

UNC Transmission Workgroup Minutes
Thursday 02 February 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuiin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Gas Transmission
Brian McGlinchey	(BM)	EON
Carlos Aquirre	(CA)	Pavilion
Chris Wright	(CW r)	ExxonMobil Gas Marketing Europe Limited
Christiane Sykes	(CS)	Shell
Claire Proctor	(CP)	Petronas
Colin Paine	(CPa)	Engie
Davide Rubini	(DR)	Vitol
Hursley Moss	(HM)	Cornwall Insight
Isabel Capp	(IC)	BEIS
Jeff Chandler	(JC)	SSE
Joseph Leggett	(JL)	Interconnector
Joshua Bates	(JB)	National Gas Transmission
Julie Cox	(JCo)	Energy UK
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJ)	RWE
Louise Hellyer	(LH)	Total Energies
Mariachiara Zennaro	(MZ)	Centrica
Marion Joste	(MJ)	ENI
Mark Rixon	(MR)	Waters Wye Associates
Martin Cahill	(MC)	National Gas Transmission
Maryann Khan	(MK)	Ofgem
Matthew Newman	(MN)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Rebecca Steventon	(RS)	BEIS
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Shiv Singh	(SS)	Cadent
Steve Blackler	(SB)	EGas
Steve Mulinganie	(SM)	SEFE Energy Ltd
Terry Burke	(TB)	Equinor

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/TX/020223>

1. Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting and suggested that agenda items may be taken in a different order so that the main attention of the meeting could be placed on the discussions of the pre-mod for Demand Side Response and on National Grid's proposals relating to the Milford Haven constraint. *(Items are recorded here according to their reference on the published agenda)*

1.1. Approval of minutes (05 January 2023)

The minutes from the previous meeting were approved, following a requested amendment to page 5.

1.2. Approval of Late Papers

It was noted that there were a number of late/updated papers submitted to support the provision of information for today's meeting. All papers provided were approved for consideration.

1.3. Review of Outstanding Actions

1201: National Grid (ASt) to provide more clarity with regards to emergency procedures and scenarios when overruns occur.

Update: Anna Stankiewicz (ASt) confirmed that discussions have taken place with J Cox to outline what further clarification will be helpful for understanding how UNC sections are interpreted for Transmission operational actions. Further work is needed and an update will be provided at the March meeting. **Carried Forward.**

0101: National Grid (ASt) to provide a copy or link for the Q&A paper to Joint Office so that the notes can be published with Transmission minutes.

Update: See Action 1201. Q&A paper to be provided. **Carried Forward.**

0102: National Grid (ASt) to provide a cross reference between UNC Section B and Section J in relation to Overruns.

Update: See Action 1201. An update will be provided at the March meeting. **Carried Forward.**

0103: National Grid (ASt) to request that the OM Questions are captured with the Exit Constraints Webinar QA document.

Update: See Action 0101. **Carried Forward.**

0104: National Grid (ASt) to consider a re-consultation if following feedback there will be a significant change to the proposal for restricting capacity at Milford Haven.

Update: See item 3.0. **Closed.**

1.4. Industry Update from Ofgem

EF referred to the estimated decisions dates timetable published on 24 November 2022 at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>, and provided a brief update on the Modifications Awaiting Ofgem Decision, noting that Modification 0805 - Introduction of Weekly NTS Exit Capacity Auctions had been rejected on 30 January 2023.

Maryann Khan (MK) advised an updated table will be provided shortly.

The Workgroup considered the reason for Ofgem rejecting Modification 0805 due to the exclusion of Distribution Networks (DNs). The Workgroup considered the DN's 1 in 20 licence obligations, exit capacity planning and the need to book capacity in the most efficient manner. Shiv Singh (SS) explained what can be achieved through the annual

bookings and the risks associated with daily auctions. He confirmed a weekly product would assist.

Steve Mulinganie (SM) noted that the Modification does not comply with the licence held by National Gas Transmission as the weekly exit capacity auctions would need to be made accessible to any offtake point, to ensure there is no unfair commercial advantage. It was suggested that to overcome this a new Modification could be raised not to exclude a group of Users.

Workgroup participants noted that in evaluating any new proposal it would be necessary to understand whether DNs would in fact be able to utilise a weekly capacity auction as that would affect the relative costs and benefits of implementation across all Users. EF pointed to the workgroup discussions of 0805 as many of the relevant points may have been recorded which could assist a party wishing to launch a new Modification proposal.

1.5. Pre-Modification discussions

1.5.1. Demand Side Response (DSR) Scheme

Phil Hobbins (PH) confirmed that National Gas Transmission plan to continue a programme of DSR reform which will include addressing the issues with a longer lead-time DSR product and other reforms that could remove barriers and broaden participation.

PH provided a re-cap of the reforms delivered this winter, the key challenges and proposed UNC developments.

Steve Mulinganie (SM) suggested considering the shorter lead time products that offer rapid solutions rather than a longer lead-time DSR product.

The Workgroup considered the availability of data, lead times, flexibility, the low uptake, frequency, ability to use alternative fuels, and the risks and rewards.

PH outlined the next steps with a proposed timeline for industry engagement. PH confirmed the intention to raise a UNC Request to help formulate solutions, with a potential for a Modification to be raised in April to support an Ofgem decision late Summer. PH suggested there will be a need for extra Workgroup Meetings outside the Transmission Workgroup schedule to support rapid development and avoid the use of the Urgent Modification process.

PH confirmed a session had been held with large consumers on 30 January 2023 to share the plan of thinking. The Workgroup considered the use of polls and surveys to establish the interest in DSR and the possibility of bi-lateral meetings to assess the interest in direct contracting for DSR between National Gas Transmission and consumers.

The Workgroup considered the draft Request and the key issues to be explored. It was noted that bullet point lists are set out in the request under headings for:

1. Enabling direct contracting for DSR between National Grid NTS and consumers.
2. A longer lead-time DSR product
3. Eligibility and aggregation
4. Review of existing DSR arrangements post implementation of Modifications 0822 & 0833

PH informed Workgroup Participants that the Request would be presented to the Modification Panel on 16 February and that National Grid would work with the Joint Office to schedule the addition meetings.

1.5.2. National Grid Name Change

Kirsty Appleby (KA) confirmed that National Grid had sold 60% equity interest in its UK gas transmission and metering business, and as from 01 February 2023 will be operating as National Gas Transmission and National Gas Metering.

KA explained there will be a number of transitional changes required, starting with re-branding. KA confirmed that a Fast-Track Self-Governance Modification will need to be raised to undertake the replacement of National Grid UNC references with National Gas Transmission. It was noted that a secondary Fast-Track Modification will be required to manage the correction of Legal Text for inflight Modifications.

Ritchard Hewitt (RH) enquired about the updating of Ancillary Documents. KA confirmed an exercise will be undertaken to look at UNC related documentation. Joshua Bates (JB) confirmed the transitional changes will also include consideration of contracts, and any references made within primary legislation.

For more information please refer to: <https://www.nationalgrid.com/gt-announcement>

2. Overrun Update

Anna Stankiewicz (ASt) provided an Overrun Report summarising the Entry and Exit Overruns from October 2021 to March 2022 and April 2022 to September 2022, along with a three-year comparison. It was noted that the high financial values were a result of the high prices bid for Bacton exit capacity. For full details please refer to the published presentation.

3. Milford Haven Risk

Anna Stankiewicz (ASt) confirmed that following the responses received to the consultation National Gas Transmission have decided to amend the proposal for the Milford Haven export flows and constraints.

ASt provided an overview of the amended proposal to more closely align capacity release with the Gassco maintenance programme. ASt provided an overview of the steps and an illustration of the impacts for the proposed capacity release for Summer 2023.

The next steps were outlined, and ASt confirmed that the modified proposal had been provided to Ofgem who have 56 days to provide a response. ASt clarified that if no decision is made ahead of the February 2023 AMSEC, the full baseline will be offered.

ASt noted a request that if the proposal changed significantly National Gas Transmission should consider if a further consultation should be undertaken. ASt clarified a further consultation has not been planned, as the proposal addressed the feedback received.

Julie Cox (JCo) referring to the Summer 2024 capability impact, noted that if the industry go through the process of restricting capacity release, this would not be until after the publication of the maintenance programme in January 2024.

The Workgroup considered the nine alternatives suggested, the use of licence changes and/or licence derogations.

Christiane Sykes (CS) enquired about the use of monthly auctions, to alleviate the risk of restricting capacity, and excluding the weeks of maintenance. ASt explained this would require Gemini system changes and it wouldn't be possible to manually intervene.

The Workgroup considered the use of weekly auctions, the capability and uncertainty associated with these. ASt confirmed the commitment to offer full baseline in weekly auctions, to allow better planning. Adam Bates (AB) enquired about releasing firm capacity up to baseline at D-10. ASt clarified what the system constraints were and the way auctions work, along with the assumptions that firm capacity would be released to baseline (D-10).

JCo enquired about the availability of data relating to the system constraints on the 18 January 2003 to help understand the costs involved. ASt confirmed this has been captured in the National Gas Transmission response.

Joshua Bates (JB) on behalf of National Gas Transmission, offered to create a presentation for the industry explaining how the commercial and physical regimes interact together and why National Gas Transmission would take commercial actions at any given time, at the request of ENI (in the Ops forum). The Workgroup agreed this would be very useful. National Gas Transmission welcomed feedback on any questions they would like answered to the Joint Office by email for incorporation into the presentation. Several participants confirmed their intention to contact the Joint Office / National Gas Transmission with questions.

Anna Shrigley (ASh) referring to the MIPI reports believed it would be useful to understand the historical costs of capacity constraints, how its calculated and recovered. It was also suggested it would be good to better understand the impacts on the flow of money (Locational Buys and Sell). For example what goes into the calculation and what assumptions need to be made.

Mark Rixon (MR) noted there are other costs associated with the process not just the market price, and that it may be useful to draw out a network cost perspective, the market price, economic costs and balancing actions.

ASh asked for more information on the line-pack, for each hour of the day, and how marginal prices evolved, to see if SAP was influenced.

The Workgroup requested that National Gas Transmission provide more detail in line with the discussion taken place, next month.

New Action 0201: National Gas Transmission (ASt) to provide an overview of the capacity constraint process/mechanisms and consider providing information on the historical restraint costs.

4. **Gas Safety (Management) Regulations - GS(M)R Review**

Phil Hobbins (PH) confirmed there was no further update this month. Mariachiara Zennaro (MZ) wished to understand the reason behind the delay. PH clarified an update is expected this quarter and that the HSE need to complete a final impact assessment, consider the next steps along with undertaking a regulatory policy review.

5. **Transmission Change Horizon Plan**

Anna Stankiewicz (ASt) confirmed there will be a Change Pack for long term flow swaps to fix the existing arrangement. More information will be provided next month.

6. **Workgroups**

None.

7. **New Issues**

No new issues raised.

8. **Any Other Business**

8.1. **Capacity Methodology Consultation commencing in February.**

Kirsty Appleby (KA) wished to advise the Workgroup that a Capacity Methodology Consultation will be taking place commencing in February 2023 on the following methodologies:

- Entry Capacity Substitution
- Exit Capacity Substitution
- Entry Capacity Transfer & Trade

KA outlined the obligations on National Gas Transmission to produce statements and the consultations required, noting the need for some minor housekeeping. The Methodology Statements are available at: <https://www.nationalgrid.com/gas-transmission/capacity/capacity-methodology-statements>

Lauren Jauss (LJ) requested an update on the Network Gas Supply Emergencies and processed relating to the [Emergency Curtailment Quantity \(ECQ\)](#).

New Action 0202: National Gas Transmission (KA) to provide the Transmission Workgroup with an update to the Emergency Curtailment Quantity (ECQ).

9. Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 02 March 2023	5pm Wednesday 22 February 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 06 April 2023	5pm Wednesday 29 March 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 04 May 2023	5pm Wednesday 26 April 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 01 June 2023	5pm Wednesday 31 May 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 06 July 2023	5pm Wednesday 28 June 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 03 August 2023	5pm Wednesday 26 July 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 September 2023	5pm Wednesday 30 August 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 October 2023	5pm Wednesday 27 September 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 November 2023	5pm Wednesday 25 October 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 December 2023	5pm Wednesday 29 November 2023	Microsoft Teams	Standard Transmission Workgroup Agenda

Action Table (as of 02 February 2023)

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1201	01/12/22	1.3	National Grid (ASt) to provide more clarity with regards to emergency procedures and scenarios when overruns occur.	February 2023	National Gas (ASt)	Carried Forward
0101	05/01/23	1.3	National Grid (ASt) to provide a copy or link for the Q&A paper to Joint Office so that the notes can be published with Transmission minutes.	February 2023	National Gas (ASt)	Carried Forward
0102	05/01/23	1.3	National Grid (ASt) to provide a cross reference between UNC Section B and Section J in relation to Overruns.	February 2023	National Gas (ASt)	Carried Forward
0103	05/01/23	1.5.1	National Grid (ASt) to request that the OM Questions are captured with the Exit Constraints Webinar QA document.	February 2023	National Gas (ASt)	Carried Forward
0104	05/01/23	2.0	National Grid (ASt) to consider a re-consultation if following feedback there will be a significant change to the proposal for restricting capacity at Milford Haven.	February 2023	National Gas (ASt)	Closed
0201	02/02/23	3.0	National Gas Transmission (ASt) to provide an overview of the capacity constraint process/mechanisms and consider providing information on the historical restraint costs.	March 2023	National Gas (ASt)	Pending
0202	02/02/23	8.1	National Gas Transmission (KA) to provide the Transmission Workgroup with an update to the Emergency Curtailment Quantity (ECQ).	March 2023	National Gas (ASt)	Pending