

UNC Distribution Workgroup Minutes
Thursday 28 April 2022
via Microsoft Teams

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Manning	(CM)	E.ON Energy
Dan Fittock	(DF)	Corona Energy
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
Ellie Rogers	(ER)	Xoserve
Fiona Cottam	(FC)	Correla on behalf of Xoserve (0781R only)
Gareth Evans	(GE)	Waters Wye Associates
Guv Dosanjh	(GD)	Cadent
Harry Brazier	(HBr)	Ofgem
Hursley Moss	(HM)	Cornwall Insight
John Baldwin	(JB)	CNG Services Ltd
Kate Lancaster	(KL)	Xoserve
Louise Hellyer	(LH)	Totalenergies Gas & Power
Mark Field	(MF)	Sembcorp Energy UK
Mark Jones	(MJ)	SSE
Martin Attwood	(MA)	Correla on behalf of Xoserve (0763R only)
Richard Pomroy	(RP)	WWU
Robert Johnstone	(RJ)	Utilita
Rhys Kealley	(RK)	British Gas
Steve Mulinganie	(SM)	Gazprom Energy
Tom Stuart	(TSt)	WWU
Tracey Saunders	(TSa)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/dist/240322>

1. Introduction and Status Review

Rebecca Hailes (RHa) welcomed everyone to the meeting and gave a brief overview of the scheduled items for discussion.

1.1. Approval of Minutes (24 March 2022)

The minutes from the previous Distribution Workgroup were approved.

1.2. Approval of late papers

RHa advised there was one late paper from Ofgem relating to agenda item 1.5 Industry Update from Ofgem for Workgroup to consider. Workgroup wished to consider the paper.

1.3. Review Outstanding Actions

0201: Modification 0797 (Urgent) Authority Decision - Joint Office (RHa) to confirm what the timeline is for a judicial review.

Update:

RHa advised of the assumption that the timeline for a judicial review is 3-months and suggested proceeding on that basis until Ofgem could confirm, this was requested to be provided at the May 2022 Distribution Workgroup. **Carried Forward**

0302: *Registration Timeline with REC - Xoserve (DA) to advise Workgroup what the arrangements will be in the event of late notification of secured active messages from CSS.*

Update: Ellie Rogers (ER) provided the following update and requested that this action in carried forward to May 2022.

In terms of update, we are still progressing the issue with DCC. Xoserve are seeking assurance from DCC that the design has sufficient capacity to discharge the necessary messages to the GRDA (the role that Xoserve performs when interfacing UK Link systems and the CSS) in sufficient timescales that UKL / Gemini and CSS are aligned.

We have had further discussions with DCC to elaborate the design – we have requested some of their design artefacts so that we can assess this design.

The NFR states that CSS must provide 90% of messages to the GRDA within 40 minutes at peak volumes (c120,000 Switches in a day). We have raised CRD129 to seek to get 100% within 60 minutes.

The RPA has provided their interpretation of the below NFRs – which we have challenged. Specifically the 90th percentile has been interpreted to mean that on 90% of days ALL messages need to be received within the stated timescales – whereas the previous industry interpretation was that this was 90% of messages within day needed to be provided by the stated timescale. We were happy with the latter timescale as it meant that the remaining 10% of messages must be received within circa 1 hour to meet the UKL requirements (even at peak processing days). The RPA interpretation means that there is no upper limit of receipt for 10% of the days in a month for when messages will be received. It is these days that might prove problematic for us.

Time Behaviour (Response Time)	PERF051	CSS shall process the securing of switches and send synchronisation messages of secured switches at Gate Closure to the Gas Central Data Service (UK Link currently) (from the time of Gate Closure to the point at which CSS sends the last message) as follows: - at average daily volume, mean time of 20 minutes or less - at average daily volume, 90th percentile time of 25 minutes or less - at peak daily volume, mean time of 35 minutes - at peak daily volume, 90th percentile time of 40 minutes	CSS	M	08 m
Time Behaviour (Response	PERF060	The system shall respond to synchronisation by CSS	Smart Metering, ECOES,	M	St

We have raised two design issues **DI-2832 UK Link Processing Times for CSS Update Messages and DI-2833 E2E gate closure process**. We are chasing the System Integrator (netcompany) for resolution / update on these issues.

We have highlighted via DSC CoMC that this issue may impact any Shippers who have registered for CSS Messages – should any Shippers wish to discuss the potential impacts then please contact me, or we advise then to attend the Design Forum.

Xoserve will present our concerns at the CSS Design Forum on 30th March.

Following this CRD129 has been referred to REC Code Manager (RPS – Gemserv) to initiate this as a REC change following CSS Implementation. This will mean that this will not be progressed in the Programme timescales which was expected as DCC had indicated that this assessment would potentially risk implementation. We will seek to get this implemented as soon after CSS Go Live as possible.

When Tracey Saunders (TS) sought clarification that 90% of days means that 100% of messages are received within 40 mins for 90% of the days, ER confirmed that understanding.

TS asked to be kept informed as this progresses as she is a representative at the Design Forum.

Steve Mulinganie (SM) noted that limitations that have been applied to individual Suppliers in the transition period are concerning and provided Workgroup with an example that a Group Customer (such as a Local Authority) that needs to switch, with a start date of e.g 01 August, could result in a number of transactions that could breach the threshold set. This has also been raised at the recent DSC Contract Management Committee meeting.

Dan Fittock (DF) raised similar concerns to those raised by SM.

Clare Manning (CM) advised Workgroup of the current consultation that the Retail Energy Code have issued on the DCC Service Provider Performance Charges which closes on 16 May 2022:

<https://www.retailenergycode.co.uk/recco-issues-a-consultation-on-dcc-service-provider-performance-charges/>

The consultation seeks views on:

- Which DCC SLAs REC Parties consider are the most material and impactful should these be failed;
- Whether some DCC SLAs, if any, should be subject to charges under the Switching Incentive Regime (SIR) rather than the REC Performance Assurance Framework;
- Whether the SIR should consider individual SLAs across all three DCC Services, or individual DCC Services in their entirety, noting that a single service being subject to assurance under two regimes may be complex given the proposal to link the level of charge to the number of failed SLAs; and
- RECCo's concerns that splitting the assurance of the DCC, as a REC Service, between two regimes could undermine RECCo's ability to hold its Service Provider to account for the end-to-end delivery of its services.

Action 0302 Carried Forward

Action 0103: Shippers to consider any unforeseen impacts from changing the Value at Risk calculation methodology, proposed by WWU.

Update: No input from Shippers as yet. Revisit in May 2022. **Carried Forward**

Action 0203: All Transporters (including National Grid) to consider WWU proposed change to the Value at Risk calculation methodology and consider making the same change at the same time.

Update: No input from Transporters as yet. Revisit in May 2022. **Carried Forward**

1.4. User Representative process

Helen Bennett (HB) advised of the following timeline for the 2022/23 UNC User Representatives Appointment Process and confirmed that as UNC Modification Panel appointments are for 2-years, nominations will not be invited this year.

Timeline:

09 May – 27 May

- Single Point of Contact (SPoC) will be reminded to update their contacts and a formal invite will be issued to our UNC mailing list to encourage new SPoC registrations

06 June – 24 June

- SPoCs are invited to nominate Modification Panel/UNCC and Sub-Committee representatives. The nomination process will last no longer than 3 weeks.

11 July – 29 July

- If an election is required, the details of candidates and ballot papers are issued to SPoCs. Elections will last no longer than 3 weeks.

By 01 September

- Joint Office will issue notification of the elected candidates via its UNC distribution list.

From 01 October

- Elected members will take up positions on the UNC Modification Panel and Sub-Committees.

1.5. Industry Update from Ofgem

Harry Brazier (HBr) provided the Ofgem update for the below listed items. For full details, please refer to the Industry Update from Ofgem published at: <https://www.gasgovernance.co.uk/Dist/280422>.

- UNC 0780: Amendment to Gas Quality NTS Entry Specification at the St Fergus SAGE System Entry Point
- Statutory Consultation to modify the Price Control Financial Instruments and Licence conditions for Gas Transmission and Gas Distribution
- Decision and direction further to National Grid Gas Plc's request for Derogation under Special Condition 9.18 of its Gas Transporter Licence
- Notice of proposed modifications to the Regulatory Instructions and Guidance and Regulatory Reporting Packs for RIIO-2
- Decision on the methodologies to closeout RIIO-GT1
- Green Gas Levy Enforcement Guidelines
- Ofgem responds to government's energy security strategy
- Proposal for a Future System Operator role – Decision
When asked, HBr/GD agreed to forward the presentation slides on this topic which can now be found published here: <https://www.gasgovernance.co.uk/dist/280422>.
- Local Transmission System (LTS) Futures Funding Direction
- Decision on RIIO-2 Regulatory Reporting Requirements Relating to Network Asset Risk Metric (NARM)
- Notice of proposed modifications to the Regulatory Financial Performance Reporting (RFPR) template and guidance for RIIO-2
- 2022/23 Ofgem Forward Work Programme
- UNC790: Introduction of a Transmission Services Entry Flow Charge
Rejected
- Decision on minor amendments to cost recovery principles

Workgroup thanks HBr for the update and for attending the meeting, They agreed this is a useful update to have on a regular basis at this Workgroup and requested that Decisions; Decision dates and Consultation close-out dates would be a helpful addition to the update.

For an update on the "Code Modification / Modification Proposals with Ofgem for decision - Expected publication dates timetable", please refer to Ofgem's publication at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

1.6. Pre-Modification discussions

1.6.1. Pre- Modification for Reverse Compression – John Baldwin

John Baldwin (JB) provided a background summary to support a draft Modification to facilitate biomethane producer owned compressors with a number of changes, which would provide the following changes:

- No LDX exit Charges
- No LDZ Entry Charges/Rebate
- No impact on CV or odorisation.

The presentation covered the following main topics. Where there was specific interaction regarding particular slides with the Workgroup members, this has been captured within the minutes for each section of the presentation, and full details can be found on the published presentation here: www.gasgovernance.co.uk/dist/280422.

Summary - Slide 3

When RHa asked if the purpose of taking gas out of the grid and putting it back in is to create space (capacity), JB confirmed .

Within Grid Operating Principles – Slide 4

When Steve Mulinganie (SM) asked if the biomethane producer themselves would be able to create the redistribution locally, on their own accord, JB referred to the example on this slide and clarified that the Control Room does not need to be involved, but the pressures cannot happen without the GDN as they have to manipulate the Grid.

Within Grid Ownership Options – the UNC Mod is to allow Option 2 - Slide 5

Option 1 – GDN Owned	Option 2 – Biomethane Producer Owned
Compressor is owned operated and maintained by the GDN and forms part of the network	Compressor is owned, operated and maintained by the biomethane producer and does not form part of the network
Comprises an Exit to the lower pressure grid (2 bar or 7 bar) and an Entry into the high pressure grid (7 bar or 19/40/70 bar LTS)	Comprises an Exit to the lower pressure grid (2 bar or 7 bar) and an Entry into the high pressure grid (7 bar or 19/40/70 bar LTS)
Exit meter for management information	Exit meter for management information
No charges as gas does not leave network	At present the gas shipper would pay an Exit Charge to leave the MP/IP and receive Entry Rebate to enter IP/LTS (the UNC mod aims to exempt from these charges/payments)
Funding may be from the biomethane producer in the form of up front CAPEX or a tariff	Funding from the biomethane producer
Ongoing charge for maintenance and compression levied by the GDN	Ongoing charge for maintenance and compression paid for by the biomethane producer
Compressor design approved by the GDN – common specification across all GDNs	Compressor design set by the Biomethane Producer but the GDN can set out specific requirements eg Process Safety and Oil related – common requirements from all GDNs
Self-lay may be an option	Responsibility for design, build and maintenance with the biomethane producer
Land and planning likely to be arranged by the biomethane producer	Land and planning to be arranged by the biomethane producer
Pressure in lower pressure grid reduced in summer months to facilitate compressor operation and ensure there is no circular flow	Pressure in lower pressure grid reduced in summer months to facilitate compressor operation and ensure there is no circular flow

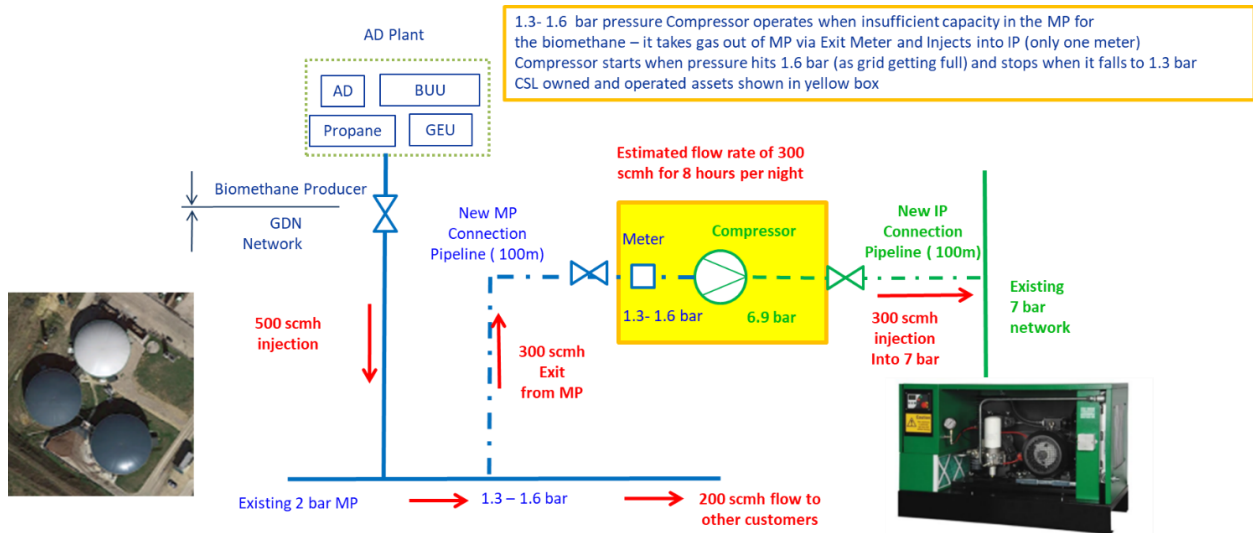
SM suggested that the potential consequential impact on NTS boundary metering, (which could be a consequence of both Option 1 and Option 2), is a possible issue that should be discussed as part of the Modification development and therefore should be highlighted to UNC Modification Panel when the Modification is submitted.

JB noted that Option 2 is very similar to Option 1, it looks the same in terms of the flows, however, if this Modification is not implemented, the User could still buy gas in a 2-bar grid and put that in to a 19-bar grid but that will entail a lot of costs. Option 2 also has a lot of flexibility built in.

JB highlighted that the responsibility for design, build and maintenance in Option 2 is with the biomethane producer.

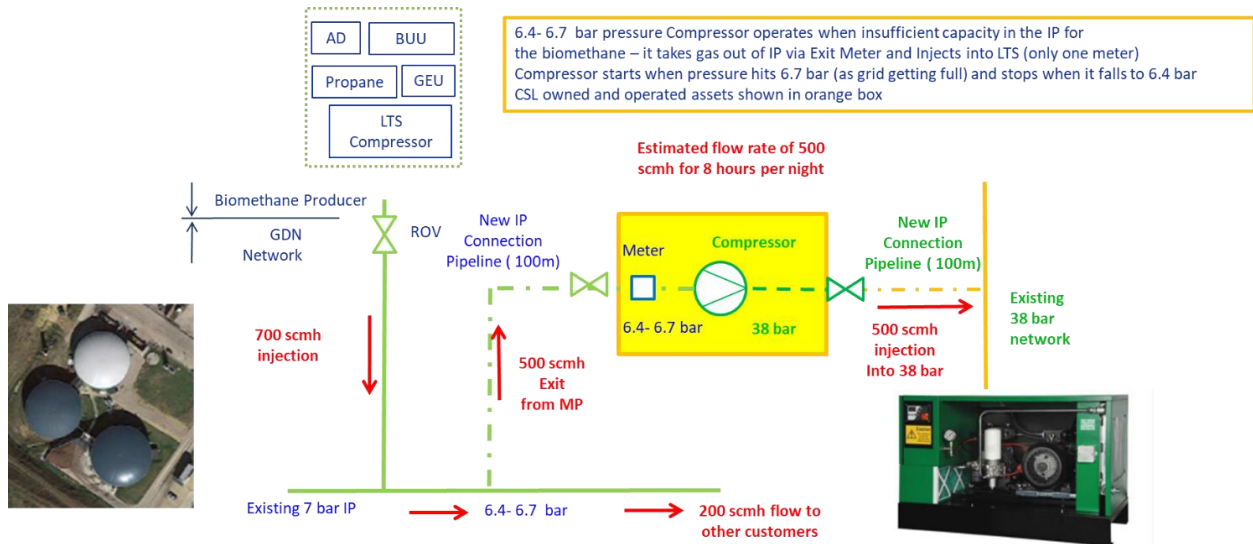
Within Grid Compressor Fundamental Principles – Slide 6

MP to IP Compression plant - Slide 7



RP asked if there would be any implications for needing a Gas Transporter Licence, JB confirmed there would not be. However, where a GDN has adopted the pipe, that is something that will need looking at with the HSE to consider if the compressor operator needs a Safety Case.

IP to LTS Compression plant - Slide 8



JB explained this would take longer and is more expensive due to Local Transmission Systems (LTS). He added, the most important thing to note, is that these are very small things and do not use much energy, there are lots of them (20+) that already inject gas directly into the LTS and are all owned by the biomethane producer.

When asked, JB clarified that the advantage for Option 2 is speed and ease of implementation in that Option 1 has to have GDN approval, the GDNs find it harder to install standard equipment on fast-track due to Official Journal of the European Union (OJEU) tendering etc

Mark Field (MF) asked if there are any safety implications to consider? JB advised that the compressor design is set by the biomethane producer but the GDN will have some legitimate requirements that will need to be complied with, if these cannot be complied with, the process cannot go ahead (e.g oil free compressors, safety studies etc)

Background Briefing a) GasUnie Within Grid Compressor 6 bar pipeline to 40 bar – Slide 9

Background Briefing b) GRTgaz France – Slide 12

Background Briefing c) LTS/NTS – Direct Compression 19/38/42/70 bar LTS – Slide 14

Background Briefing d) LTS –Private 6.9 bar pipeline to LTS (19 – 42 bar)/NTS – Slide 16

Relevant Objectives

RHa asked Workgroup to consider the Relevant Objectives and suggested that if the alternative to this Modification is 'flaring' (burning the biomethane produced instead of inputting it into the grid), there needs something about Greenhouse Gas Emissions and Net Zero, adding this is a clear advantage of the Modification because it negates the need for flaring.

When asked if the Gas Distribution Networks are on board with the principles of the Modification, JB clarified that initial feedback was positive.

Richard Pomroy (RP) noted that he needs to consider the safe control operations issues; bypass to the Wales & West Utilities System and how ownership of the pipeline would work.

RHa confirmed that Joint Office has begun critical friend on the Modification and asked which of the objectives would be the most relevant? JB advised it would possibly be a variant of Relevant Objective g) *Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.*

Louise Hellyer (LH) commented that Net Zero should be one of the Relevant Objectives in its own right, Workgroup agreed that guidance from Ofgem would be really helpful.

New Action 0104: *Pre-Modification for Reverse Compression - Ofgem (HBr) to confirm where Net Zero fits into the Relevant Objectives within a Modification.*

RHa confirmed that 06 May 2022 is the deadline for submission of a new Modification for May's Panel. Tracey Saunders (TS) suggested this Modification may need to be a standalone Workgroup as the discussions will be very technical.

JB highlighted, when injecting biomethane into the LDZ it could cause a problem with the NTS Exit Meters, the accuracy level of the meter might be impacted as the flow-rate from the NTS falls below the minimum design flow rate.

SM noted that, as a Commodity owner, he would want to see accuracy in measurement.

New Action 0204: *Pre-Modification for Reverse Compression - CNG Services (JB) to send a briefing on these issues to the Joint Office for Joint Office to share with Distribution Networks.*

JB concluded the presentation by confirming the intention is to present the proposal to the May 2022 Modification Panel meeting and recommend that Self-Governance procedures are followed.

1.6.2. SoLR Process on IGTs - Tracey Saunders

Tracey Saunders (TS) notified Workgroup of her intention to raise a Modification relating to the Supplier of Last Resort (SoLR) process being applied to Independent Gas Transporters (IGTs).

TS explained that the Legal Text associated with Modification 0797 - (Urgent) - *Last Resort Supply Payments Volumetric Charges* was built on the solution not including IGTs. The Modification will clarify in Code that from April 2023, when the calculation says LDZ Meter Points, it includes IGT CSEPs.

TS concluded by confirming the intention is to present the proposal to the June 2022 Modification Panel meeting and recommended that self-governance procedures are followed.

The solution of the Modification will be to make changes to Changing TPD section Y Charging Methodologies where the calculation refers to the following acronyms, add 'including IGT CSEP Meter Points on the DN operating system':

NDSP is the number of LDZ System Exit Points on a DN Operator's System on the Relevant Date where the Supply Point Premises are Non-domestic Premises ("Relevant NDSP Sites");

DSP is the number of LDZ System Exit Points on a DN Operator's System on the Relevant Date where the Supply Point Premises are Domestic Premises ("Relevant DSP Sites");

TSP is the total number of LDZ System Exit Points on a DN Operator's System on the Relevant Date;

TS referred to two open letters that Ofgem have published, they both can be found here: https://www.ofgem.gov.uk/master-publications-library?keyword=IGT%20%20LRSP&sort=publication_date

Letter 1 dated 16 March: is the instruction to IGTs to recover in this year.

Letter 2 dated 20 April: this open letter relates to recovery of Last Resort Supply Payment (LRSP) claims arising from failed energy retail suppliers going through the SoLR process.

This letter provides the 3 options for how this year's recovery is to be managed and states the preferred option for an enduring solution (from 2023/4) which is what the Modification will provide clarity in Code for.

TS confirmed that if Ofgem decide not to pursue the Open Letter she would withdraw the Modification.

2. **CSS Consequential Changes – Detailed Design Report**

Please see discussion held as part of outstanding action 0302, as this formed the basis of this agenda item this month.

3. **Value at Risk (VAR) Calculation Charges**

Discussion deferred to May 2022.

4. **Workgroups**

4.1. **0763R - Review of Gas Meter By-Pass Arrangements**

(Due to report to Panel 21 July 2022)

<https://www.gasgovernance.co.uk/0763>

4.2. **0781R - Review of the Unidentified Gas Process**

(Due to report to Panel 21 July 2022)

<https://www.gasgovernance.co.uk/0781>

5. **Issues**

None raised.

6. **Any Other Business**

None raised.

7. **Diary Planning**

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

Time / Date	Paper Publication Deadline	Venue	Programme
Thursday 10:00 26 May 2022	5pm 17 May 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 23 June 2022	5pm 14 June 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 28 July 2022	5pm 19 July 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 25 August 2022	5pm 16 August 2022	Microsoft Teams	Standard Agenda
Thursday 10:00	5pm 13 September 2022	Microsoft Teams	Standard Agenda

22 September 2022			
Thursday 10:00 27 October 2022	5pm 18 October 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 24 November 2022	5pm 15 November 2022	Microsoft Teams	Standard Agenda
Monday 10:00 12 December 2022	5pm 01 December 2022	Microsoft Teams	Standard Agenda

Action Table (as of 28 April 2022)

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0201	27/01/22	1.4	<i>Modification 0797 (Urgent) Authority Decision</i> - Joint Office (RHa) to confirm what the timeline is for a judicial review	April 2022 May 2022	Joint Office (RHa)	Carried Forward
0302	27/01/22	2.0	<i>Registration Timeline with REC</i> - Xoserve (DA) to advise Workgroup what the transition arrangement will be.	April 2022 May 2022	Xoserve (DA)	Carried Forward
0103	24/03/22	5.1	Shippers to consider any unforeseen impacts from changing the Value at Risk calculation methodology, proposed by WWU.	April 2022 May 2022	Shippers	Carried Forward
0203	24/03/22	5.1	All Transporters (including National Grid) to consider WWU proposed change to the Value at Risk calculation methodology and consider making the same change at the same time.	April 2022 May 2022	Transporters	Carried Forward
0104	28/04/22	1.6.1	<i>Pre-Modification for Reverse Compression:</i> Ofgem (HBr) to confirm where Net Zero fits into the Relevant Objectives within a Modification.	May 2022	Ofgem (HBr)	Pending
0204	28/04/22	1.6.1	<i>Pre-Modification for Reverse Compression:</i> CNG Services (JB) to send a briefing on these issues to the Joint Office for Joint Office to share with Distribution Networks .	May 2022	CNG Services (JB)	Pending

**UNC Workgroup 0763R Minutes
Review of Gas Meter By-Pass Arrangements
Thursday 28 April 2022
via Microsoft Teams**

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Manning	(CM)	E.ON Energy
Dan Fittock	(DF)	Corona Energy
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
Ellie Rogers	(ER)	Xoserve
Gareth Evans	(GE)	Waters Wye Associates
Guv Dosanjh	(GD)	Cadent
Harry Brazier	(HBr)	Ofgem
Hursley Moss	(HM)	Cornwall Insight
John Baldwin	(JB)	CNG Services Ltd
Kate Lancaster	(KL)	Xoserve
Louise Hellyer	(LH)	Totalenergies Gas & Power
Mark Field	(MF)	Sembcorp Energy UK
Mark Jones	(MJ)	SSE
Martin Attwood	(MA)	Correla on behalf of Xoserve
Richard Pomroy	(RP)	WWU
Robert Johnstone	(RJ)	Utilita
Rhys Kealley	(RK)	British Gas
Steve Mulinganie	(SM)	Gazprom Energy
Tom Stuart	(TSt)	WWU
Tracey Saunders	(TSa)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0763/280422>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2022

1.0 Introduction and Status Review

Rebecca Hailes (RHa) welcomed everyone to the meeting and advised that the Proposer of the Request is not able to be present at the meeting.

RHa expressed her concern that the Request has seen very little progress since February 2022 and asked Workgroup for their views and to consider the option of writing up the Workgroup Report to include discussions so far and present it to the May UNC Modification Panel for a decision to close the Request.

Steve Mulinganie (SM) suggested that the production of the Guidance Document and Flow Chart to support it will likely take some time to complete and suggested maybe deferring Workgroup for a couple of months.

Clare Manning (CM) commented that the Workgroup have concluded that it the issue is with the Bypass process and referred to the communication from the Performance Assurance Committee of the concern raised that the Bypasses are being closed but without a consumption adjustment.

Martin Attwood (MA) joined the Workgroup and noted that, with regards to the comments made by PAC, he agreed that in most instances it is the accuracy of the data on UK Link that is at fault and there also may be Bypasses being used that are undetected.

Workgroup concluded that until the Guidance Document and End-to-End Flow Chart are produced the Review Group cannot be finished.

1.1. Approval of Minutes (24 February 2022)

The minutes from the previous Workgroup were approved.

1.2. Approval of Late Papers

There were no late papers to consider.

1.3. Review of Outstanding Actions

Action 0102: *Consumer Owns Equipment* - Proposer (CLR) to check what happens with the installation of a Meter By-Pass when a Consumer owns the equipment

Update: Defer to May 2022. **Carried Forward**

Action 0202: Proposer (CLR) to clarify who is responsible for opening a Meter By-Pass.

Update: Defer to May 2022. **Carried Forward**

Action 0302: Proposer (CLR) to consider the questions raised:

- How many people have the authority to undertake this action other than the MAM?
- If there is a responsible person on Site, should they notify the MAM that they have had to take that action?
- Gas Transporters – what criteria is required to approve the By-Pass?
- What needs to happen to the By-Pass where Gas Transporters are not notified of the installation?
- Who has the responsibility to know whether it should be open or closed and who has the information to determine if it should be open or closed?

Update: Defer to May 2022. **Carried Forward**

Action 0402: Joint Office (RHa) to request a two-month extension (to June 2022) at the March 2022 UNC Modification Panel.

Update: Extension requested at the March 2022 meeting to July 2022. **Closed**

2.0 Consideration of Request

2.1. Review Further Analysis

Deferred to June 2022.

3.0 Next Steps

Claire Louise Roberts (CLR) to provide an updated Guidance Document and end-to-end flow chart.

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
Thursday 10:00 26 May 2022	5pm 17 May 2022	Microsoft Teams	Standard Agenda
Thursday 10:00 23 June 2022	5pm 14 June 2022	Microsoft Teams	Standard Agenda

Action Table (as of 28 April 2022)						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0102	24/02/22	2.1	<i>Consumer Owns Equipment</i> - Proposer (CLR) to check what happens with the installation of a Meter By-Pass when a Consumer owns the equipment	March 2022 May 2022		Carried Forward
0202	24/02/22	2.1	Proposer (CLR) to clarify who is responsible for opening a Meter By-Pass.	March 2022 May 2022		Carried Forward
0302	24/02/22	2.1	Proposer (CLR) to consider the questions raised: <ul style="list-style-type: none"> How many people have the authority to undertake this action other than the MAM? If there is a responsible person on Site, should they notify the MAM that they have had to take that action? Gas Transporters – what criteria is required to approve the By-Pass? What needs to happen to the By-Pass where Gas Transporters are not notified of the installation? Who has the responsibility to know whether it should be open or closed and who has the information to determine if it should be open or closed? 	March 2022 May 2022	Proposer (CLR)	Carried Forward
0402	24/02/22	2.1	Joint Office (RHa) to request a two-month extension (to June 2022) at the March 2022 UNC Modification Panel.	March 2022	Joint Office (RHa)	Closed

**UNC Workgroup 0781R Minutes
Review of the Unidentified Gas process
Thursday 28 April 2022
via Microsoft Teams**

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Manning	(CM)	E.ON Energy
Dan Fittock	(DF)	Corona Energy
David Mitchell	(DM)	SGN
David Morley	(DMo)	Ovo Energy
Ellie Rogers	(ER)	Xoserve
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Harry Brazier	(HBr)	Ofgem
Hursley Moss	(HM)	Cornwall Insight
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Mark Jones	(MJ)	SSE
Richard Pomroy	(RP)	WWU
Robert Johnstone	(RJ)	Utilita
Rhys Kealley	(RK)	British Gas
Steve Mulinganie	(SM)	Gazprom Energy
Tom Stuart	(TSt)	WWU
Tracey Saunders	(TSa)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0781/280422>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 July 2022.

1.0 Introduction and Status Review

1.1. Approval of Minutes (24 March 2022)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

RHa confirmed there was no late papers for the Workgroup to consider. **Review of Outstanding Actions**

Action 0301: Workgroup to consider the presented option assessment and share view of the top 3 options at next meeting.

Update: Workgroup discussed the list of options shown below:

1	Uniform Allocation model based on volume ("vanilla smear")
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2	Static Model
3	Static Model (with regular audit)
4	Utilise existing industry datasets
5	Utilise existing industry datasets (AUGE topup)
6	Balancer of last resort
7	Smoother transition of scaling factor changes
8	UIG Framework responsibility of sub-committee
9	Lengthen the duration of the AUGE term
10	Apply some method of smoothing/mitigation when transitioning from one AUGE regime to the next.

Mark Jones (MJ) shared the view of SSE via email to Joint Office, Option 1 - Uniform Allocation model based on volume ("vanilla smear") is their preferred option and their view is that it should be taken forward under a separate Modification proposal. RHa asked for clarification and MJ confirmed he would not expect the vanilla smear to include large DM sites.

RHa proceeded to seek views from other Workgroup Participants for their preferences. The general consensus was for **Option 1: Uniform Allocation model based on volume ("vanilla smear")** to be developed. There was some support for **Option 6: Balancer of last resort**, though this is limited because the option would be difficult to instigate due to the financial burden the balancer of last resort would have to carry until the values are smeared.

Clare Manning (CM) advised she had not received anything internally, therefore has no preference and is happy with the process as it is now.

Ellie Rogers (ER) advised she was not at the last meeting and has no preference. GE advised he is comfortable with **Option 1: Uniform Allocation model based on volume ("vanilla smear")**. With regards to Feasibility, he said there should be an understanding of who does it and how it is managed that may need drawing out through further discussion.

When Workgroup considered the other preferred option, **Option 6: Balancer of last resort**, GE noted there is little to compare between Option 1 and Option 6, he clarified that Option 6 would entail the creation of new weighting factors and would take a lot of work to implement.

Louise Hellyer (LH) advised Workgroup that she had a recent meeting with a customer to discuss UIG, notably because the price change is quite considerable, and found that the customer wanted a good understanding of the process, something that they could understand better. She noted that it was almost impossible for the customer to understand the current process and in any case, the data required to generate the weightings is published through the AUG Workgroups where they can be discussed. She suggested that **Option 1: Uniform Allocation model based on volume ("vanilla smear")** would be the best option to explain and the best option for the customer to understand.

When asked, LH confirmed that this applies to I&C customers and Domestic customers although I&C customers expect a breakdown of how the figure is derived to be provided.

Steve Mulinganie (SM) agreed that Shippers (and Suppliers) should be able to explain the reasoning to customers to enable a better understanding. SM added that having something that is easy to explain is really important to the customer, if a more complex process were chosen, the customer would have to be able to see the workings out and how the outcome is reached.

It was noted that, a fixed figure, that would be reached if Option 1 was taken forward, not everybody may not like the figure that is reached, but at least it is understandable how that figure is reached.

GE explained that Option 1 (a vanilla smear) would be made up of a value for each Exit Zone which would then be apportioned equally for each active Shipper, everybody has a proportional share, it is not volume weighted.

DF commented that Option 1 would remove the need for an AUGE and the associated AUGE process.

MJ provided the reasoning for his preference for Option 1:

- It would be easy to implement;
- Customers would understand it;
- UIG is quite volatile at the moment
- Option 1 provides less risk for Shippers;
- There has been debate around UIG since *Modification 0229 - Mechanism for correct apportionment of unidentified gas (May 2009)*; with vanilla smear all parts of the Industry would have the same weighting.

When it was mentioned that large Daily Metered sites would require only a tiny weighting factor to be allocated for large DM sites, LH agreed and suggested it would be unfair fair to take the same scale of UIG in the same way and said that it almost puts large DM sites out of scope. Workgroup agreed that large DM sites should be out of scope for Option 1.

SM asked what the difference is between a Vanilla Smear (Option 1) and the suggestion (not part of the Terms of Reference for this Review) of “putting it through Shrinkage”, in his view utilising Shrinkage should be reconsidered in addition to putting proper theft incentives through REC.

MJ noted that making National Grid the Balancer of Last Resort (Option 6) would be part of “putting it through Shrinkage”.

SM commented that a lot of wasted time, effort and money could be saved if Shrinkage was utilised and that this is a Shipper matter which is not going to get fixed.

When it was suggested that a 2-step plan of Option 1 for 2 years, followed by Option 6 could be a transitional option, Workgroup noted that it could take two-years to setup Option 6 - Balancer of Last Resort and Shrinkage would move to a smear but that would be for Product Class 1 only.

Robert Johnstone (RJ) noted that a two-stage approach seems sensible. He also noted that the current method ranks fairly highly for polluter pays.

SM noted that a return to driving UIG through Shrinkage would have the benefit of being able to explain the process to customers in a rationale way and get in a state where it is comfortable to hand over the process as a Code Manager.

Fiona Cottam (FC) was invited to explain, prior to Nexus arrangements UIG was born in the Non-Daily Metered (NDM) market (which was not part of Shrinkage). Shrinkage costs are part of the allowed cost base for the Networks, UIG is an unknown quantity, but there would be a need to correct for that in future years so there could be more volatility seen in future prices.

GE reminded Workgroup that the Terms of Reference for this Review states that Shrinkage is out of scope. He added that as the market is evolving, it is uncertain where Shrinkage may end up.

Dave Mitchell (DM) commented that Workgroup should be looking to move on and close now.

It was explained that **Option 6: Balancer of Last Resort**, the Balancer would be a single Balancer. If Shrinkage were the mechanism for recovery of the monies utilised, that would be for each LDZ. GE said there could be one Balancer of Last Resort per Network or one Nationally which would be determined through further discussion if that option was chosen.

RK noted that if Workgroup were unable to agree the way forward, the process would stay as it is now.

In terms of recommendations, Dan Fittock (DF) suggested **Option 1 Uniform Allocation model based on volume ("vanilla smear")** could be the focus in the Workgroup Report adding that Options 1 and 6 could be taken forward plus the transitional approach for Option 1 combined with and 6 (=Option 7). He believed the other options have no support, although he acknowledged that the current system does have some support.

LH noted that a vanilla smear Option 1, could be implemented quite quickly, the calculation would still work the same as now, but everyone would be allocated the same percentage.

FC noted that in terms of handling a systems change, the weighting factors could be changed, that could be implemented through the current structure and could include no allocation to Product Class 1, but this would need approval at UNCC.

It was clarified that **Option 1, Uniform Allocation model based on volume ("vanilla smear")**, would be very easy to do with regards to a system change, this would entail just new numbers, it would be transparent to customers and would require a unanimous approval at UNCC or a new Modification.

RK referred to the recent DSC Contract Management Committee discussions that took place with regards to UIG recently being very negative. Fiona Cottam (FC) commented that it is likely to be related to over allocation because of AQs reducing very quickly, which itself is most likely due to enforced gas conservation by customers due to the increase in gas prices. March was a very warm month which also causes UIG to be less accurate when the forecast is seasonal normal. Under agenda item 12.3 in the DSC Contract Management Committee Minutes, Mark Perry has provided a commentary, here is a link to the minutes: [Minutes DSC Contract Management Committee 20 April 2022](#)

RHa suggested the next step would be for her to write up the discussions held to date into a Workgroup Report; publish the draft Workgroup Report and finalise this at Workgroup in May 2022. Workgroup Participants agreed.

Action 0301 Closed

2.0 Review of Options Definition Table

Please see the up-to-date Options Definition Table referred to during this Workgroup:

LOW
LOW/MEDIUM
MEDIUM
MEDIUM/HIGH
HIGH

	Options to consider within 0781R	Polluter pays (dynamic)	Feasibility	Drives improvement	Year on year stability	Easy to explain	Robust	Not likely to be continually challenged
-	Current situation	HIGH/MED	HIGH	MEDIUM	LOW/MEDIUM	MEDIUM	MEDIUM	LOW
1	Uniform Allocation model based on volume ("vanilla smear")	LOW	HIGH	LOW/MEDIUM	HIGH	HIGH	HIGH	HIGH
2	Static Model	LOW	HIGH/MED	LOW	HIGH	HIGH	HIGH/MED	LOW
3	Static Model (with regular audit)	LOW	HIGH	LOW/MEDIUM	HIGH	HIGH	HIGH/MED	LOW/MEDIUM
4	Utilise existing industry datasets	MEDIUM	HIGH	HIGH	HIGH	HIGH	MEDIUM	HIGH
5	Utilise existing industry datasets (AUGE top-up)	HIGH/MED	HIGH	MEDIUM	MEDIUM	HIGH	LOW/MEDIUM	LOW/MEDIUM
6	Balancer of last resort	LOW	LOW	LOW	HIGH	HIGH	HIGH	HIGH/MED
7	Smoother transition of scaling factor changes	LOW	MEDIUM	LOW/MEDIUM	MEDIUM	MEDIUM	MEDIUM	LOW
8	UIG Framework responsibility of sub-committee	MEDIUM	HIGH	HIGH/MED	MEDIUM	LOW	MEDIUM	HIGH
9	Lengthen the duration of the AUGE term	HIGH/MED	HIGH	MEDIUM	MEDIUM	LOW	MEDIUM	LOW
10	Apply some method of smoothing/mitigation when transitioning from one AUGE regime to the next.	MEDIUM	MEDIUM	LOW	MEDIUM	LOW	MEDIUM	LOW
	Improve allocation process (several)							
	Increase NDM sample size							
	use shrinkage (not in ToR)							

3.0 Next Steps

RHa advised she will document the discussions held to date into a Workgroup Report; publish the draft Workgroup Report and finalise this at Workgroup in May 2022.

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

Time / Date	Paper Publication Deadline	Venue	Programme
Thursday 10:00 26 May 2022	5pm 17 May 2022	Microsoft Teams	Standard Agenda

Action Table (as at 28 April 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	24/03/22	2.1	Workgroup to consider the presented option assessment and share view of the top 3 options at next meeting.	All	Closed