

**UNC Workgroup 0785 Minutes
Application of UNC processes to an aggregated Bacton (exit)
Interconnection Point**

Monday 29 November 2021

via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Helen Cui (Secretary)	(HCu)	Joint Office
Andrew Pearce	(APe)	BP
Anna Shrigley	(ASh)	Eni
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Carlos Aguirre	(CA)	Pavilion Energy
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Daniel Hisgett	(DH)	National Grid
David Mitchell	(DM)	SNG
Guv Dosanjh	(GD)	Cadent
Hannah Reddy	(HR)	Corella
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Lauren Jauss	(LJ)	RWE
Malcolm Montgomery	(MM)	National Grid
Marion Joste	(MJ)	ENI
Mark Jones	(MJ)	SSE
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Nigel Sisman	(NS)	Sisman Energy Consultancy
Pavanjit Dhesi	(PD)	Interconnector
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Rudi Streuper	(RS)	BBLC
Steven Britton	(SB)	Cornwall-Insight
Shiv Singh	(SS)	Cadent
Terry Burke	(TB)	Equinor

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0785/291121>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 December 2021.

1.0 Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting.

1.1. Approval of minutes (04 November 2021)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

EF advised that there were 2 late papers, an Amended Modification and Presentation.

1.3. Review of Outstanding Actions

None to consider.

2.0 Amended Modification

Malcolm Montgomery (MM) referring to the Amended Modification summarised the main changes noting that the Ofgem Decision on the licence change had now been made. MM highlighted changes made to the solution to clarify some elements around the calculations and the need for an additional rule to take into account the aggregate exits point, i.e. not having two Shorthaul routes and the need for Shippers to elect one.

Pavanjit Dhesi (PD) asked about the exit point aggregation and why further clarification was needed in the UNC. MM explained that additional flexibility will be gained as there will be an option of electing either interconnector.

Anna Shrigley (ASh) enquired if the change process will require Shippers to re-register, i.e. will Shippers have to terminate invalid registrations, then register new entry points. MM explained the re-designation will be undertaken automatically moving to the aggregate exit point. If there are two entry points Shippers will be asked to elect one.

The Workgroup considered the suggested implementation date of September 2022 for the service provider to undertake the required system changes. Some concern was expressed about this delay and the gap between the licence change taking effect on 15 December 2021.

Rudi Streuper (RS) explained if system changes are postponed until September 2022 there will be an impact on the Shorthaul discount, and this could create a commercial problem. He understood the service ability would be available contractually, but the system needs to be developed.

Ritchard Hewitt (RH) noting that the licence changes will take effect next month, enquired about compliance and how National Grid Gas (NGG) are going to work to ensure compliance. MM explained NGG are looking at interim options and the ability to accelerate the required changes, but he had nothing to share on this at the moment. MM explained that this Modification was for the enduring solution, and any interim solution would be outside the Modification.

ASh enquired about NGG making firm capacity available and if this will continue in the interim period. ASh asked if it was right to assume firm capacity bookings would qualify for the Shorthaul discount. MM clarified that once acquired firm capacity is all treated the same from a UNC perspective therefore the Shorthaul discount will still apply.

RH enquired about exit capacity being held at one of the Interconnector Points (IPs) for future days, and what would happen from 15 December 2021, asking if this capacity can be used at the aggregated point. MM explained parties will need to continue to use capacity at the point purchased previously until the system is adapted.

MM clarified that there will be a period between 15 December 2021 and when the system changes are implemented, when there will not be an automated system.

MM confirmed that the Legal Text will be available shortly, as some final checks are being undertaken, he advised that this can be reviewed on 02 December 2021.

It was agreed to consider the Workgroup Report and capture the Workgroup's assessment of the Modification to allow the Workgroup Report to be conclude its report on the 02 December.

3.0 Completion of Workgroup Report

The Workgroup reviewed the draft Workgroup Report to capture the Workgroup's views.

It was noted that the Modification's scope was limited to the alignment of UNC changed following the license change.

The Workgroup considered the indicative implementation date of September 2022. Richard Fairholme (RF) expressed concerns about any delays with implementation seeking implementation as soon as possible. Julie Cox (JCx) also expressed concern about the changes taking place sooner and Shippers having input into the prioritisation of changes.

Ritchard Hewitt (RH) recognised that this Modification had been drafted to take into account the licence change from 15 December and wanted the report to address the point. He suggested the report should be clear on what implementation was going to look like from the point of the licence is changes, until the automated process is made. If there is no interim position this needs to be clear in the Workgroup Report. The Workgroup also wanted clarity on the ability for NGG to comply with the licence change.

Max Lambert (ML) understood there would be some delays relating to the ability to adapt systems and agreed to consider the concerns being raised.

New Action 1101: Ofgem (ML) to consider the concerns raised regarding the interim ability to implement Modification 0785 in light of the licence change.

RF also wanted to address the issue on how the industry prioritise system changes, he understood discussions are ongoing, but wanted more debate and an explanation on the ability to re-prioritise changes.

New Action 1102: Xoserve (HR) to provide a view on the ability to re-prioritise system changes, particularly Modification 0785.

Following the Workgroup's assessment and updating of the Workgroup Report, Pavanjit Dhesi (PD) wished to raise a related question about how much NTS capacity can be made available at the combined Bacton IP Exit point.

PD explained that once merged there will be a technical mismatch therefore there is a risk of physical congestion which could lead to higher export auction premiums at times of high export demand. PD suggested that NGG should re-look at the baseline, look at available capacity and provide some transparency on the network capability.

PD provided an illustration and noted that NGG has been able to consistently offer all of the volume as firm exit capacity between 01 September - 15 November in a period of high demand above the baseline. PD provided a further illustration.

PD made a formal request for NGG to re-evaluate the baseline under the new arrangements and asked for NGG to provide a response on providing the technical capacity.

MM confirmed that NGG would provide a formal response to the request.

New Action 1103: National Grid Gas (MM) to provide formal response to the industry regarding the available capacity.

Nick Wye (NW) supported the request to help the market understand the exit capacity and volumes being made available, as it would appear that there is surplus and there is an ability for capacity which could satisfy full export, suggesting there is a trigger for re-visiting the baselines. NW expressed if there is an ability to export gas, anything NGG can do to reinforce an assertion that capacity will be available, will help with certainty for the market.

RH noted, additional capacity which has been released over the summer period, generally released into daily auctions, that there is a timeframe of uncertainty, questions had been asked on the non-obligated capacity being release in monthly auctions.

MM explained that there is a possibility of capacity release, but NGG have not confirmed that this would be available in monthly auctions.

RF expressed that this is pertinent issue and welcomed a response to the enduring issue under the new arrangements.

4.0 Next Steps

EF confirmed the intention to approve the Workgroup Report at the next meeting and for the Transmission Workgroup to pick up the three actions raised during discussions.

5.0 Any Other Business

None.

6.0 Diary Planning

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

No further meetings were planned however the Workgroup will have the opportunity to review and approve the Workgroup Report within the Transmission Workgroup Meeting on 02 December 2021.

Actions to Transfer to Transmission Workgroup (as of 02 December 2021)						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1101	29/11/21	0785 3.0	Ofgem (ML) to consider the concerns raised regarding the interim ability to implement Modification 0785 in light of the licence change.	January 2022	Ofgem (ML)	Pending
1102	29/11/21	0785 3.0	Xoserve (HR) to provide a view on the ability to re-prioritise system changes, particularly Modification 0785.	January 2022	Xoserve (HR)	Pending
1103	29/11/21	0785 3.0	National Grid Gas (MM) to provide a formal response to the industry regarding the available capacity.	January 2022	National Grid Gas (MM)	Pending