

Joint Office of Gas Transporters

February 2020 NEWSLETTER

Welcome to the Joint Office of Gas Transporters Newsletter, we hope you find this a useful addition to your inbox. It is issued on a monthly basis and is intended to provide an overview of what is happening across the Uniform Network Code (UNC) governance arena. In this Newsletter, we have provided an overview of progress across everything we do, please refer to the Table of Contents below.

At A Glance....

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Email: enquiries@gasgovernance.co.uk

Tel: 0121 288 2107

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Implementation Dates		
UNC Ref	Title	Date
0651	Changes to the Retrospective Data Update provisions	to be determined
0681S	Improvements to the quality of the Conversion Factor values held on the Supply Point Register	to be determined
0692S	Automatic updates to Meter Read Frequency	to be determined
0682	Market Participant MDD Migration to UNC Governance from the SPAA	28 February 2020

New Modifications discussed at January Panel	
<p>New Modification 0714 - Amendment to Network Entry Provision at Perenco Bacton terminal http://www.gasgovernance.co.uk/0714</p>	<ul style="list-style-type: none"> ▪ This Modification will proceed under Authority Direction. ▪ This Modification will be considered within the Transmission Workgroup on 06 February 2020. ▪ Initial representations are requested no later than 06 February 2020. ▪ The Workgroup report is to be presented by 16 April Modification Panel.
Existing Modifications for Reconsideration discussed at January 2020 Panel	
None	

Workgroup Reports discussed at January 2020 Panel	
None	
Final Modification Reports discussed at January 2020 Panel	
None	
Notification of Appeals discussed at January 2020 Panel	
<p>Modification 0692S - Automatic updates to Meter Read Frequency https://www.gasgovernance.co.uk/0692</p>	<ul style="list-style-type: none"> ▪ The Modification Panel considered the appeal raised by EDF Energy. ▪ Panel members confirmed the original determination by a majority vote (12 out of 13) to implement self-governance Modification 0692S. ▪ To be implemented on a date to be confirmed by

	Transporters following consultation with the DSC Change Committee and subject to the Appealing Party not raising an Appeal with the Authority.
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Distribution Workgroup Headlines	www.gasgovernance.co.uk/dist
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At the meeting on 23 January 2020, the following items were discussed/progressed:

- **0696** – *Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs*

The Modification has been resubmitted to Workgroup for further consideration following Ofgem’s “send-back” letter requesting more analysis as to why the issue has arisen by referencing the current arrangements in the Code.

Discussion at the January meeting centred on how the SOQ capacity ratchets rules should be applied where the capacity of a supply point has been effectively capped by NExA conditions. It was agreed that additional business rules would be required to cover this scenario, and to that effect, a Variation Request is being prepared. Discussion will continue in February Workgroup.

- **0697S** – *Alignment of the UNC TPD Section V5 and the Data Permissions Matrix (DPM)*

The purpose of this proposal is to rationalise UNC data permissions established in UNC Section V5 with those documented in the DSC governed Data Permissions Matrix (DPM).

Development of requirements of the various entities captured by the proposal continues, within additional requirement brought into the discussion following receipt of the recently received “BEIS Consultation on changes to Standard Conditions of Gas and Electricity Supply Licenses, conditions of the DCC License, the SEC, the UNC and the MRA.”

- **0699** - *Incentivise Key Areas of Performance using additional UIG Charges:*

This Proposal has been withdrawn.

- **0701** – *Aligning Capacity booking under the UNC and arrangements set out in the relevant NExAs*

This Proposal was the subject of only light discussion at the January Workgroup. Subsequent to the meeting, version 3 of the proposal has now been produced with some minor changes to provided additional clarity of the business rules governing additional capacity requests. Now that this Proposal is stable it is hoped that legal drafting can be provided for discussion the February Workgroup.

- **0702S** – *Introducing ‘Research Body’ as a new User type to the Data Permissions Matrix and UNC TPD Section V5*

Workgroup discussion of this proposal continued to centre around the basis of establishing a UNC, Section V definition of “Research Body” and how the UNC amendment would link to DSC-governed questionnaire that a “Research Body” would be expected to satisfactorily complete before access to an approved data set would be granted.

- **0704S** – *Review of Transporter Theft Reporting (New to Distribution Workgroup)*

Again, there was relatively little debate on this Proposal at the January Workgroup. This proposal was raised following a joint SPAA / UNC review group investigating Shipper and Supplier Theft of Gas Reporting Arrangements (0677R) and will concentrate on rationalising the reporting arrangements with reference to the Transporters’ existing Regulatory Reporting pack and setting them out in the UNC. The Proposer advised the Workgroup that a further amendment to the Proposal is required to clarify some of the reporting obligations, although it was hoped that legal text could be provided to accompany the amended Proposal at the next Workgroup meeting.

- **0707S** – *Introducing ‘Performance Assurance Framework Administrator’ as a new User type to the Data Permissions Matrix*

Following last month’s discussion regarding how the existing PAFA Reporting arrangements, (specified in the Performance Assurance Report Register, (PARR), compared to how the new

arrangements would be governed through access permissions documented in the Data Permissions Matrix, (DPM), a Draft Workgroup Report has been produced. The Workgroup agreed that the Report was complete and should be submitted to the February Panel with a recommendation that it should proceed to consultation.

Reader Note: This proposal is required because all new User types added to the DPM must follow UNC governance, although the individual data items that the new User would be able to see are controlled through Data Services Contract, (DSC) governance.

- **0710 – CDSP provision of Class 1 read service**

This Proposal looks to establish the arrangements for transferring Daily Metered (DM) (Class 1) read provision from each DNO to Xoserve. Even though the proposal seeks to simply novate existing contracts to Xoserve, debate continues around the best time of year to implement the transfer, with a general view that Summer 2020 would be the most appropriate time. The Proposal was briefly discussed at the January Workgroup with the proposer stating that process for obtaining legal drafting had commenced.

- **0711S – Update of AUG Table to reflect new EUC bands**

This proposal has been raised to align the Allocation of Unidentified Gas (AUG) Table in Uniform Network Code (UNC) with revisions to EUC bands related to a change to the DSC XRN 4665.

The meeting was used to finalise the Workgroup Report and to agree that the effective implementation date for the proposed revised UIG Allocation Adjustment table should be 01 October 2021. As part of these discussions the legal text, for inclusion in the report, was agreed. It was agreed that the Workgroup Report should be submitted at the February Panel with a recommendation that it should proceed to consultation.

- **0713 - Amendments to TPD V3.1.7 Independent Assessment table**

This proposal has been raised to reflect the fact that the credit rating company, Graydon, have revised the scale on which the issue their credit ratings. While most of the Workgroup are comfortable with the transition from the old scale to the new, one participant advised that, for a while, Graydon, will issue credit ratings against both scales, which would greatly assist verification that the two scales are aligned. Consequently, it was agreed that the proposal should wait until some new scores are issued, before the Workgroup Report is submitted to Panel.

Other Matters Discussed:

- **CSS Consequential Changes – Detailed Design Report**

Xoserve explained that, following CSS implementation, UK-Link will no longer received the “CoT flag”, which is currently used to split consumption for a period between the incoming and outgoing tenants. At this stage it is unlikely that CSS design could be varied, Xoserve are looking at potential solutions

- **New MDD Market Participant Solution**

From March 2020 Xoserve will be in primary control of Market Participant Identifiers, and as part of this have been requested to look at ways of allowing participants to access systems as part of accession testing. Currently, participants have to acceded to the UNC and a way of managing participants in testing and their associated codes will need to be established.

Other Workgroups

- **0646R - Review of the Offtake Arrangements Document and 0683S - Offtake Arrangements Document (OAD) Review Updates – Phase 1:**

At the 0683S Workgroup meeting on 05 February 2020 the Workgroup considered an amended Modification having removed the Redundant Asset process, the required legal text and Supplemental Agreement Template. Further consideration will take place at the next meeting on 04 March 2020 with a view to finalising the Workgroup Report in April 2020 The next phase of Modification to be considered under Request 0646R in March/April 2020. This will include reviewing the Redundant Asset Process.

Transmission Workgroup Headlines

www.gasgovernance.co.uk/tx

At the meeting on 06 February 2020 the following items were discussed/progressed:

- **Pre-Modifications:** No draft modifications were presented for discussion.
- **0705R - NTS Capacity Access Review**

Discussion at the Review was centred of two aspects of the Review - Firstly, National Grid presented some analysis that showed that, given the likelihood of Entry & Exit capacity unit prices increasing, if all other variables continued at present, the overall revenue resulting from capacity overruns would increase. In the interest of maintaining a status-quo, National Grid tabled a draft Modification that proposed that the Entry and Exit Overrun multipliers should be reduced to 4x and 6x respectively. Secondly, Distribution Networks and National Grid presented some of the issues evident with the interaction of DN's obligations to book 1 in 20 capacity to meet their network demand, the obligation to secure capacity through the PARCA mechanism and rules governing capacity substitution. It was agreed that the interaction of all these rules presented complexity and risk, and against a backdrop of decreasing gas demand, it was suggested that simplification and the removal of OFGEM from the substitution mechanisms could be in order.

Note: Modification Proposal 0716, to address the overrun aspect of the Review, has been raised by National Grid and will be presented to February Panel.

- **0712S - Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus SAGE Plant**

Following last month's request to National Grid to provide cumulative heat maps showing the distribution of Oxygen concentration across GB, the analysis was duly presented. The analysis showed that the theoretical highest concentrations were in the South East with relatively low concentrations in Scotland. Since the proposal is requesting an increase to 100ppm to one of the flows at St Fergus, the conclusion was the change would have no material effect on gas composition across GB.

The presentation completed the analysis of the effects of this proposed change, and consequently a draft Workgroup Report was provided for review. It is intended that the Report can now be submitted to Panel with a recommendation that it can be circulated for consultation

- **0713S - Amendments to TPD V3.1.7 Independent Assessment table.**

Discussion of this proposal was deferred until after the February Distribution Workgroup.

- **0714 - Amendment to Network Entry Provision at Perenco Bacton terminal**

This proposal seeks to amend one the Network Entry Agreements at Bacton and reduce the Wobbe Index to a value below the normal GS(M)R gas composition specification to a level at the lower limit of the Emergency Specification. National Grid Presented the heat map analysis to show the network penetration of the Perenco gas. Given the nature of the change to gas specification, discussions will have to be completed with the HSE before significant progress can be made with the proposal through UNC governance. A request for information was issued to the Workgroup regarding the potential effects of the request NEA change.

Charging Methodology Forums

Distribution Network Charging Methodology Forum (DNCMF) www.gasgovernance.co.uk/dncmf

- The next meeting is on the 24 March 2020.

NTS Charging Methodology Forum (NTSCMF) www.gasgovernance.co.uk/ntscmf

At the meeting on 28 January 2020 the following was discussed/progressed:

- **Pre-Modifications:** No draft modifications presented for discussion.

National Grid analysis on the Optional Commodity Charge (OCC) approach under Modifications 0678H/J using Forecasted Contracted Capacity (FCC) instead of Maximum NTS Exit Point Offtake

Rate (MNEPOR) in the NTS optional capacity charge methodology 2 formula (Modifications 0678H/J) and also, separately, using pipeline distance instead of straight-line distance.

- **0670R** – *Review of the charging methodology to avoid the inefficient bypass of the NTS.*

National Grid provided initial proposals for a new charging mechanism to provide optionality in the Charging Methodology to assist in managing potential inefficient bypass of the NTS. Further information was provided at the February meeting.

At the additional meeting on 11 February 2020 the following items were discussed/progressed:

- **Pre-Modifications:** No draft modifications presented for discussion.
- **Ofgem/CEPA Update:** Ofgem, David O'Neill (DON) explained that Ofgem had instructed CEPA to conduct a thorough modelling exercise on the Modification 0678 - 0678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime, as part of the impact analysis Ofgem undertook prior to publishing its 'minded to' position. He further explained that this analysis had also encompassed a legal and compliance assessment of the Modifications and that some of the Modifications were non-compliant. Lewis Heather (LH) then provided an overview of the CEPA presentation, which provided a synopsis of the modelling approach, techniques and the methodology used, together with the answers to the questions previously provided by the 6 Workgroup participants. The presentation can be viewed via the link:

<https://www.gasgovernance.co.uk/ntscmf/110220>

LH also added that the CEPA written response to these questions (which had been sent to Ofgem) could now be viewed on the Ofgem website at: <https://www.ofgem.gov.uk/publications-and-updates/nts-charging-methodology-forum-ntscmf-session-cepa-unc678-quantitative-analysis-11-february-2020>

- **Forecasted Contracted Capacity (FCC) Update:** No update this month.
- **Long Term Revenue Forecasts:** No update this month.
- **0670R** - *Review of the charging methodology to avoid the inefficient bypass of the NTS*

Daniel Hisgett (DHi) drew attention to the updated analysis from the last meeting on 28 January 2020. He provided an overview of the presentation and drew attention to specific areas to note, namely the updated analysis section that now contained the OCC Contribution (£) detailed on Slide 5 of the presentation, which can be viewed via the link: <https://www.gasgovernance.co.uk/ntscmf/110220>

UIG Workgroup Headlines

www.gasgovernance.co.uk/UIG

At the meeting on 21 January 2020 the following was discussed/progressed:

- **Pre-Modifications:** No draft modifications were presented for discussion.
- **Hydrogen Trial Change** – Northern Gas Networks - Tracey Saunders (TS) drew attention to the Change Proposal XRN5014 in relation to the Hydrogen Pilot that Northern Gas Networks were undertaking. Please see: <https://www.xoserve.com/change/change-proposals/xrn-5014-facilitating-hydeploy2-live-pilot/>
- **UIG Taskforce Tracker** – Fiona Cottom (FC) referred to the latest UIG Taskforce Tracker published under the last meeting page at: <https://www.gasgovernance.co.uk/uig/210120>
- **0664** - *Transfer of Sites with Low Read Submission Performance from Class 2 & 3 into Class 4.*
Rebecca Hailes (RH) confirmed the formally amended Modification would be submitted to the February Panel for consideration and that the Workgroup was now formally closed.
- **0672** - *Incentivise Product Class 4 Read Performance.*

Rebecca Hailes (RH) Chair confirmed the Workgroup meeting had been deferred with agreement from the Proposer, who had sent their apologies. Therefore, no updates were recorded. The next meeting will be on 25 February 2020.

- **0691S** – *CDSP to convert Class 3 or 4 meter points to Class 1 when G1.6.15 criteria are met.*

A Workgroup discussion took place regarding the current NExA process in relation to the defined nomination procedure moving a Shipper to Class 1, and whether this could be bypassed. Some Workgroup Participants noted the existing process whereby the Shipper notifies the Transporter via the nomination referral process, this triggers the Transporter to perform various tasks, some related to any NExA in existence. The existence of any relevant NExA may not be known to all parties involved and it was noted that there should be some mechanism whereby the nomination referral process should still be carried out in some way and that TPD Section G 2.3.4. should be consulted for clarity. David Mitchell (DM) said from a legal text perspective he would need to see how the NExA referral process currently worked in order to understand if there were any impacts, in relation to TPD Section G G.2.3.4. Rhys Kealley (RK) said that this area needed to be further explored with both Xoserve, SGN and British Gas. Rebecca Hailes (RH) said at the February meeting, the amended Modification, Legal Text, ROM, IGT Modification requirement and any overlap of Modification 0710 would be confirmed.

- **0693R** – *Treatment of kWh error arising from statutory volume-energy conversion.*

Rebecca Hailes (RH) Chair, confirmed the Workgroup meeting had been deferred as the Proposer was not in attendance. Therefore, no updates were recorded.

- The next meeting is on 25 February 2020.

Governance Workgroup Headlines

www.gasgovernance.co.uk/gov

There will be no February meeting.

- The next meetings are due to be held on 02 March and 09 March 2020.

Committees Updates

Energy Balancing Credit Committee (EBCC) www.gasgovernance.co.uk/EBCC

- The next meetign is on the 24 February 2020 and then on 18 May 2020

Demand Estimation Sub-Committee (DESC) www.gasgovernance.co.uk/desc

- The key messages from meetings are available at: www.gasgovernance.co.uk/desc/summarykeymessages.
- The next meeting is to be held on 27 April 2020.

Performance Assurance Committee (PAC) www.gasgovernance.co.uk/PAC

- The key messages from meetings are available at: www.gasgovernance.co.uk/pac/summarykeymessages
- The next PAC meeting are scheduled for 11 February and 10 March 2020.

0674 - Performance Assurance Techniques and Controls www.gasgovernance.co.uk/0674

- The January Workgroup was largely given over to reviewing the initial version of legal drafting with the comments being fed back to Cadent to provide v2.0 of the drafting. The next steps will be to review v2.0 of the drafting, align the proposal with the drafting and continue to develop the supporting documentation.

AUG Sub Committee

- An AUG Sub Committee was held on 14 February 2020. A summary of the key messages from this meeting will be available to view in due course at: <https://www.gasgovernance.co.uk/aug/140220>. The next meeting will be held on 13 March 2020, whereupon the AUG will prepare the Key Messages and Modified AUGS and Table for discussion, including an assessment on how any issues raised within the consultation would be treated.

Data Service Contract (DSC) Committees www.gasgovernance.co.uk/DSC-CDSP

DSC Change Management Committee

At the meeting on the 12 February 2020:

- There were 6 new change proposals and 6 post-solution reviews, which were all approved.
- Updates were provided to the Committee on the DSC Implementation Plan, June 2020 Release, other Releases requiring approval from the Committee and the Central Switching Service Consequential.
- The next meeting is on 11 March 2020.

DSC Contract Management Committee

- At the meeting on 15 January 2020, 1 Disclosure Request Report were approved and updates was provided on the BP20 Budget and the Monthly Contract Management Report KPIs.
- The next meeting is on 19 February 2020.

DSC Credit Committee

- The next meetings are due be held on the 24 February 2020 and 18 May 2020.

IGTAD Sub-Committee <https://www.gasgovernance.co.uk/igtad/>

- The next meeting is on 02 March 2020.

Things to Note...

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