

**UNC Transmission Workgroup Minutes**  
**Thursday 05 September 2019**  
**at Elexon, 350 Euston Road, London, NW1 3AW**

**Attendees**

Alan Raper Chair	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Blair*	(AB)	IUK
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Chris Wright	(CR)	Exxon Mobil
David Adlam	(DA)	Cadent
David Cox*	(DC)	London Energy Consulting
Debra Hawkin*	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KN)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Malcolm Montgomery*	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Rachel Hinsley*	(RH)	National Grid
Richard Fairholme*	(RF)	Uniper
Rowan Hazell*	(RH)	Cornwall Insight
Shiv Singh*	(SS)	Cadent

*\*via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/050919>

**1. Introduction**

**1.1. Approval of minutes (01 August 2019)**

The minutes from the previous meeting were approved.

**1.2. Ofgem update**

An overview was provided by Lea Slokar (LS) of the Industry Updates document which covered the following topics:

- Decision on the 2019 Low Carbon Networks Fund and Network Innovation Competition Successful Delivery Reward
- 2019 UK National Report to the European Commission
- RIIO-2 Innovation Stakeholder Workshop (26 July 2019)
- Notice to modify the GT1 Price Control Financial Model
- RIIO-2 Response to the 2050 net zero target

- Statutory consultation on proposed modification of National Grid Gas plc's gas transporter licence for treatment of new entry and exit points with zero baseline capacity
- St Fergus and Hatton Needs Case Consultation
- Reminder: Call for Evidence: Change to existing arrangements for accessing Licence Baseline Exit Capacity at both Interconnection Points (IP) at Bacton.
- On 26 July 2019 Ofgem published a Call for Evidence to seek views regarding whether or not existing arrangements on exit at Bacton should be changed to allow Shipper Users to access Licence Baseline Exit Capacity at both Interconnection Points (IP) at Bacton: Bacton (IUK) and Bacton (BBL). Ofgem welcomes responses and evidence (where possible) to the questions in Annex 1 or any other relevant data, including responses where there is no interest in using exit capacity at Bacton (BBL), by the end of Monday, 16 September 2019.
- <https://www.ofgem.gov.uk/publications-and-updates/call-evidence-change-existing-arrangements-accessing-licence-baseline-exit-capacity-national-transmission-system-bacton-interconnection-point>

### 1.3. Pre-Modification discussions

- 1.3.1. There were no pre-Modification discussions.

## 2. Workgroups

### 2.1. 0662 - Revenue Recovery at Combined ASEPs

*(Report to Panel 17 October 2019) (awaiting an outcome on Modification 0678 from Ofgem – Modification deferred)*

[www.gasgovernance.co.uk/0662](http://www.gasgovernance.co.uk/0662)

### 2.2. 0671 – New Capacity Exchange process at NTS exit points for capacity below baseline *(Modification withdrawn)*

[www.gasgovernance.co.uk/0671](http://www.gasgovernance.co.uk/0671)

### 2.3. 0688 - Recovery of Shipper Losses incurred in Supplier of Last Resort events

*(Report to Panel 19 December 2019) (Modification deferred by the Proposer, waiting Ofgem discussions)*

[www.gasgovernance.co.uk/0688](http://www.gasgovernance.co.uk/0688)

## 3. European Updates

### 3.1. EU Code Update – (PH)

Alan Raper explained National Grid NTS had confirmed there was no EU Code update this month.

## 4. Issues

None.

## 5. Any Other Business

- 5.1. Withdrawn Modification 0671 - Relief from User Commitment obligations when NTS exit capacity substitution is permitted

## 6. Review of Outstanding Actions

**Action 0801:** All Shippers to provide any specific issues for a Capacity Access Review and supporting rationale, to Malcolm Montgomery and Jennifer Randall by 23 August 2019 Email: Malcolm Montgomery [Malcolm.Montgomery@nationalgrid.com](mailto:Malcolm.Montgomery@nationalgrid.com)  
Jennifer Randall [Jennifer.Randall@nationalgrid.com](mailto:Jennifer.Randall@nationalgrid.com)

**Update:** Jennifer Randall (JR) explained that three responses had been received in relation to the Capacity Access Review and these had been added into the original document, which had subsequently now been updated. She explained this document was further explained within Action 0802 as below. It was agreed this action could then be closed. **Closed.**

**Action 0802:** National Grid NTS (MM/JR) to provide an aggregated draft list of issues that could form part of a Capacity Access Review, as soon as possible but before 22 August 2019.

**Update:** JR provided an overview of the Capacity Access Review presentation and said that the material presented was to initiate discussion in relation to the scope and areas of priority as deemed applicable.

She said for this purposed that sections 7 and 8, had been split from the majority of the topics to allow for simplification and further investigation as two stand-alone areas, she then drew attention to the high-level topic areas as shown in the table below:

			7	8
1	<b>Substitution</b>	Is the process and the associated timescales appropriate? (Lead times, Ofgem approval, treatment of decommissioned sites)	Simplification of Regime	Ability of regime to support the future
	<b>Retainers</b>	Are retainers still required with the introduction of PARCA?		
	<b>Trade and Transfer</b>	Any issues?		
	<b>Zonal</b>	Possible alternative solution to substitution and transfer		
2	<b>PARCA</b>	Appropriateness of fees Embedding and extending the "PARCA light process" embedded with CLoCC.	Complete review of regime	Does the current capacity regime support the future including the greater role of hydrogen (e.g. Hydrogen supplies)
3	<b>User Commitment</b>	Are the levels of User Commitment appropriate? <i>Potential links with PARCA and substitution</i>		
4	<b>Capacity Products</b>	Any new products required or redundant products? <i>Including additional auctions (e.g. duration); conditional products (e.g. temperature)</i>		
	<b>Auctions / Applications</b>	Any new processes, redundant processes or refined processes?		
5	<b>Flex</b>	Dependent on outcome of network capability work		
6	<b>Governance</b>	UNC / Methodology statements		

A lengthy and protracted general discussion then took place and the consensus of the Workgroup was that all the areas should be addressed in a holistic manner, and of the 8 areas listed, these generally interrelated and had interdependencies.

Graham Jack (GJ), Jeff Chandler (JC) and Nick Wye (NW) all commented that the charging and capacity areas would be impacted by Modification 0678 - *Amendments to Gas Transmission Charging Regime*, so this aspect needed to be taken into consideration. NW proposed that all the sections including 7 and 8 should be addressed and investigated in a complete holistic approach as they all had various elements of interdependencies, which would have varying degrees of impacts on each other. The Workgroup agreed with this suggested approach and NW added that it should be addressed in a short, medium and long term, assessment process.

GJ added that it was important to also consider the licence and European Codes and legislation impacts. Anna Shrigley (AS) said that over-runs also needed to be included in this analysis and David Adlam (DA) agreed and said that the Line-pack also needed to be addressed, as these presented issues regarding the swings and mechanisms associated with Line-pack.

Chris Wright (CW) said that another aspect that needed to be considered was that of the BEIS/Ofgem Energy Codes Governance Review that was presently taking place, be added that the whole code review was extremely complex and difficult for new entrants to the market to navigate through, and that this should be simplified. JC said that the Ofgem Baseline should also be included in the overall table listing.

Both NW and GJ said that there were certain areas that could be viewed as 'quick wins' and were less complex to address, such as capacity commitment mechanisms. John Costa (JCo) said that he agreed that a long-term view was required and there was a need for realistic prioritisation of the topics to be addressed. DA said that the User Commitment aspect should also be explored as this was an increasing issue at the exit points for Cadent when the demand increased, resulting in the need for enduring capacity. Both DA and JCo said that a better way to look at the capacity issue may be was from the zonal capacity perspective.

Regarding the section of the presentation covering The Gas Market Plan (GMaP), NW said the Capacity Review was not related to the GMaP. JCo agreed and said that any decisions should be made within the Transmission Workgroup and that the GMaP could then be updated accordingly.

AS said that it was good news that National Grid NTS had taken the initiative to review the Capacity Access Rules in the context of both the current use of these rules, as well as the future significant changes, such as the gas transmission charging review and a capacity baseline review.

AS added that she would like to encourage National Grid NTS to review the overall listing of topics so that the following new columns, (as defined below), could be introduced for each subject within the table (including the new topic of capacity over-runs):

1. Why? To define a purpose for why each rule exists in the current regime. For example, why is there "substitution" under the current arrangement?
2. What is the alternative to this rule? For example, what is the alternative for substitution? This will help the Industry to understand if the existing rule is obsolete or not in the short- and long-term.
3. What are the costs to users? For example, what are the current costs of substitution and what are the costs of a potential replacement rule?
4. Impact on the Charging Regime
5. Impact on Capacity Baselines

AS added that she proposed the introduction of the above columns because they would clarify how the existing rules were designed to work together, and that this extra detail would help the Industry to decide whether these needed to be improved and how this could be achieved.

JR said that is feedback was helpful and that following these discussions, the approach and scope would now have to be revised and this would now be a far more complex and extensive, which would require the buy-in from the Industry as a whole. She said that she would produce a draft Request and would provide a higher-level scope to include all the areas from a holistic aspect for the October Workgroup meeting.

**New Action 0901:** National Grid NTS (JR) to produce a draft Request for the October Workgroup meeting to encompass all areas of the Capacity Access Review to include the extended scope.

All Workgroup participants made special mention to thank JR for the work undertaken to date regarding the Capacity Review.

It was agreed that this action could now be closed as a draft Request was going to be produced for the October meeting. **Closed.**

**Action 0803:** National Grid NTS (RH) to consider the views and opinions of the Workgroup and provide a revised more detailed proposal for the September meeting.

**Update:** Rachel Hinsley (RH) provided an overview of the Data Enhancement Project and said this had been further updated following the previous meeting discussions.

RH presented the proposed options detailing how this might be addressed via the UNC Data Dictionary and or included with the UNC. She explained that the preferred option from a National Grid NTS perspective was to remove the supply data from the UNC and have both supply and demand data in the Data Dictionary, (which has a change mechanism covered by both a UNCC approvals process and governance and, under certain circumstances, has a UNC aspect.)

Graham Jack (GJ) asked with regards to the demand data what mechanism was in place to ensure no commercially sensitive information was published. RH said there were a variety of checks and stage gates that were undertaken to ensure this did not happen. GJ also asked if a party could propose a change to the data and RH said that anyone was at liberty to request a change to the data in the UNC Data Directory.

RH asked if the Workgroup agreed, then the proposal was to add the demand data into the Data Dictionary and seek UNCC approval, and then raise a new Modification to address the supply data, which would then proceed straight to consultation. All were agreement with this suggestion.

It was then agreed this action could then closed. **Closed.**

## 7. 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 03 October 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications
10.00, Thursday 07 November 2019	Elaxon, 350 Euston Road, London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications

10.00, Thursday 05 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications
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**Action Table (as at 05 September 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>0801</b>	01/08/19	5.1	All Shippers to provide any specific issues for a Capacity Access Review and supporting rationale, to Malcolm Montgomery and Jennifer Randall by 23 August 2019 Email: Malcolm Montgomery <a href="mailto:Malcolm.Montgomery@nationalgrid.com">Malcolm.Montgomery@nationalgrid.com</a> Jennifer Randall <a href="mailto:Jennifer.Randall@nationalgrid.com">Jennifer.Randall@nationalgrid.com</a>	All Shippers	<b>Closed</b>
<b>0802</b>	01/08/19	5.1	National Grid NTS (MM/JR) to provide an aggregated draft list of issues that could form part of a Capacity Access Review, as soon as possible but before 22 August 2019.	National Grid NTS (MM/JR)	<b>Closed</b>
<b>0803</b>	01/08/19	5.2	National Grid NTS (RH) to consider the views and opinions of the Workgroup and provide a revised more detailed proposal for the September meeting.	National Grid NTS (RH)	<b>Closed</b>
<b>0901</b>	05/09/19	6.0	National Grid NTS (JR) to produce a draft Request for the October Workgroup meeting to encompass all areas of the Capacity Access Review to include the extended scope.	National Grid NTS (JR)	<b>Pending</b>