

**UNC Transmission Workgroup Minutes**  
**Thursday 01 June 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy
Alex Nield	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	SouthHook Gas
Archie Stoker	(ASt)	Engie
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Bethan Winter	(BW)	Wales & West Utilities
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Davide Rubini	(DR)	Vitol
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
Emma Robinson	(ER)	EON Energy
Hannah Reddy	(HR)	Xoserve
James Lomax	(JL)	Cornwall Insight
Joseph Leggett	(JLe)	Interconnector
Julie Cox	(JCs)	Energy UK
Kathryn Adeseye	(KA)	Xoserve
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Matthew Newman	(MN)	National Gas Transmission
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins (Proposer)	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Sallyann Blackett	(SA)	EON Energy
Steve Mulinganie	(SM)	SEFE Energy
<p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <a href="https://www.gasgovernance.co.uk/0844/010623">https://www.gasgovernance.co.uk/0844/010623</a>.</i></p>		

**1. Introduction and Status Review**

Eric Fowler (EF) welcomed all parties to the meeting.

**1.1. Approval of minutes (04 May and 16 May 2023)**

Both sets of minutes were approved.

## 1.2. Approval of Late Papers

None

## 1.3. Review of Outstanding Actions

**0501:** National Gas Transmission (PL) to provide an explanation of why its Proposal regarding B 1.3.1 (which contemplates offtake without holding capacity) will not encompass J 3.10.1 and 3.10.2 which limits entitlement to offtake to the maximum rate of offtake

**Update:** Phil Lucas (PL) provided a paper that sets out why the National Gas Transmission proposal regarding B 1.3.1 (which contemplates offtake without holding capacity) will not encompass J 3.10.1 and 3.10.2 which limits entitlement to offtake to the maximum rate of offtake and advised National Gas Transmission do not believe there is a requirement for change. Please refer to the published paper for a detailed explanation: [www.gasgovernance.co.uk/TX/010623](http://www.gasgovernance.co.uk/TX/010623).

JCx noted that the explanation provided is essentially saying there are parts of Code text that are irrelevant and in practice, they would not have an effect.

When PL was asked to take an action to clarify that interventions by National Gas Transmission would only be if the safety of the system is in jeopardy, he advised that is set out in the last sentence of the paper:

*As set out in the Questions and Answers document issued following the December 2022 Exit Constraints webinar, at present National Gas Transmission does not physically prevent flows other than in an Emergency situation.*

Steve Mulinganie (SM) noted that there appear to be large sections of text in the Code that are superfluous and asked for it to be recorded in the minutes that if someone wishes to raise a Modification to remove redundant text, which would likely be a Self-Governance Modification but would require lots of scrutiny so it does not unpick anything else in Code, they can do so.

**Action Closed.**

**0502:** Request to be submitted to investigate apparent inconsistencies between the System Management Principles (SMPs), Licence and UNC.

**Update:** It was confirmed there is no sponsor as yet for this action, therefore it is deferred to the July 2023 Transmission Workgroup.

JCx added further clarity on what is required and advised outlining the hierarchy of the regulatory frameworks and how they should work together, with the principle being that if there is something in a lower hierarchical document that disagrees with something in a higher hierarchical document, the higher document prevails.

The challenge then is, if the higher hierarchical document references a lower hierarchical document, does that trump its place in the hierarchy? If it does that would elevate the Methodology Statements above their place in the hierarchy.

SM asked if there are instances where something else applies, if it does, which scenarios and why are they dealt with differently, and if they are dealt with differently, can they be?

**New Action 0601:** Joint Office (EF) to investigate if is within the remit of Workgroup to request Legal Advice for clarification.

It was suggested the action for 0502 is re-phrased accordingly:

**Action 0502:** Request to be submitted to investigate apparent inconsistencies between the System Management Principles (SMPs), Licence and UNC *outlining the hierarchy of the regulatory frameworks and how they should work together, with the principle being that if there is something in a lower hierarchical document that disagrees with something in a higher hierarchical document, the higher document prevails.*

**Carried Forward**

#### 1.4. Industry Update from Ofgem

The following update was provided to the estimated decision dates timetable published on 25 April 2023 at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Ofgem Representative Matthew Chandy (MC) provided an update specific to Modification 0761 and 0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes advising that the Estimated Decision Dates are likely to change with Modification 0761 now to be confirmed and 0823 will be December 2023.

#### 1.5. Pre-Modification discussions

There were no pre-Modification discussions.

### 2. GS(M)R Review

No update.

### 3. Transmission Horizon Plan

The National Gas Transmission Change Horizon plan was shown which details:

**0761** - Arrangements for Interconnectors with additional Storage capability which is currently showing a June 2023 decision date, will need to be moved on the plan following the update provided in agenda item 1.4.

**0823** - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes expecting an Ofgem decision date in December 2023.

PH advised there is a ROM in development for new Modification 0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024, this is not yet featured on the plan, but will do shortly.

#### Gemini Sustain Plus

Further information was shared on how parties can engage with the Gemini Sustain Plus Programme as follows:

- Gemini Sustain Focus Group
- Utilise Industry Forums
- Market Trials
- Training

Further information can be found on the Xoserve [XRN5564](#) webpage. A dedicated webpage is in the process of being created with FAQs and will develop over the course of the programme.

### 4. Workgroups

The following Workgroup meetings took place:

#### 4.1. 0844 - Enabling Direct Contractual Arrangements with Consumers for Demand Side Response National Gas (PH) Information 6.2

(Report to Panel 15 June 2023)

<https://www.gasgovernance.co.uk/0844>

#### 4.2. 0845 - Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

(Report to Panel 15 June 2023)

<https://www.gasgovernance.co.uk/0845>

**4.3. 0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024**

(Report to Panel 17 August 2023)

<https://www.gasgovernance.co.uk/0846>

**4.4. 0848 - Alignment of Entry and Exit Capacity Constraint Management Provisions**

(Report to Panel 17 August 2023)

<https://www.gasgovernance.co.uk/0848>

**5. Issues**

No new issues have been identified.

**6. Any Other Business**

**6.1. Mercury Consultation**

PH provided an update on the NTS Specification for Mercury limits advising the survey was launched last week and will be open for 4 weeks.

If you would like to take part in the survey and have not already received an invitation, please email [Kirsty.Appleby@nationalgas.com](mailto:Kirsty.Appleby@nationalgas.com).

**6.2. User Rep Process**

Helen Bennett (HB) advised Workgroup that the User Representation Appointment Nomination Process will commence on Friday 30 June 2023 and will run for 3 weeks.

**7. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 06 July 2023	5 pm Wednesday 28 June 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 03 August 2023	5 pm Wednesday 26 July 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 September 2023	5 pm Wednesday 30 August 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 October 2023	5 pm Wednesday 27 September 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 December 2023	5 pm Wednesday 29 November 2023	Microsoft Teams	Standard Transmission Workgroup Agenda

<b>Transmission Workgroup Action Table</b>						
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Reporting Month</b>	<b>Owner</b>	<b>Status Update</b>
0501	04/05/23	1.3	National Gas Transmission (PL) to provide an explanation of why its Proposal regarding B1.3.1 (which contemplates offtake without holding capacity) will not encompass J 3.10.1 and 3.10.2 which limits entitlement to offtake to the maximum rate of offtake	June 2023	National Gas (PL)	<b>Closed</b>
0502	04/05/23	1.5.2	Request to be submitted to investigate apparent inconsistencies between the System Management Principles (SMPs), Licence and UNC.	TBC	Sponsor Required	<b>Pending Sponsor</b>
0601	01/06/23	1.3	Joint Office (EF) to investigate if is within the remit of Workgroup to request Legal Advice for clarification	July 2023	Joint Office (EF)	<b>Pending</b>

**UNC Workgroup 0844 Minutes  
Enabling Direct Contractual Arrangements with Consumers for  
Demand Side Response  
Thursday 01 June 2023  
via Microsoft Teams**

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Eric Fowler (Chair)	(EF)	Joint Office
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Archie Stoker	(ASt)	Engie
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Bethan Winter	(BW)	Wales & West Utilities
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Davide Rubini	(DR)	Vitol
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<p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="https://www.gasgovernance.co.uk/0844/010623">https://www.gasgovernance.co.uk/0844/010623</a></i></p>		

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (04 May 2023 and 16 May 2023)

Approved

### 1.2. Approval of Late Papers

Late papers were noted for the provision of draft amendments to the Modification, action updates and the Rough Order of Magnitude (ROM).

### 1.3. Review of Outstanding Actions

**0501:** NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845.

**Update:** Phil Hobbins (PH) referred to the material provided for the EBCC Summary of discussions and the National Gas Transmission (NGT) response, both of which have been included in the Workgroup Report and noted the following:

Where NGT is contracting directly with end-Consumers for Demand Side Response (DSR), if the Consumer fails to respond, they will become liable for repayment of the Option Fee, which is scaled based on the number of days of successful compliance. This could result in the Consumer owing money to Neutrality.

PH explained consideration of to what extent should that potential liability be secured ahead of time, and, whereas it is unlikely to get to this position, and recognising the concerns of EBCC members, it is accepted the risk is small and NGT are keen to balance the risk against putting undue barriers in the process.

PH clarified NGT propose to implement a Credit Check as part of the assessment process. This will give NGT a sum of which is the recommended contractual limit that should be entered into, if the potential liability could exceed the value, NGT can ask the consumer for security to cover the shortfall.

PH advised the preference is this is in the contract rather than UNC. Operating based on standard conditions within the contract and would be transparent.

Steve Mulinganie (SM), as an EBCC member, thanked PH for taking on board the concerns of the EBCC and offering a suitable way forward.

**Action closed**

## 2.0 Modification Assessment

The Proposer, Phil Hobbins (PH) provided the Workgroup with a review of the amendments he is intending to make to the Modification, which, once submitted for processing, will make the Modification v3.0.

Please refer to the published draft Amended Modification Version 3.0 published at: <https://www.gasgovernance.co.uk/0844/010623>.

PH summarised the key changes as follows:

- Restrictions that a tender applies and the number of days on which a DSR can be exercised.
- A change relating to the determination of quantity.
- New sites and how to deal with them.
- Clarification of treatment of any bad debt.

### **Business Rule (BR) Changes:**

The Workgroup considered the suggested changes to the Business Rules, a summary of discussions held is as follows:

**BR17b:** *in respect of a Winter Period in Y+1 and/or Y+2, NGT shall notify the Consumer of its average daily demand for the preceding Winter Period and hence the DSR reduced quantity it has offered not later than 30 June in the preceding Gas Year to which the DSR Option applies. (For example, if in response to the 2023 invitation, NGT accepts an offer from a consumer for Winter Periods 2023/24 and 2024/25, NGT would inform the consumer of its average demand for Winter Period 2023/24 and hence what its DSR reduced quantity is for Winter Period 2024/25 not later than 30 June 2024). Where the demand reduction quantity is less than 100,000 kWh/d, NGT shall notify the Consumer and the Consumer may then provide information to NGT to demonstrate that its demand reduction quantity shall be greater than or equal to 100,000 kWh/d. Where such information is provided to NGT's reasonable satisfaction by 31 August in the preceding Gas Year, the DSR Option shall remain in force with a projected average daily demand and the DSR quantity agreed by the parties and otherwise shall lapse.*

SM sought clarification that y+1 and 2 are subject to assessment and scaled accordingly if they cannot reach the previous year's demand reduction requirement. But if their demand reduction drops below the minimum requirement of 100,000 kWh/d, they would no longer be compliant with minimum requirements.

When the minimum requirement of 100,000 kWh/d was challenged as being too high, PH noted the comments made but ensured that the value set seems right and he is not considering moving that as part of this Modification, however, he may consider aggregation as part of a future Modification.

SM made a general comment in that a number of parties have raised concerns with Shippers regarding notifications to Shippers when a DSR is undertaken. As currently drafted the Modification does not suggest any communication with the relevant Shipper.

PH acknowledged the concern and noted that this would require additional arrangements to be put in place to accommodate GNCC issuing a communication to Shippers and said that this should sit with an arrangement between the Shipper and the Consumer rather than NGT.

EF asked if NGT has explored whether a generic Automated Notification Service (ANS) message can be broadcast that a DSR has been called so that there is awareness. PH advised that is effectively done by issuing a Margins Notice which should be an alert to Shippers.

*A Margins Notice (MN) is information provided to all NTS users, indicating a potential supply/demand imbalance for the coming gas day. An MN is issued from 13:00 D-1, following an assessment of the expected available supply level against forecast total system demand. If demand is greater than supply (by any value), an MN will be issued via ANS.*

SM noted that ultimately there is a consequential risk to the customer, some risk that something might get lost in translation and whilst he appreciates the points made by NGT, he feels this extra piece of communication should be there.

Julie Cox (JCx) noted that NGT has a pool of staff that can be called on when an emergency arises, therefore there would be additional resources to draw upon in these circumstances.

Bethan Winter (BW) advised, from a GDN perspective, if an embedded site would want to have the communication, the GDN may have contact details that the GNCC could utilise. PH confirmed there is an existing procedure to notify GDN (via ANS) when a DSR is enforced.

PH re-confirmed that notification to the Shipper is not something NGT can commit to and asked Workgroup to appreciate GNCC staff will have numerous other things to do then, which is one of the other reasons NGT cannot commit to this.

### **Rough Order of Magnitude (ROM)**

ER advised there are no Gemini system changes expected as a result of this Modification and there are existing processes for invoicing (paper invoice) which would be utilised.



It was noted that it is assumed that if volumes do not exceed 30 consumers, there would be no additional ongoing costs.

JCx observed ROM and provided feedback on the ordering of the report. She noted that the outcome of the ROM is at the end of the report and feels it would sit much better if it was at the beginning of the report or maybe an executive summary at the beginning.

ER noted the comments made and advise she will consider them.

### **Consolidated Legal Text**

PH provided a detailed walkthrough of the Legal Text changes which were shown in mark-up. The key changes were to the following sections of the Transportation Principal Document:

- Section D – Operational Balancing and Trading Arrangements
- Section F – System Clearing, Balancing Changes and Neutrality

PH explained the proposed Legal Text which was provided in a consolidated format to incorporate updates for both Modification 0844 and 0845. PH explained the approach was to redraft *Modification 0822 - (Urgent) - Reform of Gas Demand Side Response Arrangements* section of Legal text, retain the relevant Code and add in new text consistent with Modifications 0844 and 0845.

Please refer to the published consolidated Legal Text published at: <https://www.gasgovernance.co.uk/0845/010623>.

The Workgroup discussions relating to the consolidated Legal Text are summarised as follows:

- PH noted clause 7.7.6 specifically outlines that National Gas Transmission will notify the relevant DN Operator where a DSR Option is exercised for a Supply Meter Point that is an LDZ Supply Meter Point.
- Workgroup identified there are some obligations within the Legal Text that relate to Consumers who are not parties to the UNC and thus the clauses are unenforceable. These may be better addressed in the Terms and Conditions of the bilateral contract. It was suggested that the terms of the bilateral contract should be consulted on in parallel with the Modification.
- JCx noted there should be a clause in the UNC that binds NGT that there will not be anything in the contract with consumers that prevents disclosure of relevant information to the Supplier/Shipper to enable parties to perform their obligations.

### **3.0 Development of Workgroup Report**

In undertaking a detailed onscreen review of the draft Workgroup Report, EF completed amendments in-line with the feedback provided by those Workgroup participants in attendance.

EF recognised the amendments to the Modification are not yet processed and that he will be writing Workgroup Report based on the amendments that Workgroup have reviewed at this meeting.

A high-level summary of the most notable updates to the document undertaken being:

JCx suggested that Ofgem should acknowledge its role in saying if something is compliant or not. Referring to Modification 0822 (Urgent) - Reform of Gas Demand Side Response Arrangements, which is where this amendment should have been addressed, the assumption could be made, as Ofgem approved the Modification, therefore it explicitly says it must be compliant, but the Ofgem decision letter does not mention this.

JCx said that Ofgem should specifically say, for Balancing Code purposes, they think this Modification is necessary.

SM commented that there is a gap that needs filling to avoid a problem, and if an Annual Review is required it should be reflected in the Business Rules and consideration needs to be given to how an Annual Review will interact with a multi-year contract.

PH referred to discussions that took place at the last meeting and advised, the rationale, based on Consumer feedback says that investments need to be made to be able to participate in a DSR. He concludes that if a Consumer is entering into DSR Options at a point in time for 3 years, the basis of a risk perception that is current at a point in time if the Consumer has already got options in place for y1 and 2, they can take into account the aggregate level of option payment and quantity NGT wish to accept in the next year.

JCx noted this needs to be very clear who does what when and how in terms of this Annual Review as to what you then do for the following year pre the end of August.

PH options into a prices stack, subject to threshold build which Ofgem have as an oversight. PH said that the Annual Review could be made an obligation and then a decision would be made whether or not to do a Tender. The Modification is not proposing that, and implicitly subjectivity and judgement are automatically built into this process.

When asked, the Ofgem representative (MC) advised that Ofgem will get back to Workgroup with a View.

JCx highlighted the process would be back to front and inefficient, running the process regardless of whether it is needed because Code says you should, the assessment of whether it is needed should be done first.

PH advised the commitment would be to run an Annual process which would give some certainty to Customers and Shippers.

SM provided suggested wording for the Workgroup Report:

*The Annual Review should include a positive affirmation from the NRA that any new DSR arrangements are allowable.*

#### 4.0 Next Steps

Expected next steps:

- Formal submission of Amended Modification which will be v3.0.
- Submission of final Legal Text
- Workgroup Report submission to UNC Modification Panel on 15 June 2023.

#### 5.0 Any Other Business

None.

#### 6.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

The final Workgroup meeting will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Monday 05 June 2023	n/a	Microsoft Teams	<ul style="list-style-type: none"> <li>• Modification Assessment                             <ul style="list-style-type: none"> <li>• Consideration of Legal Text</li> </ul> </li> <li>• Completion of Workgroup Report</li> </ul>

<b>0844 Action Table</b>						
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Reporting Month</b>	<b>Owner</b>	<b>Status Update</b>
<b>0501</b>	04/05/23	1.0	NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845	June 2023	National Gas (PH)	<b>Closed</b>

**UNC Workgroup 0845 Minutes  
Enhancements to Demand Side Response (DSR) Arrangements  
including a D-5 Product  
Thursday 01 June 2023  
via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy
Alex Nield	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	SouthHook Gas
Archie Stoker	(ASt)	Engie
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Bethan Winter	(BW)	Wales & West Utilities
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Davide Rubini	(DR)	Vitol
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
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Phil Lucas	(PL)	National Gas Transmission
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<p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="https://www.gasgovernance.co.uk/0845/010623">https://www.gasgovernance.co.uk/0845/010623</a></i></p>		

## 1.0 Introduction and Status Review

### 1.1. Approval of Minutes (16 May 2023)

Approved

### 1.2. Approval of Late Papers

None to approve.

### 1.3. Review of Outstanding Actions

**0501:** NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845.

**This action was repeated from Workgroup 0844 and is included here for completeness as the two Modifications were considered in parallel**

**Update:** Phil Hobbins (PH) referred to the material provided for the EBCC Summary of discussions and the National Gas Transmission (NGT) response, both of which have been included in the Workgroup Report and noted the following:

Where NGT is contracting directly with end-Consumers for Demand Side Response (DSR), if the Consumer fails to respond, they will become liable for repayment of the Option Fee, which is scaled based on the number of days of successful compliance. This could result in the Consumer owing money to Neutrality.

PH explained consideration of to what extent should that potential liability be secured ahead of time, and, whereas it is unlikely to get to this position, and recognising the concerns of EBCC members, it is accepted the risk is small and NGT are keen to balance the risk against putting undue barriers in the process.

PH clarified NGT propose to implement a Credit Check as part of the assessment process. This will give NGT a sum of which is the recommended contractual limit that should be entered into, in the event that the potential liability could exceed the value, NGT can ask the consumer for security to cover the shortfall.

PH advised the preference is this is in the contract rather than UNC. Operating on the basis of standard conditions within the contract and would be transparent.

Steve Mulinganie (SM), as an EBCC member, thanked PH for taking on board the concerns of the EBCC and offering a suitable way forward.

**Action closed**

## 2.0 Modification Assessment

The Proposer, Phil Hobbins (PH) provided the Draft Amended Modification, which had been updated to align with the discussions and pre-advised changes presented on 04 May 2023, to enhance the current Demand Side Response (DSR) Arrangements including a D-5 Product to deliver greater optionality for Users and consumers and provided the Workgroup with a review of the amendments he is intending to make to the Modification, which, once submitted for processing, will make the Modification v3.0.

Please refer to the published draft Amended Modification Version 3.0 published at: <https://www.gasgovernance.co.uk/0845/010623>.

The Workgroup raised no concerns with the changes outlined.

**Consolidated Legal Text**

PH provided a detailed walkthrough of the Legal Text changes which were shown in mark-up. The key changes were to the following sections of the Transportation Principal Document:

- Section D – Operational Balancing and Trading Arrangements
- Section F – System Clearing, Balancing Changes and Neutrality

PH provided an explanation of the proposed Legal Text which was provided in a consolidated format to incorporate updates for both Modification 0844 and 0845. PH explained the approach was to redraft *Modification 0822 - (Urgent) - Reform of Gas Demand Side Response Arrangements* section of Legal text, retain the relevant Code and add in new text consistent with Modifications 0844 and 0845.

Please refer to the published consolidated Legal Text published at: <https://www.gasgovernance.co.uk/0845/010623>.

The Workgroup discussions relating to the consolidated Legal Text are summarised as follows:

- PH noted clause 7.7.6 specifically outlines that National Gas Transmission will notify the relevant DN Operator where a DSR Option is exercised for a Supply Meter Point that is an LDZ Supply Meter Point.
- SM noted, clause 7.9.2 relates to a Consumer who is not a party to UNC and that the obligation is on the Shipper to make sure the customer has arrangements. When PH clarified this is making clear the expectation of the Consumer, it was suggested a Guidance Document that clarifies the process should accompany the Legal Text. PH confirmed he will discuss this with the lawyers. SM added that SEFE Energy is supportive of the Modification, but the Legal Text implies an obligation on Shippers on a contract that they are not a party to.
- Workgroup discussed the relevance of including a consumer DSR contract within the Legal Text as consumers are not a party to the UNC.
- It was recognised that a small amendment is necessary to 7.9.4 to ensure this relates to a Consumer DSR Option.
- PH clarified that he would build into the contract that there should be no obstruction in terms of confidentiality from obtaining information needed to ensure a Shipper can discharge its obligations.
- SM asked if it is a possible scenario where a Customer bids into the process themselves and also bids through a Shipper, what would NGT do in those circumstances? PH confirmed this is covered in the text, NGT will accept either one or neither.

### **3.0 Development of Workgroup Report**

In the interest of time, and as an extraordinary meeting is planned for Monday 06 June 2023, it was agreed that completion of the Workgroup Report will be concluded on Monday 06 June 2023 when the final review of the Legal Text is complete.

### **4.0 Next Steps**

Expected next steps:

- Formal submission of Amended Modification which will be v3.0.
- Submission of final Legal Text
- Workgroup Report submission to UNC Modification Panel on 15 June 2023.

### **5.0 Any Other Business**

None.

## 6.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

The final Workgroup meeting will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Monday 05 June 2023	n/a	Microsoft Teams	<ul style="list-style-type: none"> <li>• Modification Assessment</li> <li>• Consideration of Legal Text</li> <li>• Completion of Workgroup Report</li> </ul>

0845 Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0501	04/05/23	1.0	NGT (PH) to explore if there are any potential credit balancing concerns or impacts to the Energy Balancing Credit Risk process rules and controls for Modification 0844 and 0845	June 2023	National Gas (PH)	Closed

**UNC Workgroup 0846 Minutes  
Use of Entry Capacity Holdings at Easington at the Rough Storage  
ASEP in Winter 2023/2024**

**Thursday 01 June 2023**

**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy
Alex Nield	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	SouthHook Gas
Archie Stoker	(ASt)	Engie
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Bethan Winter	(BW)	Wales & West Utilities
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Davide Rubini	(DR)	Vitol
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
Emma Robinson	(ER)	EON Energy
Hannah Reddy	(HR)	Xoserve
James Lomax	(JL)	Cornwall Insight
Joseph Leggett	(JLe)	Interconnector
Julie Cox	(JCs)	Energy UK
Kathryn Adeseye	(KA)	Xoserve
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Matthew Newman	(MN)	National Gas Transmission
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins (Proposer)	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Sallyann Blackett	(SA)	EON Energy
Steve Mulinganie	(SM)	SEFE Energy

*The Workgroup Report is due to be presented at the UNC Modification Panel by 17 August 2023.*

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0846/010623>*



## 1.0 Outline of Modification

The Proposer's representative, Nick Wye (NW)

NW presented the Modification, explaining that it seeks to ensure entry capacity holdings at the Easington Aggregated System Entry Point (ASEP) can be utilised at the Rough Storage ASEP during Winter 2023/24 in the same way as they were during Winter 2022/23. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0846>.

NW explained that the Modification reflects the wider energy issues being experienced by the industry as a consequence of the war in Ukraine and is looking to 'level up' the playing field. He then went on to point out that the Modification seeks to build upon the (temporary) provisions of Modification 0817 - *Treatment of Existing Capacity Holding at Easington on creation of the new Rough Storage ASEP*, although it should be recognised that at this juncture Centrica is not 100% certain of the longer-term solution requirements.

NW referred to the now 'stranded' capacity that was purchased due to the enforced separation and creation of the Rough ASEP which has undermined entry capacity bookings made at Easington.

The Modification is proposed as an Authority Direction as it will have a material impact on the security of supply and competition in the gas shipping sector.

The Modification is currently planned for a 3-month Workgroup development, but the hope is that this can be expedited on the grounds that it replicates the solution adopted for Winter 2022/23 under Modification 0817 with no more than a minor enhancement to enable **all** Users with Easington ASEP capacity acquired before the establishment of the Rough ASEP to use the redesignation mechanism to promote optimal use of the Rough storage facility, implementation (if directed by Ofgem) is required as soon as possible and in any event before the withdrawal season commencing in Q4 2023.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

Q1. Workgroup is asked to provide a view on what is the effect of this Modification on competition.

NW advised the approach for this Modification is consistent with the approach for Modification 0817 - *Treatment of Existing Capacity Holding at Easington on creation of the new Rough Storage ASEP*. It respects that a party-bought capacity for the purpose of withdrawing gas from storage. The implementation of the changes to the charging regime in October 2020 and the subsequent splitting of the Easington ASEP would undermine the basis on which they were originally acquired – by extension, as this proposal enables a User to utilise already acquired entry capacity is good for competition.

It will, assuming existing contracts are utilised, bring down the cost of gas as it will reduce the overall cost of delivering gas to the NTS from the Rough facility.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

As matters have been referred from the Panel a specific Terms of Reference will be published alongside the Modification at [www.gasgovernance.co.uk/0846](http://www.gasgovernance.co.uk/0846)

## 3.0 Next Steps

The following next steps were confirmed:

- Development/completion of the Workgroup Report

#### 4.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 06 July 2023	5 pm Wednesday 28 June 2023	Microsoft Teams	Modification Assessment Review of Business Rules
10:00 Thursday 03 August 2023	5 pm Wednesday 26 July 2023	Microsoft Teams	Review of Legal Text Completion of Workgroup Report

0846 Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
No outstanding actions						

## UNC Workgroup 0848S Minutes Alignment of Entry and Exit Capacity Constraint Management Provisions

**Thursday 01 June 2023**

**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy
Alex Nield	(AN)	Storengy
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	SouthHook Gas
Archie Stoker	(ASt)	Engie
Benjamin Cull	(BC)	Department for Energy Security and Net Zero
Bethan Winter	(BW)	Wales & West Utilities
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Davide Rubini	(DR)	Vitol
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
Emma Robinson	(ER)	EON Energy
Hannah Reddy	(HR)	Xoserve
James Lomax	(JL)	Cornwall Insight
Joseph Leggett	(JLe)	Interconnector
Julie Cox	(JCs)	Energy UK
Kathryn Adeseye	(KA)	Xoserve
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Matthew Newman	(MN)	National Gas Transmission
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins (Proposer)	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Sallyann Blackett	(SA)	EON Energy
Steve Mulinganie	(SM)	SEFE Energy
<p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 17 August 2023.</i></p> <p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="https://www.gasgovernance.co.uk/0848/010623">https://www.gasgovernance.co.uk/0848/010623</a></i></p>		

## 1.0 Outline of Modification / Request

The Proposer, P Lucas (PL) presented the Modification, explaining that it seeks to clarify in the UNC that National Gas Transmission (NGT) will apply the System Management Principles in the course of the management of an Exit Capacity Constraint. This will align the Exit Capacity arrangements with existing UNC terms relating to Entry Capacity Constraint Management, and also with the Exit Capacity release principles set out in the Exit Capacity Release Methodology Statement. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0848>.

PL explained that the 'No change' option is, in essence, the do-nothing approach whereas the favoured approach is to clarify an Exit Capacity Constraint scenario which removes ambiguity for Users whilst aligning the Exit Capacity arrangements with UNC terms and the Capacity Release principles set out in the ExCR and SMPS.

PL advised it is important to note no change to the constraint management arrangement if this Modification is implemented.

PL indicated that Legal Text would be ready for consideration at the next Workgroup meeting.

Workgroup discussed the alignment of the Entry and Exit Capacity Constraint Management Provisions within the context of the hierarchy of the Regulatory Framework and it was noted that the approach proposed is similar to other situations and potentially inconsistent because it calls up the lower-level provisions document. This is an issue that has been debated more generally within the Transmission Workgroup where Code and Licence appear to conflict. PL responded that it is no more so than elsewhere and that what is being sought is consistency between entry and exit arrangements.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

None raised.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at [www.gasgovernance.co.uk/mods](http://www.gasgovernance.co.uk/mods).

## 3.0 Next Steps

The following next steps were confirmed:

- Workgroup Report development.
- Review of draft Legal Text
- Consider if this Modification is implementable.
- Consider the regulatory framework where the Licence is referring down to documents that sit on the other side of the Code.

## 4.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
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10:00 Thursday 06 July 2023	5 pm Wednesday 28 June 2023	Microsoft Teams	Modification Assessment Review of Business Rules
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0848S Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
No outstanding actions						