

UNC Transmission Workgroup Minutes

Thursday 06 February 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull

B91 2AA

Attendees

Alan Raper Chair	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams*	(AA)	National Grid
Bill Reed	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Edd Fyfe*	(EF)	SGN
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa*	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova*	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Lea Slokar*	(LS)	Ofgem
Leteria Beccano	(LT)	Wales & West Utilities
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick King	(NK)	CNG
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman*	(PY)	IUK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/060220>

1. Introduction

1.1. Approval of minutes (09 January 2020)

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:

Reports to Ofgem, from RIIO-2 Independent Customer Engagement Groups and User Group, on the energy network company business plans for RIIO-2

- On 03 January 2020 Ofgem published the reports provided by independently chaired Customer Engagement Group and User Group on the energy network company business plans for RIIO-2 (submitted on 9 December 2019). These reports have been published by the energy network companies.

<https://www.ofgem.gov.uk/publications-and-updates/reports-ofgem-riio-2-independent-customer-engagement-groups-and-user-group-energy-network-company-business-plans-riio-2>

Decision on the Transmission Planning Code

- On 10 January 2020, pursuant to Special Condition 7B of the National Grid Gas (NGG) Gas Transporter Licence, Ofgem have decided to approve the revised version of the Transmission Planning Code submitted to us by National Grid on 18 December 2019.

https://www.ofgem.gov.uk/system/files/docs/2020/01/20200109_decision_letter_-_transmission_planning_code_2019.pdf

GB Gas Storage Facilities

- On 13 January 2020 Ofgem published information on GB Storage Facilities. This information was published in fulfilment of Ofgem's obligations under section 19A of the Gas Act.

<https://www.ofgem.gov.uk/publications-and-updates/gb-gas-storage-facilities-2020>

RIIO-2 Challenge Group Independent Report to Ofgem

- On 24 January 2020 Ofgem published the RIIO-2 Challenge Group Independent report on the Business Plans submitted by the network companies to Ofgem (on 09 December 2019) for RIIO-2. The report is intended to support Ofgem's work towards its Final Determinations on the revenue required by these network companies to operate their businesses in the future, but the Group hopes it will also be of use to anyone participating in the Ofgem's Open Hearings process in 2020.

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-challenge-group-independent-report-ofgem>

Network Innovation Competition - Funding Direction for National Grid Gas (Transmission)

Publication date

- On 30 January 2020 Ofgem published their Funding Direction for NGG which sets out the amount that National Grid Gas Plc (Transmission) can recover from its customers in relation to the NIC. Ofgem's Direction also specifies the net amounts to be transferred between NGG and other gas network licensees in relation to their NIC projects.

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-funding-direction-national-grid-gas-transmission-0>

Ofgem's Decarbonisation Action Plan

- On 03 February Ofgem published their Decarbonisation Action Plan. The Plan sets out the actions Ofgem will take in the next 18 months, beginning their next steps on an urgent, but decades-long journey towards net zero. Ofgem will work closely with government, industry and consumers to do this at the lowest cost. Their approach will continue to evolve, and they will develop new actions and programmes as the opportunities arise.

https://www.ofgem.gov.uk/system/files/docs/2020/02/ofg1190_decarbonisation_action_plan_web.pdf

Decision on the proposed modification of Special Condition 8I of National Grid Gas Plc's Gas Transporter Licence to amend all references to 'Gas Deficit Warning' (GDW) to 'Gas Balancing Notification' (GBN)

- In October 2019 Ofgem published a statutory consultation on proposed modifications to National grid Gas Plc's ("NGG") gas transporter licence ("the Licence"). Ofgem invited views on proposed modification to the Licence in respect of proposing to amend all references in the licence to 'Gas Deficit Warning' ("GDW") with 'Gas Balancing Notification' ("GBN"), to align the licence with the Uniform Network Code ("UNC").

Following the closure of the statutory consultation, and having considered the proposed changes further, on 04 February 2020, Ofgem have decided to implement the licence modifications as set out in the Schedule 1 of the decision notice published on their website alongside this letter. Their decision to make these licence changes will take effect from 01 April 2020.

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-funding-direction-national-grid-gas-transmission-0>

1.3. Pre-Modification discussions

1.3.1. There were no Pre-Modification discussions.

2. European Code Update – PH

Phil Hobbins (PH) confirmed there was no EU Update.

3. Updates

There were no new updates.

4. Workgroups

- 4.1. **0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at**
(Report to Panel 15 October 2020)
www.gasgovernance.co.uk/0705
- 4.2. **0712S – Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus plant**
(Report to Panel 21 May 2020)
www.gasgovernance.co.uk/0712
- 4.3. **0713S – Amendments to TPD V3.1.7 Independent Assessment table**
(Report to Panel 16 April 2020)
www.gasgovernance.co.uk/0713
- 4.4. **0714 – Amendment to Network Entry Provision at Perenco Bacton terminal**
(Report to Panel 21 May 2020)
www.gasgovernance.co.uk/0714

5. Any Other Business

5.1. Default System Marginal Price Update – (MM)

Malcom Montgomery (MM) provided a brief update on the Default System Marginal Price and said that there were presently a few courses of action that could be considered. These included, no change, but continue to monitor balancing behaviour, or to raise a simplified Modification to encompass the important areas that had been identified. He said there was a requirement to conduct further, more in-depth analysis with regards to the reform arrangements and then a more complex Postage Stamp Modification could be raised. MM added it would be wise to wait until the wider balancing review has taken place, under GMaP. He added the latter would require significant further investigations and would be a lengthy process.

Steve Pownall (SP) said that there were specific issues in relation to the overall CV's role in settlement and invoicing which would also need to be addressed, and he added that Xoserve were already developing solutions in terms of hydrogen etc, and agreed that any balancing should be discussed after the Charging Review.

MM agreed and said it was for this reason that further discussions were still taking place to ascertain the most practical way forward and that any feedback or suggestions were welcomed on this topic.

5.2. Mid-winter review of Margins Notice Changes - (PH)

Phil Hobbins (PH) provided an overview of the Mid-winter review of the Margins Notice Changes and explained that the LNG Methodology had been changed by the implementation of Modification 0698 - *Improvements to Margins Notice Arrangements*, and this matter had previously been discussed in the December meeting. He then drew attention to the day ahead forecasting formula schematic and said that he would supply a further update at the May Workgroup meeting.

John Costa (JC) asked if the levels included 95% or higher, in relation to the Margins Notice Trigger which changes on a daily basis and PH advised it was based on the prevailing view, that could be accessed via the National Grid website. He added that LNG stocks were being maintained throughout the winter and that is why the levels were high, although other factors, such as ships' ability to dock, caused fluctuations.

6. Review of Outstanding Actions

Action 1203: ~~Neptune Energy/Centrica (TB) to contact~~ Ofgem (LS) to contact the HSE to ascertain if there was a requirement for them to undertake an Impact Assessment.
Update: AR proposed this action was carried forward and moved to the 0714 Workgroup. It was agreed this action should be on Ofgem to contact the HSE in relation to an Impact Assessment requirement. **Carried forward**

Action 1204: Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.
Update: AR/TB confirmed this action was now closed as the Modification was submitted to the December Panel. **Closed.**

Action 0101: National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.

Update: MM agreed this action could now be closed as this information had been produced and presented. **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 05 March 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 06 February 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1203	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.	Neptune Energy/Centrica (TB)	Carried forward <i>(Transferred to the 0714 Workgroup)</i>
1204	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.	Neptune Energy/Centrica (TB)	Closed
0101	09/01/20	5.2	National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.	National Grid (MM)	Closed