 06 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	09/01/2020	1.0	National Grid (PH) to investigate producing an aggregated heat map showing the cumulative effect of the maximum oxygen impact levels on the network.	National Grid (PH)	Closed

UNC Workgroup 0713S Minutes

Amendments to TPD V3.1.7 Independent Assessment table

Thursday 06 February 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

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Nick Wye	(NW)	Waters Wye Associates
Paul Youngman*	(PY)	IUK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0713/060220>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2020

Alan Raper (AR) Chair, confirmed the Workgroup meeting would be deferred as the Modification was still under development and discussion within the Distribution Workgroup, due to differing views as to the way Graydon would issue credit scores – would they be both against the old and new scales or just simply the new. Consequently, the proposal is being held at Workgroup until this issue is resolved

Therefore, no updates were recorded at this meeting of the Workgroup.

The next meeting is on 05 March 2020.

1.0 Outline of Modification

Not discussed as the meeting was deferred.

2.0 Initial Discussion

2.1 Issues and Questions from Panel

2.2 Initial Representations

2.3 Terms of Reference

(www.gasgovernance.co.uk/mods)

3.0 Next Steps

4.0 Any Other Business

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	Venue	Workgroup Programme
10.00 Thursday 05 March 2020	Elexon, 4th Floor, 350 Euston Road, London, NW1 3AW Radcliffe	Detail planned agenda items. <ul style="list-style-type: none">• Consideration of Business Rules• Review of Impacts and Costs• Review of Relevant Objectives• Consideration of Wider Industry Impacts• Consideration of Legal Text• Development of Workgroup Report

UNC Workgroup 0714 Minutes

Amendment to Network Entry Provision at Perenco Bacton terminal

Thursday 06 February 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Alan Raper Chair)	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Angela Fletcher*	(AF)	Ancala Midstream
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams*	(AA)	National Grid
Bill Reed	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Edd Fyfe*	(EF)	SGN
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa*	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Lea Slokar*	(LS)	Ofgem
Leteria Beccano	(LT)	Wales & West Utilities
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick King	(NK)	CNG
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman*	(PY)	IUK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0714/060220>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2020.

1.0 Outline of Modification

Tracy Brogan (TB) introduced herself and explained that this Modification had been initially discussed in the December meeting during the pre-Modification introduction, and that it would be sponsored by Centrica on behalf of Neptune Energy.

TB explained the Cygnus Gas Field was a new development in the Southern North Sea which was unlocking investment in an underdeveloped area of the UKCS and was two years into a 20+ year life. She said that the Cygnus Alpha and Bravo produced gas through the EST pipeline to the Perenco Bacton terminal and that the Cygnus gas was 1% below the Gas Safety (Management) Regulations, (GS(M)R) Wobbe Index specification but was within the emergency limit. TB said that the existing gas quality requirements have already had significant impact on gas supply to the UK network from the Cygnus field and this was only set to increase in 2020.

TB further explained that the gas from the ETS pipeline presently arrives at the Perenco terminal with a Wobbe Index (WI) of 45.5 to 46.7 MJ/m³. She said the existing infrastructure enables fortuitous blending with fields flowing into the Perenco terminal and access to blend gas from the SEAL pipeline only from neighbouring terminals, with the existing Network Entry Provision with National Grid requires the gas leaving the Perenco terminal to be over 47.2 MJ/m³.

TB then reiterated the proposal was for the amendment to the Network Entry Provision between Perenco and National Grid is being sought to reduce the Wobbe Index lower limit from 47.2 to 46.5 MJ/m³. TB said the alternative options were to access further SEAL blend gas is already in progress but an extended planned shutdown of 39 days of the GAEL system in the Summer of 2020 and a reduction in SEAL gas limits the benefits from this option. TB also said that significant infrastructure modifications to enable upstream blending with other gas sources would take more than two years in duration to enact.

Richard Fairholme (RF) asked what would happen if the Modification was not approved, especially from the perspective of the flows from other fields and the cost benefit analysis aspect, particularly if there was no material impact. He added there was the potential for greater costs incurred from a blending process and that some parties may have concerns over this area.

TB said that if this was not approved, then there would be a range of consequences from the Cygnus field not flowing at all to a reduction in production. RF reiterated his concern that other entry parties would also seek derogations if this Modification was approved. TB said that the commercial blending authorisation had already been granted for Neptune Energy. Chris Wright (CW) noted that Centrica benefitted from Barrow arrangements historically and are now proposing another unique arrangement which contradicts the established industry protocol that GS(M)R applies to everyone, and he shared the views of RF. He added that in the first instance there was the need for the HSE agreement, in relation to what was being proposed in the Modification and until that was confirmed, the actual timelines were still unknown at this stage.

TB said that initial discussions had already taken place with Neptune Energy and National Grid and that the safety side of the work had already been done and submitted to IGEM, and that the other information would be forwarded to the HSE. Alan Raper (AR) said that the timelines were extremely tight for June and that the unknown aspects of the timeline variables needs to be recognised. TB agreed, but she reiterated that June, was the major milestone she was working towards, as June provided the real benefit. Nick King (NK) enquired if a safety check was required and PH confirmed that this would need to accompany the GS(M)R exemption request in the submission to HSE.

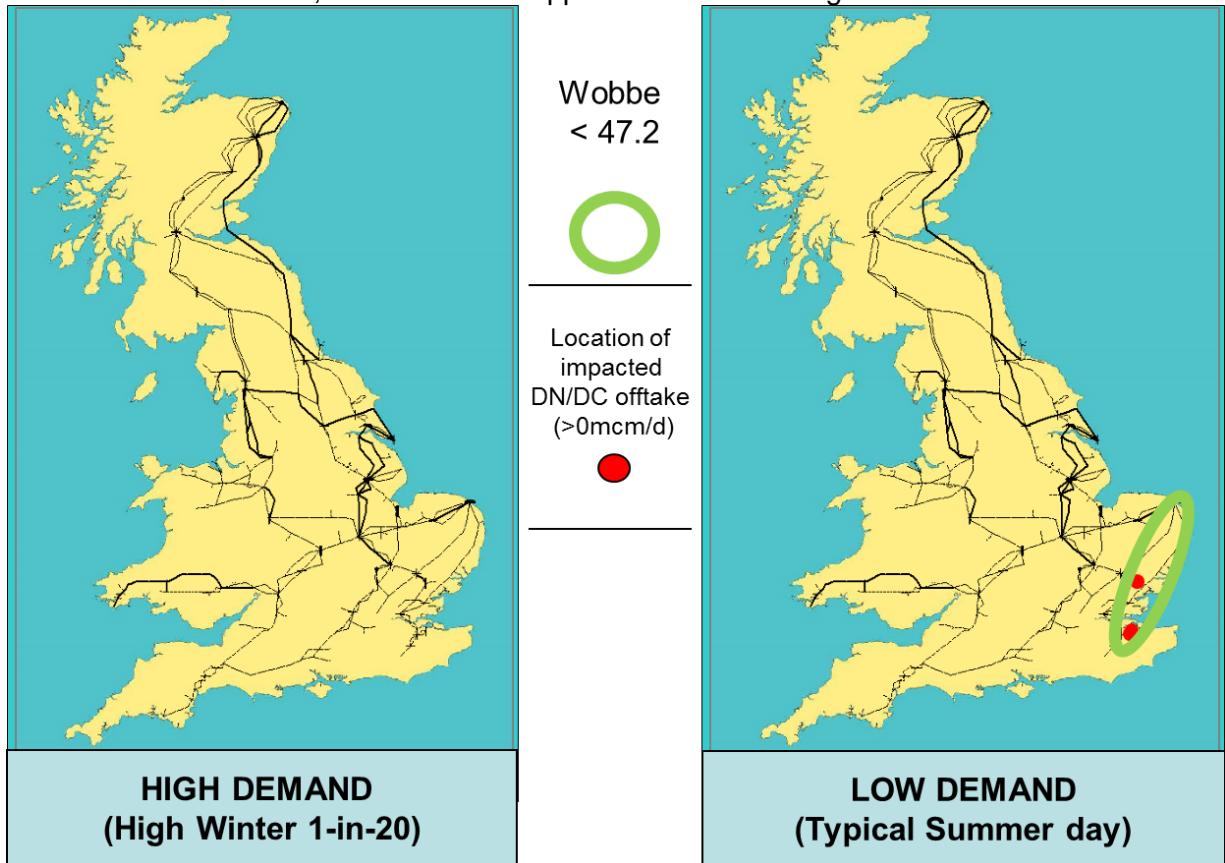
Phil Hobbins, (PH) then provided an overview of the *NTS Penetration Analysis* presentation and drew attention to the heat maps that showed some penetration of off-spec gas into the South-East under some scenarios.

Julie Cox (JCx) said the Flow Weighted Average CV, (FWACV) impact needed to be assessed and investigated as the HSE could in turn, raise the Wobbe and there could be other consequences of this change. She added that the HSE would not look at this change from a competition perspective, but that the Uniform Network Code (UNC) consultation should provide that input. PH agreed to investigate this area in more depth.

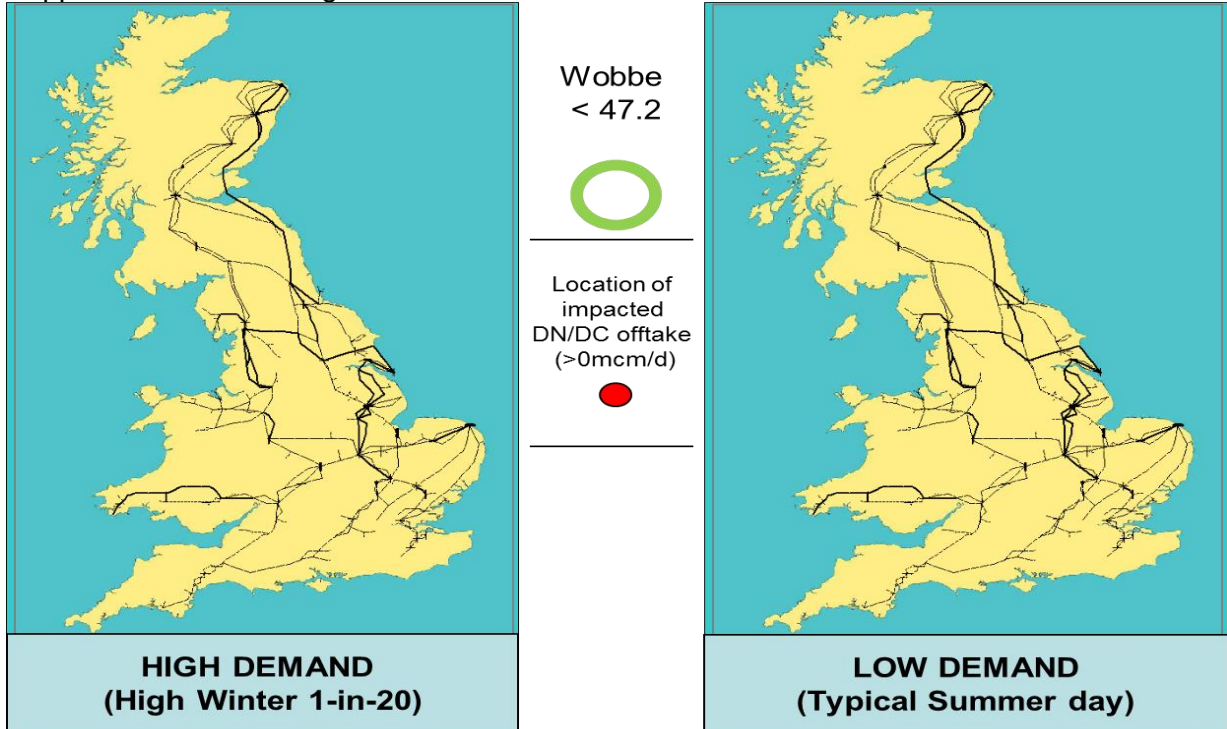
New Action 0201: National Grid (PH) to investigate the FWACV impacts on this proposed change.

PH continued to draw attention to specific areas of the presentation and explained the differences between the 3 scenarios that were for consideration and noted that the Scenario 2 as detailed below, was the most realistic option.

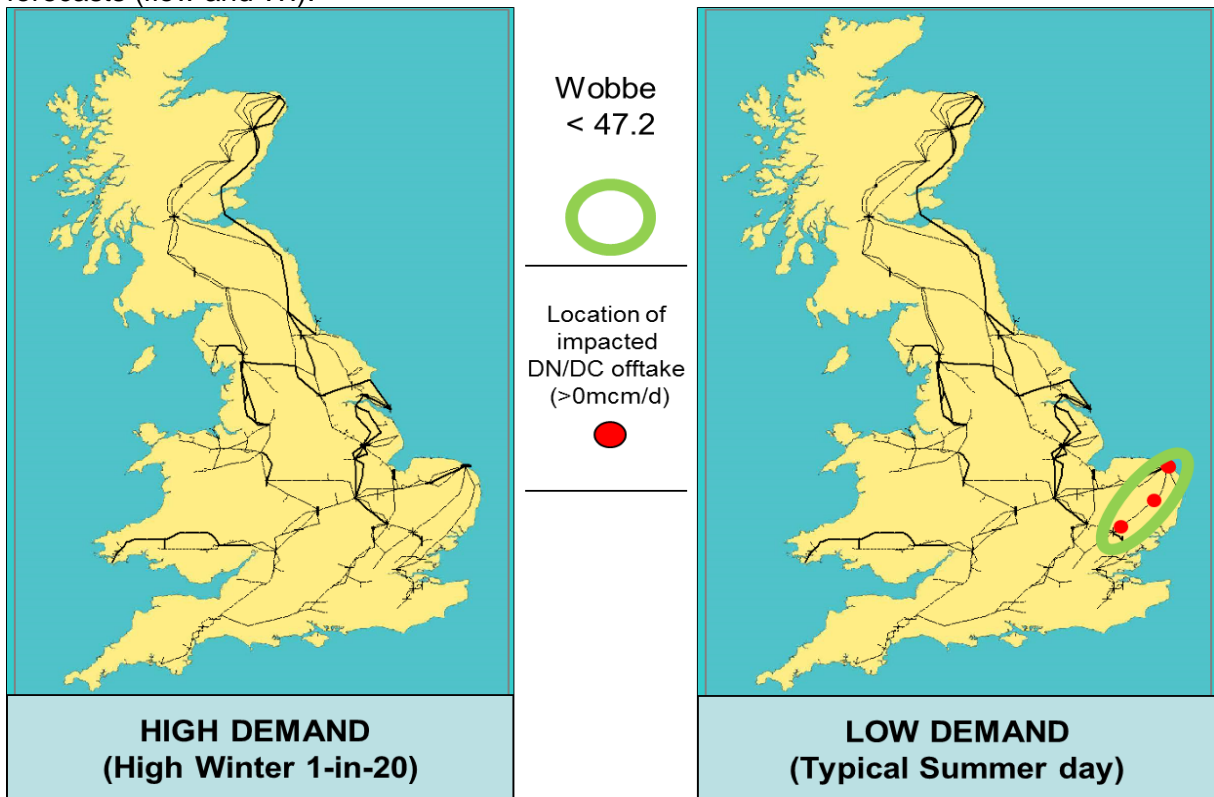
Heat Maps: 2019/20 **Scenario 2**
Perenco WI 46.5MJ/m³, Other Bacton Supplies WI 2019 Average



Heat Maps: 2025/26 FES Network **Scenario 2** Perenco WI 46.5MJ/m³, Other Bacton Supplies WI 2019 Average



Heat Maps: 2019/20 FES Network **Scenario 3**
Max Cygnus flow at 46.5 MJ/m³, all other UKCS flows at zero, interconnectors as per FES forecasts (flow and WI).



PH then overviewed the observations in relation to the Penetration Analysis as detailed below:

Scenarios 1 and 3 are theoretical and unlikely to occur in reality

Scenario 2 is more realistic but could still overstate the impact:

- Not all Perenco inputs would be expected to be delivered at 46.5 MJ/m³

The degree and direction of penetration depends on the seasonal geographic pattern of supplies and demands

Penetration is lower in the 2025/6 scenarios due to decline in UK Continental Shelf flows
The direction of penetration is affected by flow to/from Bacton

- Where flow is towards Bacton (in summer when Interconnectors (ICs) assumed to be exporting), low WI gas tends towards the south-east
- Where flow is away from Bacton (in winter when ICs assumed to be importing), low WI gas tends towards west of Bacton not moving far south

Offtake points located at Bacton terminal (to IUK, BBL, Great Yarmouth Power Station and Bacton DN offtake) could potentially see <47.2 MJ/m³ gas under all scenarios, depending on the configuration of Bacton terminal on the day

A lengthy general discussion took place regarding the flows to Bacton from Cygnus and what would be the worst-case scenario. TB confirmed the worst scenario would be scenario 3, as detailed above in the schematic.

PH said that discussions had taken place with the affected parties and that BBL were reluctant to accept below 47.2 MJ/m³ and that IUK might participate in the solution, and further discussions were taking place with Cadent regarding the Bacton Offtake, together with work on the GS(M)R review.

New Action 0202: All to provide feedback in relation to the commercial implications of flow weighted averages and the associated impacts of the is proposed change.

AR requested that Neptune Energy/Centrica consider the overall time implications of such a limited window for June and the proposed solution for covering the outage period.

New Action 0203: Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1. To consider the HSE timings

TB said that an exemption from the HSC would need to be gained by National Grid in order to allow the potential gas down to the existing GS(M)R emergency limit of 46.5 MJ/m³ to leave the National Grid terminal.

PH said that the timescales were very tight to achieve this by June and he was mindful that the HSE sign-off had to happen prior to Panel with the agreement of Ofgem. PH said that a full appreciation of the associated impacts was required prior to an exemption request was submitted. He added that even if Ofgem had sanctioned this, there was still the potential for the HSE to look at the safety aspect again, and the UNC would still need to investigate the economic case regulatory and competition issues.

2.1.2. Consider the impact on downstream customers.

It was agreed that more information was required on the wider impacts, which would need to be included in the Workgroup Report, and AR stated that conversations between the various parties would need to be documented within the Workgroup Report.

New Action 0204: Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion within the Workgroup Report.

New Action 0205: National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.

AR said that it would be advantageous if all the Workgroup participants could provide feedback in respect of the commercial implications in respect of the flow weighted averages and associated impacts.

Angela Fletcher (AF) said that she was keen to have an offline conversation with TB, Neptune Energy/Centrica regarding their proposal as she said there could potentially be some joint synergies in relation to her Modification 0712: *Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus SAGE plant.*

2.1.3. To consider governance arrangements.

AR confirmed that further discussion would take place in relation to the governance arrangements and that this could be further explored once the consequences and the views of the impacted parties were known.

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/0714

3. Next Steps

AR confirmed that his aspirations for the March meeting were to further explore the HSE timings, review the impacts on the downstream customers and discuss the governance arrangements.

4. Any Other Business

None.

5. 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	Venue	Workgroup Programme
10:30 Thursday 05 March 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> • Review of HSE timings • Review of impacts on downstream customers • Review of Governance Arrangements • Amended Modification • Consideration of Business Rules • Review of Impacts and Costs • Review of Relevant Objectives • Consideration of Wider Industry Impacts • Development of Workgroup Report

Action Table (as at 06 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1203	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.	Neptune Energy/Centrica (TB)	Carried forward <i>(Transferred from TXWG)</i>
0201	06/02/20	1.0	National Grid (PH) to investigate the FWACV impacts on this proposed change	National Grid (PH)	Pending
0202	06/02/20	1.0	All to provide feedback in relation to the commercial implications of flow weighted averages and the associated impacts of this proposed change.	ALL	Pending
0203	06/02/20	1.0	Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.	Neptune Energy/Centrica (TB)	Pending
0204	06/02/20	2.1.2	Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion within the Workgroup Report.	Joint Office (AR) & National Grid (PH)	Pending
0205	06/02/20	2.1.2	National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.	National Grid (PH)	Pending