

UNC Transmission Workgroup Minutes
Thursday 06 May 2021
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook Gas
Adaeze Okafor	(AO)	Equinor
Alex Nield	(AN)	Storengy
Ashley Adams	(AA)	National Grid
Andrew Blair	(AB)	Interconnector
Andrew Pearce	(AP)	BP
Anna Shrigley	(ASh)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	WWU
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(DHi)	National Grid
Emma Buckton	(EB)	Northern Gas Networks
Eric Fowler	(EF)	Joint Office
Hannah Reddy	(HR)	Correla on behalf of Xoserve
Henk Kreuze	(HK)	Vermilion
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JC)	Energy UK
Kamila Nugumanova	(KM)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lauren Jauss	(LJa)	RWE
Leyon Joseph	(LJ)	SGN
Lucy Manning	(LM)	Grain LNG
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Pavanjit Dhesi	(PD)	Interconnect UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid <i>(0761 only)</i>
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RHe)	Hewitt Home and Energy Solutions (rep BBL)
Rudi Streuper	(RS)	BBL Company
Samuel Dunn	(SD)	Interconnector UK
Sarah Cooper	(SC)	Interconnector UK <i>(0761 only)</i>
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Terry Burke	(TB)	Equinor

Copies of all papers are available at: <https://www.gasgovernance.co.uk/tx/060521>

1. **Introduction and Status Review**

Rebecca Hailes (RHa) welcomed all parties to the meeting.

1.1. Approval of minutes (01 April 2021)

The minutes from the last meeting were approved.

1.2. Approval of Late Papers

No late papers received.

1.3. Review of Outstanding Actions

No outstanding actions to consider.

1.4. Ofgem Industry Update

Max Lambert (ML) provided an overview of the Ofgem Industry update published on the meeting page and captured below:

Approval of the Access Rules proposed by Gas Network Ireland Limited (“GNI”)

On 4 February 2021, Gas Network Ireland Limited (“GNI”) submitted Access Rules to the Authority for approval. Ofgem’s decision letter and the annexed direction, published at <https://www.ofgem.gov.uk/publications-and-updates/approval-access-rules-proposed-gas-network-ireland-limited-gni> on 29 April 2021, sets out the approval of the submitted proposals.

UNC728/A/B/C/D: Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS – Decision

On 22 January 2021, Ofgem published their minded to decision and impact assessment on UNC728/A/B/C/D: ‘Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS’ and consulted on our minded to decision for four weeks.

Ofgem’s decision was to approve UNC728B: ‘Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap’ for implementation on 1 October 2021. The letter published at <https://www.ofgem.gov.uk/publications-and-updates/unc728abcd-introduction-conditional-discount-avoiding-inefficient-bypass-nts-decision> on 27 April 2021, sets out the decision.

Statutory consultation on modifications to the RIIO-2 Transmission, Gas Distribution and Electricity System Operator licence conditions

This Statutory consultation, published at <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-modifications-riio-2-transmission-gas-distribution-and-electricity-system-operator-licence-conditions> on 14 April 2021, sets out the proposed modifications to the licence conditions that implement the RIIO-2 price control settlement for the transmission companies, gas distribution networks and the electricity system operator.

Please send responses to this consultation, including attachments, to RIIO2@ofgem.gov.uk, Tel: 0207 901 7000, by 13 May 2021.

UNC764: UNC TPD Section Y (Part A-I) amendments to K_t to align to RIIO-2 Licence

Ofgem decided to grant urgent status for UNC 0764. The letter published at <https://www.ofgem.gov.uk/publications-and-updates/unc764-unc-tpd-section-y-part-i-amendments-kt-align-riio2-licence> on 14 April 2021, sets out this decision.

RHa added that the UNC Modification consultation had closed on 05 May 2021, one representation had been received and that the UNC Modification Panel would be considering the Final Modification Report on 13 May 2021.

RIIO-2 PCFM Guidance

Ofgem invited views on their draft of the RIIO-2 PCFM Guidance Documents and Revenue workbooks for the Gas Distribution, Gas Transmission, Electricity Transmission and Electricity System Operator licensees.

The proposed drafts set out guidance and instructions to help licensees update the variable values in the Price Control Financial Model (PCFM) for the first Annual Iteration Process submission as well as the reporting templates, which licensees need to fill out to calculate some of these variable values.

These documents are working drafts, the contents of which is in line with Ofgem's Final Determinations and licence modifications. Ofgem will ensure that all comments received will be appropriately reflected within the final version and will take effect by 01 June 2021. These documents should be considered in conjunction with the RIIO-2 special licence conditions and Price Control Financial Instruments, which is being consulted on for snagging modifications following the publication on 03 February 2021.

Ofgem welcomed responses on any aspect of the proposed drafts of the RIIO-2 PCFM Guidance and revenue workbooks, and whether anything else should be included in these documents. Please send responses to RegFinance@ofgem.gov.uk by 11 May 2021.

URL: <https://www.ofgem.gov.uk/publications-and-updates/riio-2-pcfm-guidance>

System Management Principles Statement consent notice 2021

National Grid Gas plc (NGG) is required to have in place at all times a System Management Principles Statement (SMPS) in accordance with special condition 9.19.8 of its Gas Transporter Licence. The purpose of the SMPS is to set out the principles and criteria by which NGG will determine the use of System Management Services. The letter published at <https://www.ofgem.gov.uk/publications-and-updates/system-management-principles-statement-consent-notice-2021> on 7 April 2021, sets out the consent for NGG to revise its SMPS following an annual review of the statement.

ML also provided a link to the Gas Transmission Regulatory Instructions and Guidance (RIGs) changes published at: <https://www.ofgem.gov.uk/publications-and-updates/direction-make-modifications-regulatory-instructions-and-guidance-rigs-riio-qt1-version-82>

Julie Cox (JC), enquired about the publication of Ofgem's expected decision dates for live modifications, published at: <https://www.ofgem.gov.uk/publications-and-updates/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>. JC expressed concerned about the timeline particularly for Modification 0729 - *Applying a discount to the Revenue Recovery Charge at Storage Points* due to the timing of the decision and implications for price setting and RRC. Jeff Chandler (JC) and Richard Fairholme (RF) also expressed concerns.

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Anna Shrigley (ASh) also raised concerns with *the expected decision date for* Modification 0739 - *Aggregate overrun regime for Original Capacity held at the Bacton ASEPs*, as contracts for the winter were now being considered and the delivery of the Modification decision in August would be too late, ASh asked Ofgem to consider providing a decision as soon as possible. Sinead Obeng (SO) also expressed concerns about the anticipated decision date.

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1.5. Pre-Modification discussions

No pre-mod discussions.

Anna Stankiewicz (ASt) wished to advise that National Grid intends to raise a Fast Track Modification to update Section B licence references which changed on the 01 April.

2. European Codes Update

Phil Hobbins (PH) provided a brief EU Update for the EU Hydrogen & Gas Decarbonisation Package. PH confirmed that the EC is reviewing the Gas Directive 2009/73/EC and Gas Regulation (EC) No 715/2009. This is a public consultation on the revision and was launched late March, closing mid-June 2021.

The aim of the consultation is to evaluate the relevant gas market rules and, in particular, what reforms may be needed to reach the EU decarbonisation targets. The feedback from the consultation will inform the Commission's preparations of legislative proposals for a new hydrogen and gas markets decarbonisation package. These proposals are expected to be produced before the end of 2021.

PH outlined the key topics within the consultation published at: https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12911-Gas-networks-revision-of-EU-rules-on-market-access_en

Andrew Pearce (AP) confirmed a workshop has been organised on 18 May 2021. Details of this workshop is available at: https://ec.europa.eu/info/events/workshop-hydrogen-and-decarbonised-gas-markets-package-2021-may-18_en

3. Workgroups

3.1 0705R – NTS Capacity Access Review

(Report to Panel by 21 October 2021)

www.gasgovernance.co.uk/0705

3.2 0755 - Enhancement of Exit Capacity Assignments

(Report to Panel 17 June 2021)

www.gasgovernance.co.uk/0755

3.3 0759S - Enhancements to NTS Within-Day Firm Entry and Exit Capacity Allocations

(Report to Panel 17 June 2021)

www.gasgovernance.co.uk/0759

3.4 0761 - Arrangements for Interconnectors with additional Storage capability

(Report to Panel 16 September 2021)

www.gasgovernance.co.uk/0761

4. GS(M)R Review

No update for this month.

5. Ofgem Review of GB Energy System Operation

It was confirmed a consultation is expected from BEIS in the summer.

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6. Overruns Reporting – November 2020

6.1. Overruns Oct 2020 – Oct 2021

Anna Stankiewicz (ASt) provided an update on the October 2020 to February 2021 Overruns, providing an additional month's data. It was observed that similar data had been seen in February to that seen in January.

For further details, please refer to the published slides on the meeting page.

ASt observed that the costs of overruns were much higher although quantities had not increased dramatically, and questioned if the overrun multiplier needed to be reconsidered. Currently the multiplier was 3, it was suggested that a multiplier of around 1.5 may be more appropriate.

Nick Wye (NW) acknowledged that the increased cost in overruns was anticipated and suggested the Workgroup should establish a time to properly review the overrun multiplier.

Jennifer Randall (JR) confirmed the intention to review this in October once the arrangements had been in place for one year. The Workgroup welcomed a review of the overrun multiplier at the next 0705R Workgroup meeting in June.

7. Issues

No issues were raised.

8. Any Other Business

8.1. User Representative Appointment Process

RHa wished to note that the User Representative Appointment Process would be commencing during May with a reminder for organisations to update their Single Points of Contacts (SPoCs) and by 01 July an invitation will be issued to these contacts for nominating representatives for the various Committees and Panel. RHa also noted that this year representatives for the UNC Panel positions will be invited.

8.2. Customer and Stakeholder Satisfaction Surveys

Phil Hobbins (PH) provided a Gas Market Change Customer & Stakeholder Survey Update, which are conducted to enable National Grid to understand from customers what they are doing well and where they could improve in services to customers and stakeholders.

National Grid have continued to work on feedback received from surveys during 2020/21 and are currently putting plans in place to conduct surveys in 2021/22.

PH provided an overview of the actions taken since January from the feedback provided.

For further details, please refer to the published slides on the meeting page.

9. 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 03 June 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 01 July 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 August 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 September 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 October 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 04 November 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 December 2021	Microsoft Teams	Standard Transmission Workgroup Agenda

Action Table (as of 06 May 2021)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
No outstanding or new actions					