

UNC Workgroup 0818 Minutes
Releasing of unused capacity under a specific set of circumstances
Thursday 22 September 2022
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Vera Li	(VL)	Joint Office
Anna Kapeni	(AK)	Northern Gas Networks
Ben Mulcahy	(BM)	Northern Gas Networks
Claire Louise Roberts	(CLR)	ScottishPower
Conor Adams	(CA)	ScottishPower
David Mitchell	(DM)	SGN
David Reynolds	(DR)	Northern Gas Networks
Ellie Rogers	(ER)	Xoserve
Gurvinder Dosanjh	(GD)	Cadent
Joel Martin	(JM)	SGN
Kathryn Adeseye	(KA)	Xoserve
Lee Greenwood	(LG)	British Gas
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Michelle Brown	(MB)	Energy Assets
Oorlagh Chapman	(OC)	Centrica
Richard Pomroy	(RP)	Wales & West Utilities
Steve Mulinganie	(SM)	SEFE Energy Limited
Tracey Saunders	(TS)	Northern Gas Networks

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 March 2023.

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/include 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 all papers are available at: www.gasgovernance.co.uk/0818/220922

1.0 Outline of Modification

Tracey Saunders (TS) provided a summary of the Modification and explained that this Modification is seeking to address the capacity which is booked but remains unused for a number of years. This is only an issue for other Shippers and end consumers where there is limited capacity available on the same part of the system. It is proposed that this Modification releases the unused capacity only where a site meets set specific criteria.

TS informed Workgroup of a 'Mod390 process', introduced via Modification 0390 – Introduction of a Supply Point Offtake Rate Review and Monitoring Process, where Transporters can annually advise Shippers of sites where they have capacity booked which is in excess of what is being utilised.

The Shipper would then need to have a discussion with the site and then a capacity reduction request would be submitted. However, TS advised this often does not resolve the issue.

When RH asked if the Mod390 process has to be used first, TS advised it is not a specific requirement but is built within the timeline process of Mod390.

When Louise Hellyer (LH) asked how many sites would potentially be eligible, TS advised Northern Gas Networks have a small number of sites that they think would fall into this process.

TS clarified that any system changes would be minimal and that Xoserve involvement would be the passing of data and if the Shipper failed to reduce their capacity within the timeframe, then CDSP would be able to step in and force it.

Ellie Rogers (ER) advised the solution would be something that would be not a full scale automated system solution.

A Workgroup member asked if this Modification includes any compensation for the capacity that is being taken off them, TS advised no compensation will be paid as the Shipper will no longer be paying for the capacity.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1. This Modification gives the GDNs the power to dictate large DM sites that have booked capacity and not used it, which may be for a number of reasons – one of which currently may be due to increased gas costs. Where no relationship exists between the customer and the GDN, do Workgroup members think this is appropriate where GDN decisions may have adverse impacts on large sites such as I&C production sites and hospitals?

TS clarified the appeal process would deal with this. She accepted there will be disagreements and confirmed she has not excluded any particular type of site. TS also commented that if, for example, a hospital was ever picked up in this process it would be resolved by using the appeal process.

Steve Mulinganie (SM) noted that the Mod390 process could be used to outsource and should be required as a prior activity in the Modification, to state that Mod390 has already been utilised.

TS agreed to consider adding, as a general rule, the Mod390 process is to be run in the 12-month period prior to this process being in place, into an amended Modification

2.1.2. The Modification directs that communications regarding this imposed capacity reduction are passed to the customer via the Shipper. What would happen if this communication route broke down and the GDN imposes a capacity reduction on the customer without their knowledge? Would the GDN carry the legal liability for any losses incurred by the customer?

TS advised this process relies on Shippers having a good relationship with their end consumers. The Shipper should be able to fulfil any obligation under Code and if not, be able to have that discussion with their end consumer.

SM noted the Shipper needs to have a good audit trail and note when engagement/negotiations with the customer have taken place and confirm what actions are being taken.

When LH asked if the capacity will still be reduced if a Shipper is not responding, TS thought that is unlikely to happen. LH further explained that some large sites set themselves up in quite unique ways and might not be up to date with Modifications.

New Action 0109: Proposer (TS) to liaise with NGN's internal processing team and consider an amendment to the Modification to include the Mod390 process.

New Action 0209: Proposer (TS) to provide a response to each of the UNC Panel questions.

New Action 0309: Distribution Networks to provide analysis to show how many times this Modification would likely be used.

2.1.3. What costs have been incurred by consumers as a result of the issue set out in the problem statement - costs of constraint and unnecessary reinforcement etc.

Not discussed, deferred to next meeting.

2.2. Initial Representations

RHa confirmed that two initial representations have been received from Citizens Advice and the Major Energy Users' Council and are published here <https://www.gasgovernance.co.uk/0818>.

Workgroup considered the Initial Representation from Citizens Advice:

There is potential, in theory, that anyone in Class 1 could fall within this process now or in the future and the Proposer suggested all Class 1 sites should assess the Modification for their own circumstances.

When SM asked which sites this could apply to, TS clarified the Mod390 process would be the customer base and there is potential to further deduce which of those would be affected by this Modification.

Workgroup requested a list of the challenges made to Shippers as a result of the Mod390 process. TS confirmed she will provide that information after 01 October 2022 as a lot of shippers move sites prior to the new Gas Year.

2.3. Terms of Reference

As matters have been referred from Panel and with initial representations, a specific Terms of Reference has been published alongside the Modification at www.gasgovernance.co.uk/0818.

3.0 Next Steps

RHa confirmed that

- The Legal Text will likely be requested after the actions have been closed.
- Consideration of an amended Modification.

4.0 Any Other Business

None.

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	Paper Publication Deadline	Venue	Programme
Thursday 10:00 27 October 2022	5pm 18 October 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 24 November 2022	5pm 15 November 2022	Microsoft Teams	Standard Agenda
Monday 10:00 12 December 2022	5pm 01 December 2022	Microsoft Teams	Standard Agenda

Action Table (as at 22 September 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0109	22/09/22	2.0	Proposer (TS) to liaise with NGN's internal processing team and consider an amendment to the Modification to include the Mod390 process.	Proposer (TS)	Pending
0209	22/09/22	2.0	Proposer (TS) to provide a response to each of the UNC Panel questions	Proposer (TS)	Pending
0309	22/09/22	2.0	Distribution Networks to provide analysis to show how many times this Modification would likely be used.	Distribution Networks	Pending