

UNC Transmission Workgroup Minutes

Tuesday 08 January 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91
2AA

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield*	(AN)	Storengy UK
Andrew Blair*	(AB)	Interconnector UK
Andrew Pearce	(AP)	BP
Anna Shrigley*	(ASh)	Eni Trading & Shipping
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE Supply & Trading GmbH
Dave Adlam	(DA)	Cadent (from 11.30am)
David Cox*	(DC)	London Energy Consulting Ltd
Debra Hawkin	(DH)	TPA Solutions
Graham Jack	(GJ)	Centrica
Jeff Chandler*	(JCh)	SSE
John Costa*	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Jonathan Coe*	(JC)	Ofgem
Kirsty Ingham*	(KI)	ESB
Lea Slokar*	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates Ltd
Nicky White	(NWWh)	npower
Nigel Sisman	(NS)	Sisman Energy Consulting Ltd
Penny Garner	(PG)	Joint Office (am only)
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Terry Burke*	(TB)	Equinor

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/080119>

1. Introduction and Status Review

Rebecca Hailes (RH) welcomed everyone to the meeting. In her introduction she emphasised that discussion of Modification 0621 would take place at the most appropriate forum namely the NTS Charging Methodology Forum meeting on Thursday 10 January 2019. She added that David O'Neill from Ofgem had confirmed he would be joining the NTSCMF meeting on 10 January 2019 by telephone from 1pm.

RH also confirmed that there will be 2 meetings of Transmission Workgroup during January with the second meeting to be held on Monday 21 January 2019 to discuss Workgroups 0669R - *Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements* and 0675S - *Enabling changes to the BBL Interconnection Agreement to facilitate physical reverse flow*.

Julie Cox (JCx) asked if the meeting would include a discussion on the Government and Ofgem Energy Code Review. In response, Penny Garner (PG) reported that a discussion is planned at the 17 January Modification Panel meeting and Alena Fielding from the Department for Business, Energy and Industrial Strategy (BEIS) would also be in attendance. BEIS and Ofgem are planning to hold a number of stakeholder engagement workshops and webinars in early 2019 including one on 04 February 2019 which PG is attending. PG stated that she is leading on this work at the Joint Office and that the Joint Office is a participant in the Review which covers gas and electricity and will be far reaching. She also mentioned that the Joint Governance Arrangements Committee (JGAC) is involved.

In addition, she referred to the new Request proposed by Gazprom 0676R - *Review of Gas Transporter Joint Office Arrangements* which will be discussed at the 17 January 2019 Modification Panel meeting. This Request seeks a review of the Uniform Network Code (UNC) General, Modification Rules and Joint Gas Transporter Governance arrangements for the Joint Office of Gas Transporters.

JCx asked how best industry can engage with all the important areas of work which include RIIO-2, Code Governance, Ofgem Switching Programme and changes to the Gas Transmission Charging Regime. PG responded by saying that Joint Office are mindful of the impact on Industry of all these areas of work and will endeavour to support industry as far as possible. She suggested that JCx also raise her concerns directly with BEIS.

Graham Jack (GJ) suggested a regular agenda item at the Transmission Workgroup would help to share key points of information and provide a forum for industry discussion. PG offered an alternative, suggesting that Joint Office could provide a regular communication via the Joint Office monthly Newsletter as well as forwarding any notes and papers from meetings.

1.1. Approval of Minutes (06 December 2018)

RH apologised to industry for the late publication of the minutes from the last meeting which were due to unforeseen circumstances. She stated that the minutes were published on 03 January 2019 and invited Workgroup participants to review the minutes.

Richard Pomroy (RP) suggested that there was an action recorded under Workgroup 0671 which he suggested should be best categorised as being under the Transmission Workgroup. This action is in relation to National Grid providing further details on the User Commitment and how it is applied. This action had been recorded under Workgroup 0671 as action 1202. Following a brief discussion, it was agreed that Action 1202 should be moved to the Transmission Workgroup minutes.

The minutes from the previous meeting were approved subject to the change agreed above.

2. Workgroups

2.1. 0662 – Revenue Recovery at Combined ASEPs

(Report to Panel 18 April 2019)

<https://www.gasgovernance.co.uk/0662>

2.2. 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

(Report to Panel 17 January 2019)

<https://www.gasgovernance.co.uk/0667>

2.3. 0671 – Relief from User Commitment obligations when NTS exit capacity substitution is permitted

(Report to Panel 21 February 2019)

<https://www.gasgovernance.co.uk/0671>

3. Status Review

3.1. Ofgem Update

LS provided a brief verbal overview of the Industry update which had been provided for the meeting and which can be accessed here:

<https://www.gasgovernance.co.uk/tx/080119>.

LS highlighted a number of key publications for Workgroup to note, in relation to:

- a. Addition of new exit and entry points and associated EU relevant points decision – Modification of Special Conditions 5G and 5F of the gas transporter licence held by National Grid Gas plc. Following the statutory consultation on licence changes published in October, on 12th December 2018 Ofgem have published a decision letter and notice on changes to the gas transporter licence held by NGG.
- b. Consent and approval decision letters regarding the Capacity and Capacity Release Methodology Statements.
- c. Publication of the RIIO-2 Sector Specific Consultation. This was published on 18 December 2018 and can be accessed here:

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-sector-specific-methodology-consultation>

Supporting documents including the RIIO-2 Business Plans draft guidance document and a supporting presentation have also been published.

- d. Direction issuing the Stakeholder Engagement Incentive Scheme Guidance for RIIO-GD1 and RIIO-T1. A notice was published on 03 November 2018 proposing changes to the guidance and following consideration of responses, Ofgem have issued a direction to formally issue the Stakeholder Engagement Incentive (SEI) Guidance document. A copy of the direction can be accessed here:

https://www.ofgem.gov.uk/system/files/docs/2018/12/direction_to_issue_the_sei_guidance_document.pdf

- e. Decision regarding modification UNC621 and its alternative proposals to amend the Gas Transmission Charging Regime – a copy of the Ofgem decision letter confirming rejection of the UNC 0621 Modifications can be found here: <https://www.gasgovernance.co.uk/0621>.

Steve Pownall (SP) asked if Ofgem were intending to publish the Baringa report which formed the basis of Ofgem's impact analysis. RH suggested that this question is raised at the NTSCMF meeting on 10 January 2019.

Post meeting update: Details of the NTSCMF discussion of Ofgem's rejection of the UNC 0621 Modifications can be found under item 1.3 here:

<https://www.gasgovernance.co.uk/ntscmf/100119>.

3.2. Pre-Modification Discussion

3.2.1. Exit Capacity at NTS (D -1 to D-7) - EDF Energy

John Costa (JCo) provided a very brief update explaining that EDF Energy are not intending to raise a Modification at this stage as there has been little feedback from industry to support the need for the change. In response to a request for more information he confirmed that he did not have anything that could be provided in writing yet.

4. European Codes

4.1. EU Codes Update

Phil Hobbins (PH) provided a walkthrough of the National Grid NTS 'EU Update' presentation for the meeting. The presentation covered the following areas:

a. Brexit update – PH explained that Statutory Instruments relating to Energy under the Withdrawal Act 2018 were laid before Parliament on 17 December 2018. These were written to ensure that the energy market continues to operate effectively in a 'no deal' situation. Further information can be obtained from this website:

<https://www.gov.uk/eu-withdrawal-act-2018-statutory-instruments>.

He reported that National Grid are working on the basis of a no-deal outcome and will therefore launch the code change process during January 2019. Code changes will be made via the self-governance process where possible, however, Urgent procedures may also be considered.

In response to a question from NS, PH confirmed that current EU legislation will continue to apply to GB for at least 23 months and that it is just the references that will change in the documents not the rules.

RH mentioned that Joint Office have received a letter from Ofgem's Jonathan Brearley in relation to EU exit preparedness, which she agreed to publish on the website.

New Action 0101: Joint Office (RH) to publish a copy of the Ofgem letter in relation to EU Exit preparedness.

Post meeting update: The Ofgem letter to Penny Garner on EU exit preparedness can be found here: <https://www.gasgovernance.co.uk/tx/080119>.

NS also asked who the enforcing body is in relation to EU compliance post 29 March 2019. PH confirmed that it would continue to be BEIS, even in a no deal scenario.

b. Gas Day: Discontinuing seasonal changes of time. There is now a firm view that there will not be an agreement between the European Parliament and Council in relation to the time change proposal, by March 2019. An agreement is expected in the autumn. In addition, it is recognised by EC that a sufficient transition is needed; this is likely to be 18 months. PH said that National Grid was concerned about what impact there might be on the Gas Day and that the likely impact of this change will be in 2021. Richard Fairholme (RF) indicated that there was an opportunity for member states to choose and therefore UK could choose to continue with the current arrangements.

c. General Terms & Conditions Template – PH explained that the creation of a standard template for bundled capacity is required under CAM (Article 20). The template is now finalised and published on the ENTSOG website here:

http://www.entsog.eu/sites/default/files/2018-12/PR0175-18_Press%20Release_ENTSOG%20publishes%20the%20final%20template%20of%20main%20terms%20and%20conditions%20for%20bundled%20capacity%20contracts_v2_0.pdf

d. ACER Workshop on conditional products.

e. Latest GIE System Development Map was noted.

5. Issues

None

6. Any Other Business

6.1. Review of Capacity Methodology Statements

Malcolm Montgomery provided a brief update on the 2019 Capacity Methodologies Review (see presentation). He informed Workgroup that the preliminary consultation would start around 15 January lasting for 4 weeks. A summary of the changes is provided in slide 3. It was noted that some of the changes listed may be regarded as substantial topics, but the decisions are being taken outside of this change process, in which case it will be a tidy up exercise. Administrative updates such as weblinks and dates etc will also be undertaken on all 5 statements.

In relation to capacity conversion and the independent examination of the Entry Capacity Release Methodology Statement (ECR); and the Exit Capacity Release Methodology Statement (ExCR). JCx asked if this was an examination of the statement or the process? MM in response stated that this is about how well the statements meet the objectives and obligations. MM also agreed to share who the independent examiner would be.

Jeff Chandler (JC) asked for more information in relation to 'Withholding daily capacity' (in the ExCR). MM indicated that this was in relation to what can be done in the event of a constraint.

JCx asked if more information can be provided at the next meeting.

New Action 0102: Joint Office (JO) to include an agenda item on the review of capacity methodology statements for the next meeting on 21 February 2019.

6.2. Gas Quality Process Modification

PH raised a new item in relation to Modification 0607 - *Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point* and the planned Gas Quality Process Modification. PH reported that National Grid are still planning to raise this modification to address the issues, but the work has been re-prioritised and will be delayed.

7. Review of Outstanding Actions(s)

Action 0901: *Reference Future Demand Side Review Scope* - National Grid NTS (PH) to provide a view on the proposed Request proposal scope, and how best to progress this matter going forwards.

Update: PH provide a brief update indicating that he thought this action had been completed. He confirmed that National Grid were not proposing to raise a Modification or Request proposal. He indicated that there is a Demand Side Review consultation coming up and an update will provide at the February meeting. Workgroup agreed to close this action. **Closed.**

Action1101: Ofgem (LS) and National Grid NTS (MM) to produce a proposal for decommissioned sites.

Update: LS suggested that this action is dealt with under the RIIO-GD2 consultation, so Workgroup agreed to close the action. **Closed.**

Action 1201: National Grid NTS (CH) to investigate where the NRA final decision details can be viewed

Update: PH agreed to provide an update at the February meeting, so this action was carried forward. **Carried forward**

8. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10.00, Thursday 07 February 2019	Radcliffe House, Warwick Road, Solihull, B91 2AA	Transmission Workgroup standard Agenda
10.00, Thursday 07 March 2019	Elexon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda

Action Table (as at 08 January 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0901	06/09/18	1.3.2	<i>Reference Future Demand Side Review Scope</i> - National Grid NTS (PH) to provide a view on the proposed Request proposal scope, and how best to progress this matter going forwards.	National Grid NTS (PH)	Closed
1101	01/11/18	6.0	Ofgem (LS) and National Grid NTS (MM) to produce a proposal for decommissioned sites.	Ofgem (LS) & National Grid NTS (MM)	Closed
1201	06/12/18	2.1	National Grid NTS (CH) to investigate where the NRA final decision details can be viewed.	National Grid NTS (CH)	Carried Forward
0101	08/01/19	4.1	Joint Office (RH) to publish a copy of the Ofgem letter in relation to EU Exit preparedness.	Joint Office (RH)	Pending
0102	08/01/19	6.1	Joint Office (JO) to include an agenda item on the review of capacity methodology statements for the next meeting on 21 January 2019.	Joint Office (JO)	Pending