

UNC Workgroup 0799 Minutes
UNC arrangements for the H100 Fife project (100% hydrogen)
Wednesday 30 March 2022
via Microsoft Teams

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Mike Berrisford (Secretary)	(HB)	Joint Office
Alex Travell	(AT)	BU-UK
Andy Clasper	(AC)	Cadent
Anna Shrigley	(AS)	Eni
Ashley Adams	(AA)	National Grid
Chris Wright	(CW)	Exxon Mobil
Clare Manning	(CM)	E.ON Next Energy
Darren Dunkley	(DD)	Cadent
Fiona Cottam	(FC)	Correla on behalf of Xoserve
Graeme Cunningham	(GC)	British Gas
Harry Brazier	(HB)	Ofgem
Jaimee LeResche	(JL)	Xoserve
Joel Martin	(JM)	SGN
Matthew Smith	(MS)	Xoserve
Oorlagh Chapman	(OC)	Centrica
Richard Fairholme	(RF)	Uniper Energy
Richard Pomroy	(RP)	Wales & West Utilities
Sally Hardman	(SH)	SGN
Shiv Singh	(SS)	Cadent
Stephen Tomlinson	(ST)	SGN
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0799/300322>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 April 2022.

1.0 Introduction and Status Review

Rebecca Hailes (RH) welcomed parties to the meeting.

1.1. Approval of Minutes (11 March 2022)

The minutes of the previous meeting were approved.

1.2. Approval of Late Papers

When asked, Workgroup participants agreed to consider the single late paper (Draft Workgroup Report, published on 29 March 2022).

1.3. Review of Outstanding Actions

Action 0202: *Reference Condition 5 – Safety April 2022 deadline* – Ofgem (HB) to discuss the proposal around Panel making a decision on the H100 Fife project timeline and provide a view at the next Workgroup meeting.

Update: In referring to an email provided to the Joint Office ahead of the meeting, Harry Brazier (HB) provided an explanation of the Ofgem position on UNC Panel's ability to make an informed decision noting that the '*H100FIFE Project Case for Safety*' will need to be signed off by HSE for the project to proceed. It is Ofgem's understanding that if this safety case does not get sign off, and therefore does not exist, the UNC Legal Text would be defunct – a view shared by the Proposer of the Modification.

HB also pointed out that Ofgem would not wait for the HSE Letter of Assistance before undertaking a decision on the Modification.

During the discussions, RH undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

Thereafter, Workgroup Participants in attendance agreed the action could now be closed. **Closed**

Action 0301: *Reference MDD System Requirements* – Joint Office (EF), SGN (JM) to consider a suitable approach and engagement with the correct parties (i.e. meter manufacturers etc.).

Update: In noting that this action also links with action 0302, Joel Martin (JM) provided a brief update on his (ex-Workgroup) discussions with E Fowler (in his capacity with a Retail Energy Code Metering Expert Group role) which focused on MDD requirements including Multiplication Factor aspects and how these relate to the fact that the meters which will be utilised for the H100 Fife project purposes are specific hydrogen meters with their own specific meter numbers and descriptions. JM then advised that it is his intention to attend a future Meter Expert Group meeting in order to deliver an overview of the H100 Fife project.

JM also explained that to date, one of the hydrogen meter manufacturers involved with the project has attained MID (Measurement Instrument) certification / compliance (inc. SMETS2 compliance).

During the discussions, RH undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

Thereafter, Workgroup Participants in attendance agreed the action could now be closed. **Closed**

Action 0302: SGN (JM) to consider a 'carve out' provision with Ofgem and REC relating to tied arrangement aspects, what potential restrictions to MAM choices there might be as a consequence of the project, and what if any meter exchange concerns might arise.

Update: JM advised that during his offline discussions with E Fowler they had also considered the various 'carve out' aspects of the project, especially what should be done with the healthy natural gas meters being removed and replaced by hydrogen meters as part of the H100 Fife project – this will be discussed at a future Metering Expert Group meeting.

It was noted that whilst consideration of potential 'stranded asset' aspects of the project are being investigated, including start and closure approaches, any associated costs would be covered by the project – referred to as being kept whole.

When asked, Stephen Tomlinson (ST) confirmed that asset providers would be able to recoup their associated costs, which again is an item that is expected to be discussed at a forthcoming Metering Expert Group meeting.

When asked, JM confirmed that the MDD data identifier would need to remain a H100 Fife project specific identifier in order to reflect the specific multiplication factor being utilised, although he did acknowledge that future hydrogen projects could look to utilise a more 'generic' style identifier. In noting that care is needed in this area in order to avoid contravening the MDD criteria, Steve Mulinganie (SM) noted that this should be something the Metering Expert Group also considers – further consideration of the subtle differences (inc. hydrogen meter aspects) in hydrogen related projects needs careful consideration.

Fiona Cottam (FC) acknowledged the concerns relating to the potential multiplication factor differences in the H100 Fife and Hydrogen Village projects, as these would also take into account potential geographical locational differences and the differing reference data this entails.

During the discussions, RH undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

Thereafter, Workgroup Participants in attendance agreed the action could now be closed. **Closed**

Action 0303: *Reference Hydrogen production costs v's Natural Gas costs* - SGN (LA) to look to provide a view on the comparison of costs.

Update: When JM provided an update on SGN's investigation into the hydrogen vs natural gas production cost comparison, SM took the opportunity to remind those in attendance that the main aim of the H100 Fife project is to 'test' the feasibility of the processes and approach for future hydrogen based projects (including the wider rollout of hydrogen as a fuel on the road to net zero within the UK), and not production costs. ST advised that the H100 Fife project is in essence a 'loss leader' and is not about making money out of the trial, as it aims to prove the viability of hydrogen as an alternative (cleaner) fuel source going forward.

When asked, ST confirmed that for the purposes of the H100 Fife project, the hydrogen being produced is essentially green hydrogen.

When asked, JM provided an outline of the proposed commercial arrangements for the H100 Fife project, highlighting the various interactions between the parties involved. There then followed an extensive debate around the proposed commercial aspects, especially the concerns around under charging consumers due to the potential utilisation of an inaccurate multiplication factor.

During the discussions, RH undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

Thereafter, Workgroup Participants in attendance agreed the action could now be closed. **Closed**

Action 0304: *Reference Hydrogen v's Natural Gas Appliance Performance* - SGN (JM) to look to provide a view on a potential appliance performance comparison.

Update: JM advised that following discussions with various industry experts he was able to confirm that the thermal efficiency of any hydrogen appliances used within the project would match their equivalent natural gas appliances.

During the discussions, RH undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

Thereafter, Workgroup Participants in attendance agreed the action could now be closed. **Closed**

2.0 Consideration of Amended Modification (inc. BRs and Multiplication Factor)

During a brief onscreen review of the latest (change marked) iteration of the Modification (v2.0, dated 24 March 2022), JM outlined the latest round of changes undertaken within the document, including his assessment of the possible opportunities at the end of the project, which is currently scheduled to finish in 2027.

During the discussions, RH also undertook an onscreen update within the draft Workgroup Report (v0.5, dated 30 March 2022) which Workgroup Participants contributed to.

When SM suggested that the use of the term 'customer' or 'customers' should revert back to being references to 'consumer' or 'consumers', JM agreed that he would look to tweak the Modification immediately after the meeting to match with the new points captured within the (draft) Workgroup Report and the feedback kindly provided at the meeting.¹

3.0 Consideration of Amended Legal Text

During a line-by-line onscreen review of the draft Legal Text by JM, Workgroup participants noted the following points (by exception):

- Numbering jumps from 1.3 straight to 1.3.2 missing 1.3.1;
- The paragraph 1.3(g) defined term statement needs to be reworded and the yellow highlighted []s removed;
- It was suggested that RECCo should be noted as 'Retail Energy Code';
- Paragraph 1.3.2 statement needs further clarification around project rules and Modification effective implementation date differences;
- Some concerns were voiced relating to the presentation style of the paragraph 2 items which will be considered further in discussions with the Joint Office after the meeting;
- Reference paragraph 2.4, it was suggested that it might be beneficial to include consumption data aspects;
- Defined Terms within the extracted paragraph statements in paragraphs 2.1, 2.6 and 2.7 should be shown in **bold**, and
- SGN are requested to provide a Legal Text Explanatory Table (or alternatively supporting Legal Text Commentary) to better aid understanding of the associated Legal Text requirements.

Concluding the discussions, JM committed to providing updated (final) Legal Text ahead of the commencement of the formal consultation process, after 21 April 2022 Panel consideration of the Workgroup Report.

4.0 Development / Completion of Workgroup Report

In line with the updating of the draft Workgroup Report throughout consideration of the various agenda items during the meeting, RH confirmed that she would collate all of the

¹ Please note: an updated version of the Modification (v3.0, dated 30 March 2022) was provided by SGN immediately following the meeting and published alongside the Workgroup Report (v1.0, dated 30 March 2022) on the Joint Office web site at: <https://www.gasgovernance.co.uk/0799>

proposed changes, including any associated with the final amendments to the Modification and aim to publish the (final) Workgroup Report before close of play.

When asked, Workgroup Participants indicated support for the proposed approach.

5.0 Next Steps

RH confirmed that next steps as being:

- Publication of a further Amended Modification immediately following completion of the meeting, and
- Completion and Publication of the (final) Workgroup Report prior to submission to the 21 April 2022 Panel with a recommendation that the Modification is issued to consultation.

6.0 Any Other Business

None.

7.0 Diary Planning

There are no more Workgroup meetings planned at this stage.

Action Table (as at 30 March 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0202	25/02/22	1.0	<i>Reference Condition 5 – Safety April 2022 deadline</i> – Ofgem (HB) to discuss the proposal around Panel making a decision on the H100 Fife project timeline and provide a view at the next Workgroup meeting.	Ofgem (HB)	Update provided. Closed
0301	11/03/22	2.1	<i>Reference MDD System Requirements</i> – Joint Office (EF), SGN (JM) to consider a suitable approach and engagement with the correct parties (i.e. meter manufacturers etc.).	Joint Office (EF) & SGN (JM)	Update provided. Closed
0302	11/03/22	5.0	SGN (JM) to consider a ‘carve out’ provision with Ofgem and REC relating to tied arrangement aspects, what potential restrictions to MAM choices there might be as a consequence of the project, and what if any meter exchange concerns might arise.	SGN (JM)	Update provided. Closed
0303	11/03/22	5.0	<i>Reference Hydrogen production costs v’s Natural Gas costs</i> - SGN (LA) to look to provide a view on the comparison of costs.	SGN (LA)	Update provided. Closed
0304	11/03/22	5.0	<i>Reference Hydrogen v’s Natural Gas Appliance Performance</i> - SGN (JM) to look to provide a view on a potential appliance performance comparison.	SGN (JM)	Update provided. Closed

