

UNC Workgroup 0607S Minutes Amendment to the Gas Quality NTS Entry Specification at the ST Fergus NSMP System Entry Point

Thursday 27 July 2017

at Energy UK, 5-11 Regent Street, London SW1Y 4LR

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andrew Pearce	(AP)	BP
David Reilly	(DR)	Ofgem
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JCh)	SSE
Lucy Manning	(LM)	Gazprom
Murray Kirkpatrick	(MK)	Gazprom
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Terry Burke	(TB)	Statoil

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0607/270717> The Workgroup Report is due to be presented at the UNC Modification Panel by 21 September 2017.

1.0 Introduction and Status Review

RH welcomed all to the meeting, advising the Workgroup that the emphasis should be on updating the draft Workgroup Report and finalising Action updates.

1.1 Apologies

David O'Donnell

1.2 Approval of Minutes (27 June 2017)

The minutes of the previous meeting were approved.

2.0 Amended Modification (further background to the proposed change)

An amended modification has now been submitted and published; a change marked version can be found here: <https://www.gasgovernance.co.uk/0607/270717>. Amendments are in line with the draft Workgroup Report which mainly cover the total inerts limit and time limitation.

3.0 Review of Outstanding Actions

0303: Elaboration on the 'Wider Considerations' part of the Workgroup Report and what would be included in this section. AB to provide some text for the Workgroup Report.

Update: No further update received. **Closed**

0501: Once it is established if there are further amendments to be submitted, RH to publish the Amended Modification.

Update: Amended Modification published 26 July 2017. **Closed**

0504: Mod proposal to incorporate changes to total inerts specification, subject to NSMP's agreement – MK

Update: Amended Modification updated in line with the Workgroup report and published.

Closed

0505: JCh to provide wording around impact on Peterhead CCGT power station.

Update: Additional comments received from JCh and incorporated in to the draft Workgroup report. **Closed**

0601: DOD (NSMP) to work with National Grid NTS and BP to see how the industry notification process would work post-October 2024. Additional wording around the mechanism for the Legal Text will also be included as part of this action.

Update: Legal text wording updated in to Workgroup report v0.13 and published. **Closed**

0602: TB to provide additional comments regarding the pros and cons for Self-Governance.

Update: TB clarified that his previous submission sufficed. **Closed**

0603: CL to provide additional comments regarding pros and cons for Self-Governance.

Update: Additional comments received and incorporated in to the Workgroup report. **Closed**

0604: BP/NSMP to clarify the wording around the use of NTS terminal and NTS pipeline and potentially modify Figure 1: **Connections and gas flows into NTS entry point at St Fergus.**

Update: All comments received from DOD have been published and incorporated in to the v0.13 Workgroup report. **Closed**

Action 0605: DOD to provide some suitable wording to further explain the final sentence in the Carbon Cost Assessment where conclusions from previous modifications 0498 and 0502 are also valid for the proposed St Fergus modification. (Currently page 19/25).

Update: Further information was received and published and has also been incorporated in draft Workgroup report. **Closed**

4.0 Development of Workgroup Report

During an onscreen review of the draft Workgroup Report RH clarified that anything in red text were those amendments which were of interest to this meeting.

Governance

RH confirmed that it is documented now that the Workgroup are asking Panel to reassess whether this modification should be Self-Governance or Authority Direction.

DR acknowledged that the Workgroup report asks Panel to reassess the governance status of the modification proposal. He noted that should the proposal be subject to Authority Direction, there were some areas that the Workgroup might consider addressing.

Non-Discrimination/Shipper Competition

He noted that there have been concerns raised regarding shipper competition noting that these issues may arise from National Grid compliance or otherwise with non-discrimination obligations that are listed in the National Grid licence. The Workgroup report does not yet address the compliance/non-discrimination aspects.

The relevant areas are:

1. Section 9 of Gas Act 1986
2. Standard Special Condition D12 (6)
3. Standard Special Condition A6 (1)

Security of Supply

DR clarified and RH agreed that the UNC Panel is unlikely to want to consider effects on Security of Supply, (this would be for the Authority to determine). He highlighted that there is a difference between a proposal that affects Security of Supply for future and existing

consumers, (such a proposal could be deemed to be subject to Authority Direction), and a proposal that could be deemed to improve incremental supply (such a proposal could be deemed to be subject to Self-Governance).

Whether or not these points were covered in modifications 0498/0502 discussions, they need to be addressed at this workgroup.

MK pointed to the justification for Self-Governance section in the Workgroup report.

PH confirmed that he was already having discussions internally on both Shipper competition and Security of Supply which feed in to National Grid NTS' arguments for Authority Direction. (Self-Governance criteria bb and dd).

New Action 0701: National Grid /NTS (PH) to report back to the Workgroup on compliance with relevant licences and obligations and provide a statement for the Workgroup report. To be discussed via Teleconference at the next meeting on 07 September 2017.

GJ noted that in relation to Security of Supply, there may be an impact on commodity prices and thus security of prices.

MK confirmed that the Oil and Gas Authority (OGA) previously supplied a list of developments during workgroup discussion on 0498/0502 – an equivalent list has now been obtained and published on 26 July 2017. MK confirmed that the relevant regions were West of Shetland, North North Sea and Central North Sea and that there are no proposed developments in the next 5 years requiring a higher CO₂ content. The material from the OGA was reviewed onscreen and will be inserted as appendix 3 in the Workgroup report.

RF asked if the Workgroup had come across any examples of CO₂ content increasing as the field depletes; all agreed that they had not come across such a situation.

The Workgroup considered what would likely to happen if parties were to object after the modification had been implemented.

RH and RF confirmed that representations are always sought on the self-governance statement.

DR clarified that Ofgem always seeks legal support if a modification is referred to them for a decision. RH expressed appreciation on behalf of the Workgroup of Ofgem involvement at the workgroup meetings.

Summary of discussions during review of Workgroup report

The workgroup reviewed the published draft Workgroup report v0.13 and in addition incorporated all of the comments received since v0.13 was published. (Material submitted by JCh; RF and MK/OGA).

Draft Workgroup report v0.14 represents the outcome of these discussions and has been published on the Joint Office website here: <http://www.gasgovernance.co.uk/0607/070917>

Diary Planning

Further details of planned meetings are available at: <http://www.gasgovernance.co.uk/Diary>

Time/Date	Venue	Workgroup Programme
07 September 2017	Teleconference	Discussion on 1. Security of Supply and 2. Non-discrimination/ shipper competition. Finalise Workgroup report.

Action Table (as at 27 June 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0303	22/03/17	5.0	Elaboration on the 'Wider Considerations' part of the Workgroup Report and what would be included in this section. To provide some text for the Workgroup Report.	Shell (AB)	Closed
0501	22/05/1	2.0	Once it is established if there are further amendments to be submitted, RH to publish the Amended Modification.	Joint Office (RH)	Closed
0504	22/05/1	3.0	Change Mod proposal to incorporate changes discussed.	BP Gas (MK)	Closed
0505	22/05/1	4.0	To provide wording for Workgroup Report around impact on customers	SSE (JCh)	Closed
0601	27/06/17	3.0 (Action 0505)	DOD (NSMP) to work with National Grid and BP to see how the process would work post Oct 2024. Additional wording for the Legal Text will also be included as part of this action.	NSMP (DOD)	Closed
0602	27/06/17	4.0	TB to provide additional comments regarding the potential effect of non-implementation.	Statoil (TB)	Closed
0603	27/06/17	4.0	CL to provide additional comments regarding the potential effect of non-implementation.	BP (CL)	Closed
0604	27/06/17	4.0	BP/NSMP to clarify the wording around the use of NTS terminal and NTS pipeline.	BP/NSMP (MK/DOD)	Closed
0605	27/06/17	4.0	DOD to provide some suitable wording to further explain the final sentence in the Carbon Cost Assessment where comparing with the Teesside report and the least impact in terms of overall CO2 emissions is to allow the gas with high CO2 to flow into the NTS, is also valid for the proposed St Fergus modification. (Currently page 19/25).	NSMP (DOD)	Closed
0701	27/07/17	4.0	National Grid NTS (PH) to report back to the Workgroup on compliance with relevant licences and obligations and provide a statement for the Workgroup report. To be discussed via Teleconference at the next meeting on 07 September 2017.	National Grid NTS (PH)	Pending