

UNC Transmission Workgroup Minutes
Thursday 01 October 2020
via Microsoft Teams

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Angus Paxton	(APa)	AFRY
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell Energy
Daniel Hisgett	(DH)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
Emma Buckton	(EB)	Northern Gas Networks
India Koller	(IK)	SGN
Iwan Hughes	(IH)	VPI
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick King	(NK)	independent
Nick Wye	(NW)	Waters Wye Associates
Nicola Lond	(NL)	National Grid
Paul Youngman	(PY)	Drax
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Rachel Hinsley	(RH)	National Grid (agenda item 6.0 only)
Ricky Hill	(RH)	Centrica
Samuel Holmes	(SH)	National Grid (agenda item 6.0 only)
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor
Tim Davis	(TD)	Barrow Shipping Ltd

Copies of all papers are available at: www.gasgovernance.co.uk/tx/011020

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all parties to the meeting and confirmed the order of the agenda and that the meeting was quorate.

1.1. Approval of minutes (03 September 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

LOS advised the Workgroup that the Industry Update from Ofgem and a National Grid paper for agenda item 2.0 had been provided after the paper deadline. Workgroup agreed to consider these late papers.

1.3. Review of Outstanding Actions

Action 0301: *Ofgem Update - Decision to reject Uniform Network Code (UNC) 0667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:* Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.

Update: Max Lambert (ML) thought this action had been closed at the previous meeting and reiterated that Ofgem are proposing the three parameters of the NPV test move into the Licence which will provide more clarity within being on the face of the Licence. He confirmed that Ofgem are consulting on the proposed changes to the licence conditions, details of which are provided in the Ofgem industry update under agenda item 1.4.

In response to a question from Julie Cox (JCx), ML confirmed that the Licence would provide clarity of the NPV test parameters, whilst being conscious of any future changes that could result from Net Zero/decarbonisation. The relevant licences and sectors that Ofgem is consulting on include ET, GD, GT and ESO.

Closed

Action 0302: *Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:* With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.

Update: Updated as part of Action 0301 and closed.

Closed

Action 0901: PH to provide further clarity on the cost elements and regulations of how the costs are broken down in order to provide assurance that National Grid will not be recovering costs twice.

PH is also to include the previously asked PARCA element as part of his response.

Update: PH provided an update under agenda item 4.0. Workgroup agreed to close the action.

Closed

Action 0902: PH to review what the framework would look like for setting up a Service Line. PH to provide further clarity on a proposed framework and clarify how this change in policy would manifest.

Update: PH provided an update under agenda item 4.0. Workgroup agreed to close the action.

Closed

1.4. Ofgem Industry Update

ML provided an overview of the *Ofgem Industry Update* document published on the [meeting page](#) for this meeting. The update covered the following areas:

- a. RIIO-2 Informal licence drafting consultation for Transmission, Gas Distribution and Electricity System Operator licences

The consultation document and relevant subsidiary documents were published on 30 September 2020. Responses to the consultation, including any attachments should be sent to eilidh.alexander@ofgem.gov.uk by the closing date on 28 October 2020. A link to the consultation is provided below:

URL: <https://www.ofgem.gov.uk/publications-and-updates/rrio-2-informal-licence-drafting-consultation-transmission-gas-distribution-and-electricity-system-operator-licences>

- b. Decision not to veto National Grid Gas's proposal for exit capacity substitution at Staythorpe DC Exit Point

On 25 September 2020, Ofgem published a decision letter explaining their decision not to veto the exit capacity release and exit capacity substitution of NTS unsold exit capacity to Staythorpe DC Exit Point from Silk Willoughby, Peterborough Power Station, Tatsfield, Farningham B, Farningham, and Shorne. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/decision-not-veto-national-grid-gass-proposal-exit-capacity-substitution-staythorpe-dc-exit-point>

- c. Decision not to veto National Grid Gas's proposal for exit capacity substitution at Peterborough Eye (Tee) Exit Point

On 25 September 2020, Ofgem published a decision letter explaining their decision not to veto the exit capacity release and exit capacity substitution of NTS unsold exit capacity to Peterborough Eye (Tee) (DN) Exit Point from Mappowder (DN) Exit Point. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/decision-not-veto-national-grid-gass-proposal-exit-capacity-substitution-peterborough-eye-tee-exit-point>

- d. Revision of Overrun Charge Multiplier: Decision (UNC 716/A)

The Authority approved Modification proposal UNC 0716: Revision of Overrun Charge Multiplier on 18 September 2020, with the implementation date for Modification UNC 0716 decided as 1 October 2020. The decision letter can be accessed below:

<https://www.ofgem.gov.uk/publications-and-updates/revision-overrun-charge-multiplier-decision-unc-716a>

- e. Network Innovation Competition – Amended Project Direction for CityCNG

On 7 September 2020, Ofgem provided an amended project direction for Northern Gas Networks' Network Innovation Competition project, CityCNG, following NGN's change requests to delivery timelines and Project Partners. The letter can be found at the link below:

<https://www.ofgem.gov.uk/publications-and-updates/network-innovation-competition-amended-project-direction-citycng>

JCx sought clarification of the RIIO-2 informal licence drafting consultation and whether there was any impact on the final determinations and also whether the reopener process was included. She was keen to understand what the implications were for industry parties and to identify which processes might be affected. She suggested that industry parties find the whole area of licences very confusing

ML confirmed that the licence reflects initial draft determinations but some policies may change by the final determinations as these processes run in parallel. He also referred Workgroup to the general document attached to the consultation.

ML also clarified that the final determinations will be published before the statutory consultation.

JCx suggested that industry would find it helpful to have a document which explained the differences between this informal consultation and the statutory consultation. ML suggested that if industry parties consider the general document to be insufficient then they should email Ofgem (eilidh.alexander@ofgem.gov.uk).

In response to a question about the timeline, ML confirmed that the timetable is set out in the consultation document (page 5).

1.5. Pre-Modification discussions

1.5.1. Re-introduce Fungibility for Existing Capacity Booked at Bacton ASEPs

Nick Wye introduced a pre-modification for discussion on behalf of ENI Trading & Shipping. He took Workgroup through the background, highlighted key points from the Ofgem decision letter in relation to Modification 0501CV that were pertinent to this proposal – specifically in relation to the flexibility mechanism. He highlighted that the Modification title will be *Aggregate overrun regime for Original Capacity held at the Bacton ASEPs*.

NW explained that the background to this proposal lies with Modification 0501CV - *Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regs*. NW explained that Ofgem's decision letter suggested that the aggregate overrun regime (referred to as the flexibility mechanism) proposed in Modification 0501CV better facilitated the relevant objective of security effective competition between Shippers than Modification 0501V.

In addition with the implementation of Modification 0678A - *Amendments to Gas Transmission Charging Regime (Postage Stamp)* the baseline has changed as zero-priced capacity will no longer be available therefore the tariff changes will result in a significant loss of flexibility to those Users whose capacity was split between the newly formed Aggregated System Entry Points (ASEPs).

NW added that the Ofgem decision letter encouraged industry to raise a further modification if a risk that future UNC changes would not allow for the existing market mechanisms to be used to flow flexibly at the current cost.

This modification aims to preserve the level of flexibility acquired by purchasers of Bacton entry capacity prior to the split into the Bacton IP and Bacton UKCS ASEP's in light of the implementation of UNC 0678A.

NW clarified that capacity acquired prior to 01 November 2015 (i.e. prior to the Bacton IP split) would be classified as Original Bacton Capacity. Following the split, the Original Bacton Capacity would maintain this status when allocated to either Bacton ASEP. NW illustrated this with some examples.

NW then provided some worked examples highlighting that standard capacity is allocated against flows before Original Available.

Sinead Obeng (SO) asked whether transferred capacity to another user would also be in scope and sought confirmation of the intended implementation date.

NW confirmed that implementation is planned for October 2021 and that transferred capacity is in scope.

He concluded his presentation by confirming the intention to present the proposal to the October Modification Panel meeting.

Post meeting update

Please note that this Modification has been published and is available here: <https://www.gasgovernance.co.uk/0739>

1.5.2. Incremental NTS Entry Capacity Surrender

Tim Davis (TD) introduced a pre-modification to allow Users to surrender incremental NTS entry capacity allocated as a result of bids in entry capacity auctions in the period from April 2017 to September 2020.

TD explained that following implementation of Modification 0678A, Amendments to Gas Transmission Charging Regime (Postage Stamp) , the prices to be paid for incremental capacity can be materially different to the prices that triggered incremental capacity being allocated, and the resulting user commitment may be materially increased.

The proposal allows Users who have been allocated incremental NTS entry capacity following auctions held in the period between 1 April 2017 and 30 September 2020 to make an application to National Grid NTS for entry capacity to be surrendered within one month of the implementation of this Modification.

Malcolm Montgomery (MM) suggested that the Modification should clarify and provide a justification for why only incremental capacity is being treated differently. He also said there should be an explanation for why the PARCA process was not used if this is project related.

TD concluded his presentation by confirming the intention is to present the proposal to the October Modification Panel meeting and recommend that self-governance procedures are followed.

Post meeting update

Please note that this Modification has been published and is available here:
<https://www.gasgovernance.co.uk/0738>

2. European Update

MM provided a brief update on the Security of Gas Supply (EU) Regulation which came into effect in December 2018. He stated that the UK received an infraction notice from the Commission regarding the solidarity requirement in May 2020.

As a result Member States may be required to take measures to reduce supply to its non-solidarity protected customers in order to help solidarity protected customers in the neighbouring state.

MM provided a brief overview of the solidarity process explaining that a revised approach is needed as the Commission is seeking more guarantee on gas molecules physically turning up where they are required. He then outlined the key principles saying 1) a more substantive solution, 2) with a market based and non market based response phase and 3) using existing mechanisms where possible.

The following comments/observations were made by Workgroup:

- a. Paul Youngman (PY) asked for a definition of a solidarity protected customer. MM agreed to check this and provide an update. Solidarity protected customers includes households, but can also include healthcare, essential social care, emergency and security services.
- b. JCx expressed concern that gas generation could be switched of in the UK to support other residential customers in Belgium. MM confirmed that this was the intention of the legislation and that it would be a political decision if it was enacted.
- c. Pavanjit Dhesi (PD) asked about the implications of Brexit particularly if as the infraction response will be post-Brexit. MM stated that the view from the Department for Business, Energy & Industrial Strategy (BEIS) is that the Free Trade Agreement (FTA) would not impact on this, so there would continue to be an obligation as per the withdrawal agreement but it is not clear how long the obligation would endure for.

- d. Christiane Sykes (CS) asked how many solidarity requests there had been to date. MM indicated that there had been no formal requests that he was aware of. PH pointed out that this is an exceptionally unlikely process and would only be used in an emergency situation.
- e. Angus Paxton (AP) made an observation stating that the original intent of the legislation was to protect eastern European states and wanted more clarification on the Commissions' request to seek more guarantee on gas molecules physically turning up where they are required. MM suggested that a bilateral agreement between Member States might satisfy BEIS and the European Commission together with evidence of implementation of a combination of market based and non-marked based responses. AP suggested that this would be more relevant for Ireland than Belgium. MM pointed out that Ireland have less connections than Belgium and he suggested that it would be relevant for UK, Ireland and Belgium.
- f. Terry Burke (TB) asked for more information on the operational process. MM explained that there would be two phases with a market-based response followed by a non market-based response. In the first instance National Grid would invite market-based offers using existing mechanisms. For the non-market-based phase, National Grid would work through existing emergency procedures, one option could be to withhold firm capacity.
- g. PY asked about the HSE implications if an emergency was triggered in the UK and suggested the Operations Forum discuss this situation at a future meeting. MM indicated that there may need to be changes to National Grid's safety case. He added that the Secretary of State has powers under the UK Energy Act 1976 to direct undertakings that are involved in the production, supply, acquisition or use of natural gas. The powers are wide ranging and they could be utilised in conjunction with changes to the safety case to form the necessary legal and commercial framework for providing solidarity.
- h. PD asked a question in relation to firm load shedding in the context of interconnectors asking what the current obligations were for interconnectors in the emergency process. MM indicated that if GB was providing the support then the interconnector would need to be exempt from interruption.
- i. PY suggested adding the E1 link on National Grid website. General information on National Grid supply emergencies can be found [here](#) and a direct link to the E1 procedure can be found [here](#).
- j. LOS asked about the timing of any proposed new Modification.

<p>New Action 1001: National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.</p>
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3. Workgroups

3.1. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at
(Report to Panel 15 October 2020)

www.gasgovernance.co.uk/0705

3.2. 0735 - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')

(Report to Panel 19 November 2020)

<http://www.gasgovernance.co.uk/0735>

4. Requests to Change Gas Quality Limits at Individual Entry Points

PH provided a paper addressing action 0901 and 0902. Workgroup accepted the National Grid response and both actions were closed.

5. Issues

No issues were raised.

6. Any Other Business

6.1. GS(M)R Review: NGG Implementation Planning

PH provided a presentation outlining:

- IGEM proposals to change the GS(M)R gas quality specification as follows:
 - Increase the upper limit for Wobbe Index from 51.41 MJ/m³ to 52.85 MJ/m³
 - Reduce the lower limit for Wobbe Index from 47.20 MJ/m³ to 46.50 MJ/m³
 - Remove the Wobbe Index emergency limits
 - Remove the Incomplete Combustion Factor parameter
 - Remove the Soot Index parameter
 - Introduce a Relative Density upper limit of 0.7
 - Increase the upper limit for oxygen from 0.2mol% to 1.0mol% on below 38 bar systems.
- An estimate of the current timescales
- The implementation plan

PH explained that he was seeking feedback on the IGEM proposals from key parties including NTS terminal operators, storage operators and interconnectors to help to inform the development of the implementation plan.

PD expressed a concern in relation to cross border aspects and wanted reassurance that there are discussions taking place between GB and European counterparts to ensure alignment. He indicated that IUK can't implement a lower Wobbe limit of 46.5 MJ/m³ because Fluxys can't accept it.

PH suggested that cross TSO co-operation is needed and National Grid will be engaging with key parties to work through the proposed changes. He indicated that the implementation issues can be addressed and are not a barrier to the finalising the IGEM standard.

Workgroup agreed to include the GS(M)R Review as a standing agenda item at Transmission

PH then provided a brief update on the Gas Quality Blending Services Consultation stating that National Grid have been exploring the potential for offering gas quality blending services at NTS entry points and are seeking views via a formal consultation.

The consultation document and associated response form is published on National Grid's website and can be accessed via these links:

Consultation Document:

<https://www.nationalgrid.com/uk/gastransmission/document/132926/download>

Response Form:

<https://www.nationalgrid.com/uk/gastransmission/document/132921/download>

The consultation deadline is 13 November 2020 and a report is expected to be published before Christmas.

PH concluded his presentation by saying that an industry webinar is being held on 13 October 2020 and industry parties can register via this link:

<https://www.eventbrite.co.uk/e/gas-quality-blending-consultation-webinar-tickets-121339903919>.

6.2. Connection Charging Statement Annual Review

Nicola Lond (NL) presented a short presentation in relation to the annual review of the connection charging statement. She explained that the proposed scope includes:

- PARCA/CAM – additional variation fee to allow cost recovery for the variation of PARCA.
- A20 fees – identification of any required uplifts and minor Modification clarification regarding Gas Quality modifications.
- New connection fees - a new fee is being considered for Self Lay applications where a Self Lay organisation is to carry out the works on behalf of the customer, rather than National Grid being responsible for the works.

NL concluded her presentation with details of the industry engagement timeline highlighting that the statement will be effective from 17 January 2021.

In response to a question from JCx in relation to requests for variations to PARCA, NL explained that there could be a small administration fee associated with putting the date back or a larger fee in relation to a change of location request or quantity of capacity. The fee would vary in recognition of the different input required.

Nick King (NK) asked for more information on the proposed fees and what they would cover.

In terms of the consultation, NL agreed to consider a suggestion to align the annual review with key dates such as the gas year or other key regulatory dates.

Self-Lay fee – post meeting update

The proposed self-lay fee is being developed following the commissioning of a pilot self-lay customer project onto the NTS. The intention is to offer customers the option to use a Self-Lay Organisation to carry out the design and build of a project, in a similar way that a Distribution Network does and taking account of the requirements of the NTS high pressure pipeline connection. All the necessary National Grid specifications required to be met will be provided to the Self Lay organisation and quality assured by National Grid. This is under development and proposed to be included within the consultation on The Statement for Gas Transmission Connection Charging and will include further details when published.

6.3. Questions relating to specific change to the UNC Data Dictionary

Rachel Hinsley (RH) joined the meeting to provide an update on the refresh to the UNC Data Dictionary. She stated that National Grid is aiming towards an evolutionary path towards the Energy Data Task Force recommendations leading to an increased need for more visible and relevant data for all industry participants to be able to utilise.

RH explained the key improvements to the Data Dictionary highlighting that it is a document only change and no changes have been made to the MIPI, the report explorer or the data items explorer.

In addition, some updates are proposed to the UNC Operations Reporting Manual (UNCORM) as the UNC Data Dictionary is subordinate to the UNCORM.

RH concluded her presentation by providing a project summary and outlining the next steps which include a request to industry to review the changes and provide comments to National Grid by 07 October 2020. The documents are available here: <https://www.gasgovernance.co.uk/uncc/170920>.

The UNCC have asked that the Data Dictionary be discussed at Transmission Workgroup and an update provided at the October UNCC meeting where approval for any changes will be sought.

In response to a question from JCx, RH confirmed that all data items can be downloaded from MIPI. RH also asked JCx to email her details of a follow-on question in relation to Exit auction results confirming that she would liaise with the appropriate team to provide a response.

6.4. Prevention of capacity booking errors in Gemini

PH flagged that a presentation at Operations Forum provided a reminder to the market that Gemini auto processes auctions and that it is not National Grid's responsibility or process to validate user's capacity bids. Any errors are considered on a case by case basis and in the unlikely event a repayment is authorised there are complex reconciliations needed which could hit a wide proportion of the market's invoices. Finally, to highlight that there are safeguards in the system Users are able to set up, including instructions on how to do so.

A link to slides presented at ops forum is provided below:

<https://datacommunity.nationalgridgas.com/api/files/f8745aa8ca2956f6/send>

7. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

There is an assumption that all remaining meetings in 2020 will be via teleconference unless an update is given by the Joint Office.

Time / Date	Venue	Workgroup Programme
10:00 Thursday 05 November 2020	Teleconference	Standard Agenda plus GS(M)R Review to be added
10:00 Thursday 03 December 2020	Teleconference	Standard Agenda plus GS(M)R Review to be added

Action Table (as at 01 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/20	1.2	<i>Ofgem Update – Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental</i>	Ofgem	Closed

			<p><i>Capacity Release Net Present Value test in the Uniform Network Code:</i></p> <p>Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.</p>		
0302	05/03/20	1.2	<p><i>Ofgem Update – Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:</i></p> <p>With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.</p>	Ofgem	Closed
0901	04/09/20	5.2	<p><i>Requests to Change Gas Quality Limits at Individual Entry Points:</i></p> <p>PH to provide further clarity on the cost elements and regulations of how the costs are broken down in order to provide assurance that National Grid will not be recovering costs twice.</p> <p>PH is also to include the previously asked PARCA element as part of his response.</p>	National Grid (PH)	Closed
0902	04/09/20	5.2	<p><i>Requests to Change Gas Quality Limits at Individual Entry Points:</i></p> <p>PH to review what the framework would look like for setting up a Service Line.</p> <p>PH to provide further clarity on a proposed framework and clarify how this change in policy would manifest.</p>	National Grid (PH)	Closed
10/01	01/10/20	2.0	<p>National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.</p>	National Grid (MM)	Pending

**UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 01 October 2020
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Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(AStt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell Energy
Daniel Hisgett	(DHi)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
Emma Buckton	(EB)	Northern Gas Networks
India Koller	(IK)	SGN
Iwan Hughes	(IH)	VPI
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
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Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
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Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor

Copies of all papers are available at: www.gasgovernance.co.uk/0705/011020

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all industry parties to the meeting and advised that the main focus of the meeting would be to receive an update from National Grid on all areas of the capacity access review followed by development of the Workgroup Report in order to request an extension at UNC Panel in October.

Anna Stankiewicz (ASt) explained that as Jennifer Randall (JR) was not available for the meeting there may be some areas that she would need to discuss with her from the Workgroup discussion before confirming actions.

1.1. Approval of minutes (03 September 2020)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

Workgroup agreed the late amendments to the Capacity Access Review presentation provided by National Grid.

1.3. Review of outstanding actions

Action 0404: National Grid (JR) to explore longer-term options for the exit capacity regime (including mirroring the entry regime on the exit side and zonal options and feed into consultation.

Update: Workgroup agreed to close this action as it was similar to actions 0903 and 0903a.

Closed

Action 0501: National Grid (JR) to develop consultation regarding the User Commitment options in September.

Update: ASt confirmed that a consultation will not be needed and so Workgroup agreed to close this action.

Closed

Action 0701: *Entry User Commitment*: National Grid (JR) to provide a progress update on the changes to the User Commitment requirements in the ECR methodology.

Update: ASt covered this action as part of agenda item 2.0.

Closed

Action 0901: Entry User Commitment - Workgroup participants to review the text provided to support Action 0701 and feedback to National Grid, Jennifer Randall (JR).

Update: ASt covered this action as part of agenda item 2.0.

Closed

Action 0902: Exit User Commitment - National Grid (JR) to advise Workgroup National Grid's decision on the proposed Exit User Commitment option forward by the November 2020 meeting, providing a progress update in October 2020.

Update: ASt provide an update under agenda item 4.0.

Closed

Action 0903: *Exit User Commitment Progress* – National Grid (JR) to launch holistic review of the Exit Regime.

Update: ASt covered this action as part of agenda item 3.0.

Closed

Action 0903a: *Exit User Commitment Progress* – National Grid (JR) to provide a transparent scope of what the holistic review will look like including timelines

Update: ASt covered this action as part of agenda item 3.0.

Closed

Action 0904: *Substitution Progress* - National Grid (JR) to provide further information around the disconnection process and how physical and commercial disconnection interact.

Update: ASt covered this action as part of agenda item 5.0.

Carried Forward

Action 0905: *Substitution Progress* - National Grid (JR) to further investigate whether capacity at disconnected sites could be prioritised in the substitution process.

Update: This action was covered under agenda item 5.0. The action was closed and new action 1003 raised.

Closed

Action 0906: *PARCA Process* – National Grid (JR) to provide an understanding of the obligation on the 6 months Phase 1 stage and what happens if the analysis can be delivered sooner; if the analysis is ready earlier do National Grid liaise with the applicant; what is the process when National Grid has completed the analysis?

Update: This action was discussed under agenda item 6.0 and closed

Closed

Action 0907: *Secondary Capacity Assignment – Principle* - All Workgroup participants to advise National Grid (JR) if consideration should be given to Exit alongside Entry.

Update: This action was discussed under agenda item 7.0 and closed.

Closed

Action 0908: *Secondary Capacity Assignments – Existing Contracts* – National Grid and Ofgem to explore options.

Update: This action was discussed under agenda item 7.0 and carried forward.

Carried Forward

Action 0909: *Within Day Off-Peak/Interruptible Capacity Product Options:* All Workgroup participants to provide any feedback to JR as to where National Grid is best to focus its attention to JR.

Update: This action was discussed under agenda item 6.0 and closed.

Closed

Action 0909a: *Within Day Off-Peak/Interruptible Capacity Product Options: Within Day Off-Peak/Interruptible Capacity Product Options:* National Grid (JR) to work up 'promising' options in further detail.

Update: This action was discussed under agenda item 6.0

Closed

Action 0910: *Development of Workgroup Report* – National Grid (JR) agreed to provide an update to the Impact on Central Systems and Process.

Update: Completed as part of agenda item 8.0

Closed

Action 0910a: *Development of Workgroup Report* - National Grid (JR) to review next steps under each section of the Workgroup Report and consider how it is to progress.

Update: Completed as part of agenda item 8.0

Closed

Action 0910b: *Development of Workgroup Report:* All Workgroup participants to review the Workgroup Report ahead of the next Workgroup

Update: Completed as part of agenda item 8.0

Closed

Action 0910c: *Development of Workgroup Report* - NGN (EB) and National Grid (JR) to provide further clarity on why Exit User Commitment is being removed.

Update: Completed as part of agenda item 8.0

Closed

2. Entry User Commitment Methodology Update

Action 0901: *Entry User Commitment* - Workgroup participants to review the text provided to support Action 0701 and feedback to National Grid, Jenifer Randall (JR).

ASt informed Workgroup that no feedback had been received and National Grid has written to Ofgem requesting a derogation from Special Condition 9A.7 of the NTS Gas Transporter Licence which states that:

“Unless the Authority otherwise consents in writing, the methodologies and Capacity Methodology Statements must be accompanied by a statement from an Independent Examiner, confirming that they have carried out an Examination, the scope and objectives of which must have been established by the Licensee and approved by the Authority and giving an option as to the extent to which the Licensee has developed a methodology that is consistent with its duties under the Act and its obligations under this Licence”.

Workgroup agreed to close actions 0701 and 0901.

3. Review of the Exit Regime

Action 0903: National Grid (JR) to launch holistic review of the Exit regime.

Action 0903a: Exit User Commitment Progress – National Grid (JR) to provide a transparent scope of what the holistic review will look like including timelines.

ASt provided an update on actions 0903 and 0903a (slide 5) highlighting the general areas of the review of the exit regime and also the specific areas. She stated that discussion/work has commenced on four areas:

- Product development
- User Commitment in all scenarios
- Substitution process and methodology
- PARCA arrangements.

In terms of solutions she stated that these would need to be developed but could include zonal exit regime and replication of entry regime (as a starter).

She stated that in addition to this high-level summary a more detailed timeline is provided in slide 6. Workgroup decisions on the substitution process amendments and products: within day off-peak capacity product are needed in November.

Workgroup agreed to close actions 0903 and 0903a.

ASt shared a slide showing the needs of different market participants – Power Stations, Storage, Industrial & Commercial, Interconnectors and Distribution Networks.

Nick Wye (NW) asked about the treatment of embedded generators and whether they should be allowed to acquire their own NTS exit capacity. He suggested that consideration of embedded generators should be added to distribution networks. Phil Hobbins (PH) thought this was an interesting point stating that any exit capacity booked by DN's would have to be netted off by embedded generation.

Nick King (NK) suggested consideration of small connections directly to the NTS for example small 'peaking plants' along with power stations.

Angus Paxton (AP) suggested consideration of flat capacity and within day capacity.

4. Exit User Commitment Progress

Action 0902: Exit User Commitment - National Grid (JR) to advise Workgroup National Grid's decision on the proposed Exit User Commitment option forward by the November 2020 meeting, providing a progress update in October 2020.

ASt provided an update on action 0902 stating that National Grid had consulted with industry on aspects of the proposal and mentioned that capacity access review team participates in enhanced obligations discussions. In addition, initial analysis on the impact of the new charging regime on 2020 Enduring flat applications has been undertaken. The analysis showed that there is minimal change in Enduring -increases following the July application window. ASt indicated that the final analysis will be provided to the NTS Charging Methodology Forum for consideration.

New Action 1001: *Exit User Commitment Progress* - National Grid (ASt) to provide feedback from NTSCMF in relation to the final report on the impact of the new charging regime on 2020 Enduring flat applications. Further information to be provided to show how bookings have changed including increases and reductions, customer types and impact on annual bookings.

The links to the analysis to be provided when available as a post-meeting update.

History

Workgroup discussed slide 10 which set out the history on exit user commitment. AP suggested that information in relation to the history prior to DN sales was not correct. He added that Ofgem's language has progressed over time from financial commitment to capacity commitment now and it is therefore important to understand the history in relation to this. AP agreed to share his understanding with National Grid.

LOS suggested that the slide is updated following these discussions.

Workgroup also had a debate in relation to the 4-year User Commitment period developed as part of the Enduring Offtake Arrangements in 2005 with JCx suggesting that the rationale for the 4 years was not clear. She stated that she had liaised with Jennifer Randall in relation to a missing Ofgem communication that might provide more information but had been unsuccessful. JCx added that Ofgem's determinations for Marchwood and Langage were only for one year which is another reason why the rationale for 4 years is being questioned.

Max Lambert (ML) agreed to double check this and see if he could find out any further information in relation to the background particularly in relation to the 2005-2009 period.

Bill Reed (BR) implied that it was linked to the lead time for new projects which had been debated in the electricity sector and was linked to the project build time and time needed for consents. He added that there was a view that a new pipeline would need 4 years to build.

Nick King (NK) suggested going back further than 2005 and as far back as the 1990s to understand the history.

5. Substitution Progress

ASt took Workgroup through slide 12 setting out the options that had been discussed by Workgroup for Substitution. She explained the pros and cons for each option to highlight why the following options could not be progressed to development:

1. Proving a notice of geographical location of application (and an opportunity to buy capacity) (Enduring and QSEC)
2. All capacity signals to be met via substitution to be signalled through PARCA

3. PARCA Confidentiality – geographical location of PARCA applicant made public at Phase 1
4. First Refusal

Two options were still under consideration:

5. Retainer (an amended entry provision)
6. Methodology change (disconnected sites)

JCx expressed concern that National Grid were proposing to close down some options that industry parties may find valuable. She was also concerned that the work carried out to date might get lost.

ASt clarified and reassured Workgroup that National Grid's proposal to not take forward these options is on the basis that they are not suitable as a 'quick win solution' but they could continue to be considered and progressed as part of a longer-term review.

LOS suggested that the Workgroup considers capturing these options in a log and also as part of the Workgroup Report.

PARCA Confidentiality

Action 0906: PARCA Process – JR to provide an understanding of the obligation on the 6 months Phase 1 stage and what happens if the analysis can be delivered sooner; if the analysis is ready earlier do National Grid liaise with the applicant; what is the process when National Grid has completed the analysis?

ASt provided an update to clarify the obligation on Slide 13:

- National Grid informs PARCA applicants of progress usually once a month
- More substantial update is provided after a couple of months when we have a better understanding about the mix of potential solutions
- Once analysis are completed, National Grid goes back to applicant regardless of where we are in Phase 1, and enquire whether the applicant is ready to receive the contract
- Once the contract is issued, the applicant has 28 days to scrutinise and sign
- The industry notice is issued at the same time as the contract.

JCx expressed concern about the timing of the process in phase 1 and whether the application is ready to receive the contract. Potentially an applicant can delay dealing with the application until the end of phase 1 (which is 6 months) before the application is made public and this would be the first indication to an industry party that there is a risk of losing baseline. JCx suggested that there should be more certainty in the process and the issuing of the industry notice is a key indicator. However, the process allows the applicant to decide when the notice is issued which could be 6 months.

ASt asked whether the application should have the right to decide?

JCx suggested that National Grid should offer an incentive for the applicant to proceed through the PARCA process as quickly as possible to minimise the uncertainty.

Nick Wye (NW) felt that this could put a negative impact on the applicant.

Nicola Lond (NL) stated that sometimes project applicants are not ready to receive the contracts if NG analysis is completed early. This is the case for all routes including the quicker "green" route introduced by Project CLoCC.

Workgroup agreed to close action 0906.

Retainer

ASt said that National Grid discussions with DNs had been positive in relation to retainers and DNs thought it was worth developing.

Bethan Winter echoed this saying that WWU welcomed new ways to reserve capacity and make sure they can meet their 1 in 20 obligations.

There was also broad agreement within Workgroup.

John Costa (JC) asked if the reserve price is the same on entry and exit.

ASt indicated that this is to be determined and that currently it is approximately 11 per cent of the entry reserve price.

Phil Hobbins (PH) suggested that there would be a potential value in National Grid mirroring entry with exit.

JCx suggested mapping some of the options against customer needs. LOS agreed that it would be helpful to develop a matrix of the key stakeholders and the processes to help prioritise with potential solutions to take forward.

JCx stated that National Grid should also be included on the list of stakeholders.

New Action 1002: National Grid (JR/ASt) to develop a matrix of stakeholders and priorities, to include views on variety of options discussed to date.

Disconnected/decommissioned sites

Action 0904: Substitution Progress - National Grid (JR) to provide further information around the disconnection process and how physical and commercial disconnection interact.

ASt provided an informative slide to help explain the difference between physical disconnection and decommissioning before illustrating inactive sites (slide 16) that had no bookings and no baseline and also sites with baseline but which were inactive as there were no recent capacity bookings. ASt then described a number of scenarios for a single ASEP and exit point and also multi SEP and ASEP. She suggested a tidy up exercise was needed for inactive sites but there would be elements of complexity related to licence, impacts on baseline, revenue, site classification and capacity/user commitment and substitution.

JCx suggested reclassifying sites that are not being used but which have a baseline as having 'dormant' capacity.

ASt suggested including this issue as a topic within the holistic review. ML agreed to discuss this further with National Grid.

Workgroup agreed to carry forward 0904.

Prioritising disconnected sites

Action 0905: Substitution Progress - National Grid (JR) to further investigate whether capacity at disconnected sites could be prioritised in the substitution process.

ASt described the current rules around prioritisation stating that currently the rules prioritise substitution from disconnected NTS Exit Point only if the exchange rate is 1:1 or lower. National Grid are considering four options in order to prioritise substitution from a disconnected site:

1. If it falls within 3:1 exchange rate within the zone.
2. If it falls within 3:1 exchange rate regardless of where the donor site is in relation to the recipient.
3. Regardless of exchange rate within zone only.
4. Regardless of exchange rate and regardless of where the donor site is in relation to the recipient.

ASt stated that option 4 is considered to be impractical and analysis against the other options will be provided at the November meeting.

JCx asked if the zones are referenced in the substitution methodology. In response, ASt indicated that substitution is based on the regional sensitivity. If analysis were to be taken outside of zones (disconnected site from a different zone was to be prioritised) the methodology behind conducting substitution would need to be changed.

Bill Reed (BR) suggested a different approach to look on a case by case basis taking into account economic and efficiency tests. He added that there needs to be justification for the 3:1 exchange rate in the context of economic and efficiency test.

Malcolm Montgomery expressed concern about introducing different caps for different situations.

ASt agreed to provide more clarification at the next meeting including a justification for the caps.

Workgroup agreed to close action 0905 and open a new action 1003.

New Action 1003: *Substitution Progress* –National Grid (ASt) to investigate basis on which 3:1 exchange rate was established and whether it would pass an economic and efficiency test today.

6. Capacity Product Development

Within day off-peak / interruptible product

Action 0909: All Workgroup participants to provide any feedback to JR as to where National Grid is best to focus its attention to JR.

ASt confirmed that no feedback had been received so Workgroup agreed to close this action.

Action 909a: National Grid (JR) to work up ‘promising’ options in further detail.

National Grid has considered options relating to reducing the quantity of gas available for this product, however, no suitable solution which would not undermine existing within day firm product was found. National Grid therefore proposed to discontinue the development of this product at this stage and develop a more flexible firm product. Workgroup agreed to close this action.

Workgroup agreed to close action 0909 and 0909a.

Short term product timeline

ASt reported on the feedback received in relation to a more frequently available within day firm product. Industry want more frequent auctions (hourly to enable better profiling of bookings; no limit in terms of the quantity of gas available (obligated quantity) and earlier opening of within day auction (in line with PRISMA).

Alex Nield (AN) asked if the auction window to book short term firm product could be extended to after midnight.

ASt suggested that all industry suggestions would be collated and considered and assessed when National Grid undertakes the impact analysis

New Action 1004: *Product Development* – Workgroup to provide comments to National Grid on requirements for a short-term firm product.

7. Secondary Capacity Assignments

Action 0907: Secondary Capacity Assignment – Principle - All Workgroup participants to advise National Grid (JR) if consideration should be given to Exit alongside Entry.

Dan Hisgett (DH) provided an update confirming that no further responses had been received from Workgroup so National Grid are continuing with the current preference for expedited Entry over inclusion of Exit.

Workgroup agreed to close action 0907.

Systems

DH reported that National Grid have had discussions with Xoserve and October 2021 implementation date is tight but not impossible to achieve.

Existing Contracts

National Grid's position is still being developed and legal advice is being sought which will then be shared with Ofgem to further progress action 0908. Action 0908 was therefore carried forward.

Dormant Shipper Capacity Assignments from their holdings

National Grid are still to consider retrospection.

Storage

Discussions with Storage operators to be planned in to understand any storage specific requirements in more detail.

DH concluded his presentation by stating that the intention is to present a draft Modification for pre-modification discussion at the December meeting so that the Modification can be presented to the December Panel meeting.

8. Development of Request Workgroup Report

LOS updated the draft Workgroup Report which had been provided in advance of the meeting for Workgroup to review. She explained that previous discussions recommendation to UNC Panel is to Request an extension for 12 months is being sought with an interim report after 6 months to continue analysis and workgroup discussions

Workgroup reviewed and agreed the updated Workgroup assessment section.

BW provided text in relation to the exit user commitment for inclusion in the report. LOS asked BW to co-ordinate and provide any additional comments from the DNs not present at the meeting and provide updates before the 8th October for papers to be submitted to the UNC Panel in October.

Post Meeting Update

WWU, NGN, SGN and National Grid provided additional paragraphs to be included in the Workgroup report. An updated Workgroup Report has been published on the [meeting page](#).

9. Next Steps

LOS confirmed that the next steps are for the Workgroup to request an extension at the next UNC Panel meeting on 15 October 2020.

The following topics would be discussed at the November meeting:

- Stakeholder mapping – priorities for different network Users
- Exit User Commitment reduction
- Substitution - Disconnected sites – exchange rate

10. Any Other Business

None

11. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Venue	Workgroup Programme
10:00 Thursday 05 November 2020	Teleconference	Standard items plus <ul style="list-style-type: none"> • Stakeholder mapping – priorities for different network Users • Exit User Commitment reduction • Substitution - Disconnected sites – exchange rate

Action Table (as at 01 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0404	02/04/20	2.1	Amended: National Grid (JR) to explore longer-term options for the exit capacity regime (including mirroring the entry regime on the exit side and zonal options and feed into consultation. Review Date: September 2020.	National Grid (JR)	Closed
0501	07/05/20	2.1	National Grid to develop consultation regarding the User Commitment options in September.	National Grid (JR)	Closed
0701	02/07/20	2.1	<i>Entry User Commitment:</i> National Grid (JR) to provide a progress update on the changes to the User Commitment requirements in the ECR methodology.	National Grid (JR)	Closed
0901	03/09/20	2.0	<i>Entry User Commitment</i> - Workgroup participants to review the text provided to support Action 0701 and feedback to National Grid, Jennifer Randall (JR).	All Workgroup	Closed

0902	03/09/20	3.0	<i>Exit User Commitment</i> - National Grid (JR) to advise Workgroup National Grid's decision on the proposed Exit User Commitment option forward by the November 2020 meeting, providing a progress update in October 2020.	National Grid (JR)	Closed
0903	03/09/20	3.0	<i>Exit User Commitment Progress</i> – National Grid (JR) to launch holistic review of the Exit Regime.	National Grid (JR)	Closed
0903a	03/09/20	3.0	<i>Exit User Commitment Progress</i> – National Grid (JR) to provide a transparent scope of what the holistic review will look like including timelines.	National Grid (JR)	Closed
0904	03/09/20	4.0	<i>Substitution Progress</i> - National Grid (JR) to provide further information around the disconnection process and how physical and commercial disconnection interact.	National Grid (JR)	Carried forward
0905	03/09/20	4.0	<i>Substitution Progress</i> - National Grid (JR) to further investigate whether capacity at disconnected sites could be prioritised in the substitution process.	National Grid (JR)	Closed
0906	03/09/20	4.0	<i>PARCA Process</i> – National Grid (JR) to provide an understanding of the obligation on the 6 months Phase 1 stage and what happens if the analysis can be delivered sooner; if the analysis is ready earlier do National Grid liaise with the applicant; what is the process when National Grid has completed the analysis?	National Grid (JR)	Closed
0907	03/09/20	5.0	<i>Secondary Capacity Assignment – Principle</i> - All Workgroup participants to advise National Grid (JR) if consideration should be given to Exit alongside Entry.	All Workgroup	Closed
0908	03/09/20	5.0	<i>Secondary Capacity Assignments</i> – Existing Contracts – National Grid and Ofgem to explore options.	National Grid (JR) and Ofgem (ML)	Carried Forward
0909	03/09/20	5.0	<i>Within Day Off-Peak/Interruptible Capacity Product Options</i> : All Workgroup participants to provide any feedback to JR as to where National Grid is best to focus its attention to JR.	All Workgroup	Closed
0909a	03/09/20	5.0	<i>Within Day Off-Peak/Interruptible Capacity Product Options</i> : <i>Within Day Off-Peak/Interruptible Capacity Product Options</i> : National Grid (JR) to work up 'promising'	National Grid (JR)	Closed

			options in further detail.		
0910	03/09/20	7.0	<i>Development of Workgroup Report</i> – National Grid (JR) agreed to provide an update to the Impact on Central Systems and Process.	National Grid (JR)	Closed
0910a	03/09/20	7.0	<i>Development of Workgroup Report</i> - National Grid (JR) to review next steps under each section of the Workgroup Report and consider how it is to progress.	National Grid (JR)	Closed
0910b	03/09/20	7.0	<i>Development of Workgroup Report.</i> All Workgroup participants to review the Workgroup Report ahead of the next Workgroup	All Workgroup	Closed
0910c	03/09/20	7.0	<i>Development of Workgroup Report</i> - NGN (EB) and National Grid (JR) to provide further clarity on why Exit User Commitment is being removed.	NGN (EB) and National Grid (JR)	Closed
1001	01/10/20	4.0	<i>Exit User Commitment Progress</i> - National Grid (ASt) to provide feedback from NTSCMF in relation to the final report on the impact of the new charging regime on 2020 Enduring flat applications. Further information to be provided to show how bookings have changed including increases and reductions, customer types and impact on annual bookings. The links to the analysis to be provided when available as a post-meeting update.		Pending
1002	01/10/20	5.0	National Grid (JR/ASt) to develop a matrix of stakeholders and priorities, to include views on variety of options discussed to date.	<i>National Grid (JR/ASt)</i>	Pending
1003	01/10/20	5.0	<i>Substitution Progress</i> – National Grid (ASt) to investigate basis on which 3:1 exchange rate was established and whether it would pass an economic and efficiency test today.	<i>National Grid (ASt)</i>	Pending
1004	01/10/20	6.0	Product Development – Workgroup to provide comments to National Grid on requirements for a short-term firm product.	Workgroup	Pending

UNC Workgroup 0735 Minutes

UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')

Thursday 01 October 2020

via Microsoft Teams

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell Energy
Daniel Hisgett	(DHi)	National Grid
Emma Buckton	(EB)	Northern Gas Networks
India Koller	(IK)	SGN
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick King	(NK)	independent
Nick Wye	(NW)	Waters Wye Associates
Nicola Lond	(NL)	National Grid
Paul Youngman	(PY)	Drax
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Ricky Hill	(RH)	Centrica
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Insight

Copies of all papers are available at: www.gasgovernance.co.uk/0735/011020

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 November 2020.

1.0 Outline of Modification

LOS stated that this Modification was also discussed at Distribution Workgroup on the 24 September and the intention is to produce a joint Workgroup report for UNC Panel in November.

Phil Lucas (PL) introduced the Modification explaining that it aims to modify existing references in the UNC to EU regulations with reference to UK amendment regulations and where appropriate remove references to EU entities. A number of minor changes to the Uniform Network Code (UNC) are required as a consequence of the end of the implementation period following the United Kingdom (UK) withdrawal from the European Union (EU).

Should a trade agreement between the UK and the EU be concluded and take effect from (Implementation Period – 31 December 2020) IP completion day, this Modification will no longer be required.

PL reminded Workgroup that a previous and equivalent Modification Proposal (0680S) was raised by National Grid NTS in February 2019 to address the consequences of a ‘no deal’ UK exit from the European Union in late 2019 / early 2020. In light of the agreement reached (as detailed in the Withdrawal Agreement) Modification 0680S was withdrawn in February 2020. The scope and function of this new Modification Proposal 0735 is principally the same as Modification 0680S.

In terms of the proposed solution, PH explained that existing references to EU regulations will be clarified and existing references to EU institutions will be removed where necessary. He added that there will be consequential changes to the capacity Auction Calendar before pointing out the dependencies, specifically that this Modification is only required in the event of a no trade agreement.

Finally, an amended Modification was published on 29 September with some minor amendments to:

- Add the legal text for the proposal,
- Add in the correct name of the latest relevant Statutory Instrument and associated minor revisions.

In terms of reporting the Workgroup Report will be submitted to the November UNC Panel and because it is a cross- code issue the Modification will be discussed at both Distribution and Transmission Workgroups.

A standard 15-day consultation period has been recommended with a report to the December Panel.

Governance

PH stated that as the proposal advocates minor changes to the UNC to refine the definition of EU regulation 715/2009 and add supporting definitions of ‘legally binding decisions’ and ‘EU retained law’.

However, PH stated that the UNC Panel were cautious and directed that the governance for this modification should be Authority Direction on the basis of an interpretation of the following guidance in the *Authority Direction/Self Governance Materiality Guidance* and specifically in relation to the criteria relating to UNC governance or modification procedures. The guidance is available here: <https://www.gasgovernance.co.uk/mods>

Effect on	Likely to require Authority decision if your proposal....
UNC governance or modification procedures	<ul style="list-style-type: none"> • Affects the rights of the industry to be engaged in proposed changes to the UNC. • Changes the User or Transporter representation obligations. • Changes any Authority decision-making capacity

2.0 Initial Discussion

2.1. Issues and Questions from Panel

LOS stated that Modification Panel has requested Workgroup to provide views on the potential suitability of the Self-governance status

PL reiterated that National Grid's view on the proposed governance of this Modification is that self-governance is appropriate based on the fact that the proposed changes to the Modification Rules do not:

- Affect the rights of the industry to be engaged
- Change User of Transporter representation obligations; nor
- Change Ofgem's decision making capacity.

Before seeking views from Workgroup, PL added that the Distribution Workgroup agreed that the self-governance should be followed.

JCx pointed out that UNC Panel had voted unanimously not to support self-governance and asked if Authority Direction procedures are followed and if Ofgem did not make a quick decision would this cause a problem? PL suggested that an interregnum period would mitigate this.

Transmission Workgroup also agreed with Distribution Workgroup that self-governance procedures should be followed.

2.2. Initial Representations

None received.

2.3. Terms of Reference

LOS advised that as matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at www.gasgovernance.co.uk/0735 no other updates were provided for the Terms of Reference.

3.0 Next Steps

LOS confirmed that the Workgroup Report will be completed at the next Transmission Workgroup meeting in November following a discussion at Distribution Workgroup on 22 October. She suggested that PL provide any additional comments to be included in the draft Workgroup Report in advance of the November meeting plus any further updates from the Distribution Meeting

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
10:00	5pm	Teleconference	Detail planned agenda items.

Thursday 05 November 2020	Wednesday 28 October 2020		<ul style="list-style-type: none"> • Amended Modification • Consideration of Business Rules • Review of Impacts and Costs • Review of Relevant Objectives • Consideration of Wider Industry Impacts • Consideration of Legal Text • Completion of Workgroup Report
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Action Table (as at 01 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		