

UNC Transmission Workgroup Minutes
Thursday 06 April 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy Ltd
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Gas Transmission
Benjamin Cull	(BC)	BEIS
Bethan Winter	(BW)	WWU
Charlotte Gilbert	(CG)	BU-UK
Chimaobi Maduka	(CM)	Procode
Chris Wright	(CWr)	ExxonMobil Gas Marketing Europe Limited
Christiane Sykes	(CS)	Shell
Claire Proctor	(CP)	Petronas
Clara Onojorhovwo	(CO)	Brook Green Supply
Colin Paine	(CP)	Engie UK Power Ltd
Eddie Proffitt	(EP)	Major Energy Users Council
Ellie Rogers	(ER)	Xoserve
Harriet Reece	(HRe)	BEIS
Hursley Moss	(HM)	Cornwall Insight
Isabel Capp	(IC)	BEIS
Jeff Chandler	(JCh)	SSE
Jenny Rawlinson	(JR)	BU-UK
Joseph Leggett	(JL)	Interconnector
Julie Cox	(JCx)	Energy UK
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJ)	RWE
Louise Hellyar	(LH)	TotalEnergies Gas & Power
Mariachiara Zennaro	(MZ)	Centrica
Marion Joste	(MJ)	ENI
Mark Rixon	(MR)	Waters Wye Associates
Martin Cahill	(MC)	National Gas Transmission
Matthew Chandy	(MCh)	Ofgem
Matthew C Smith	(MS)	Xoserve
Matthew Newman	(MN)	National Gas Transmission
Michael King	(MK)	BEIS
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Steve Mulinganie	(SM)	SEFE Energy Ltd

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 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: <https://www.gasgovernance.co.uk/TX/060423>

1. Introduction and Status Review

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

1.1. Approval of minutes (02 March 2023)

The minutes from the previous meeting were approved, following the requested amendments to page 2.

1.2. Approval of Late Papers

It was noted that the material for the pre-Modification discussions and Milford Haven Risk were late papers. All papers provided were approved for consideration.

1.3. Review of Outstanding Actions

1201: National Grid (PL) to provide more clarity about emergency procedures and scenarios when overruns occur.

Update: Phil Lucas (PL) confirmed this has not yet been concluded, therefore it was requested this action is carried forward to the May 2023 meeting. Julie Cox (JCx) confirmed National Gas Transmission has shared correspondence offline and accepted the extension to carry forward the action to May 2023. **Carry Forward.**

0102: National Grid (PL) to provide a cross-reference between UNC Section B and Section J about Overruns.

Update: See Action 1202 - PL confirmed this has not yet been concluded, therefore it was requested this action is carried forward to the May 2023 meeting. **Carried Forward.**

1.4. Industry Update from Ofgem

The following update was provided to the estimated decision dates timetable published on 17 March 2023 at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	TBC
0761 - Arrangements for Interconnectors with additional Storage capability	28 April 2023
0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	19 May 2023
0818 - Releasing of unused capacity under a specific set of circumstances	Not on the 17 March publication
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0840 (Urgent) - Equalisation of prepayment and non-prepayment AUG factors	Not on the 17 March publication

1.5. Pre-Modification discussions

The Proposer, Phil Hobbins (PH) provided a recap from the previous Workgroup meetings reflecting on the purpose of *Review 0835R - Review of Gas Demand Side Response Arrangements*, which has discussed potential further reforms that could increase the DSR quantities available to National Gas Transmission (NGT) in the event of a national supply shortage.

PH outlined the solutions proposed for progressing for Winter 2023/24 implementation which is:

- NGT contracting directly with consumers
- Longer lead-time DSR product - D-5 product
- Eligibility and aggregation - Enable Product Class 2 site eligibility – Shipper Tender Process
- Review of Modifications 0822 (Urgent) - Reform of Gas Demand Side Response Arrangements, and 0833 (Urgent) - Enabling Demand Side Response (DSR) Market Offers to be made by Non-Trading System Transactions, to identify any potential enhancements to the solutions implemented for these Modifications.

1.5.1. To enable NGT-consumer contracting for class 1 sites for within day, D-1 and D-5 DSR products

Phil Hobbins (PH) presented the Modification submitted for the April UNC Panel meeting and outlined the purpose of the Modification.

Please refer to the Modification published at: www.gasgovernance.co.uk/tx/060423

The purpose of this Modification is to expand the scope of the Demand Side Response (DSR) arrangements (as set out in the UNC) to enable the establishment of direct contractual arrangements between National Gas Transmission (NGT) and individual Consumers for the voluntary reduction of their gas demand.

PH commented that development will be resource intensive for NGT and confirmed that a Licence change will be required and that Contract development; a consultation process; Implementation; Procurement event and an Assessment process all need to be developed.

PH advised several issues are outstanding which include the risk of having to call a large number of sites to exercise any DSR; the delivery of an invoicing process for non-Shippers and decisions on which products to implement (Within-Day; D-1 and D-5).

Eddie Proffitt (EP) noted the increase in resources that National Gas Transmission may have to recruit but noted that the list of tasks misses liaison between NGT and consumers and urged that DSR should be 'marketed' to consumers. PH acknowledged that National Gas Transmission currently have engagement with end-consumer groups and agreed to consider adding further meetings with a wider group.

PH outlined that the arrangement under direct contracting should be that the User is informed there is an option arrangement in place.

Steve Mulinganie (SM) expressed a concern at how this obligation for the consumer to inform the Shipper might be enforced and requested early sight of the drafting of the Terms and Conditions.

PH confirmed his ambition is to have the Terms and Conditions available by the start of the consultation on the Modification.

In respect of the question whether direct contracting is permitted under the Gas Act Richard Fairholme (RF) noted he is struggling to see what has changed as this has been considered many times in the past but has been deemed to be non-compliant, RF asked for elaboration as to why the view of NGT appeared to have changed. PH advised he will revisit what was

presented in Workgroup 0835R to see if there is more that can be shared, this will be done during (Modification) Workgroup meetings.

EP highlighted that during the development of *Modification 0504 - Demand Side Response (DSR) Methodology Implementation* it identified that DSR Offers cannot be viewed by National Grid (National Gas).

JCx provided the link to a presentation provided as part of *Modification 0435 - Arrangements to better secure firm gas supplies for GB customers*: <https://www.gasgovernance.co.uk/sites/default/files/ggf/435%20workgroup%20slides%20v2.pdf>, which clearly states that National Grid (National Gas) cannot contract directly with demand side for gas.

Workgroup considered at length, whether National Gas Transmission being able to contract DSR offers directly with consumers, is compliant or not and agreed that this discussion will be resumed during Workgroup meetings.

PH concluded by confirming the intention to present the proposal to the April 2023 Modification Panel meeting and recommending that Authority Direction procedures are followed.

1.5.2. To introduce a D-5 product into the existing UNC arrangements

Phil Hobbins (PH) presented the Modification submitted for the April UNC Panel meeting and outlined the purpose of the Modification.

Please refer to the draft Modification published at: www.gasgovernance.co.uk/tx/060423.

This Modification, raised as an output from Request 0835R, seeks to:

- *Extend eligibility to participate in gas DSR to Class 2 Consumers;*
- *Amend the determination of the quantity of demand reduction under a DSR Option;*
- *Enable DSR Option Offers to specify a maximum number of days on which the DSR Option could be exercised and incorporate this into the NGT assessment process for DSR Options;*
- *Clarify the obligations of a User if a DSR Option is exercised;*
- *Provide greater optionality for Users and Consumers in the DSR Options tender process; and*
- *Enable National Gas Transmission (NGT) to procure DSR Options that may be exercised with a 5-day lead-time.*

PH explained that a Licence change will be required, the Modification has already been drafted and this process could be included in the Within-Day and D-1 options tender.

PH advised some issues are outstanding which include Markets in Financial Instruments Directive (MFID) compliance; how the mechanism would be executed and if any improvements can be made to the current D-5 Margins Notice Forecast process.

Steve Mulinganie (SM) asked what would happen if an exercise of DSR is called at D-5 but then the supply situation improves. Workgroup considered if a D-5 exercise might be revoked and PH clarified that if the option to revoke was introduced, that could cause confusion and therefore NGT has the view that once exercised, the demand reduction should proceed under any circumstances.

When Mark Rixon (MR) asked how the 14mcm trigger level for a notice was derived, PH advised the link is with the NGT forecasting incentive levels, however he had looked back at January 2022 and the difference between the forecast demand at D-5 and actual had been as high as 40mcm. PH also noted there is a need for an element of judgement, the Margins Notice Forecast is based on certain assumptions and National Gas Transmission may have additional intelligence such as when LNG ships are due to dock etc.

PH noted that previously there was a flag of 'likelihood of interruption', now there is the Margins Forecast Notice and there would be an ANS message issued to make the Industry aware this was being exercised.

When considering the Solution and the areas where the DSR arrangements would be amended, Workgroup noted various comments and PH advised that in the event the Modification

proceeded and went for an Ofgem decision, there may be a window to raise an urgent Modification to implement the items that were deemed acceptable and if, during the Workgroup discussions there was one element too hard to implement it could be that an amendment to the Modification is made.

EF also noted that the Proposer can amend the Modification, or another party can offer an alternative solution.

PH concluded by confirming the intention is to present the proposal to the April 2023 Modification Panel meeting and recommend that Authority Direction procedures are followed.

PH also acknowledged that there may be a need to bring forward the consultation on the DSR methodology and to further consider whether a Licence change is required or whether a derogation may be sufficient.

1.5.3. To make process enhancements to the 0822 rules and expand eligibility to class 2 sites

PH explained just two Modifications are going forward now, this Modification has not been raised as there are probably too many issues to resolve in the time available for implementation by the start of winter 2023.

SM noted that aggregation may attract a different type of consumer to offer demand reduction. EP noted that Crown Commercial Services could act as an aggregator for hospitals who had previously been interruptible customers.

2. Overrun Update

Anna Stankiewicz (ASt) confirmed this agenda item is due in May 2023.

3. Milford Haven Risk

Anna Stankiewicz (ASt) advised the Entry Capacity Release (ECR) Consultation closed on 20 March 2023 and provided the following update:

- 8 responses, 6 opposing, 1 in support and 1 neutral.
- Any concerns raised have been responded to.
- All non-confidential responses published on the National Gas Transmission website (www.nationalgas.com/capacity/capacity-methodology-statements).

Long Term Solutions

ASt advised of the longer-term solutions:

- *The current summer Milford Haven capability is between 60-70mcm/d* this is expected to rise to approx. 80-85mcm* in the future once the Western Gas Project is fully commissioned (while the baseline will increase from 87 to 102mcm).*
- *There is uncertainty around how long GB will play the EU transit role (therefore how long we might see increased LNG flows).*
- *EU LNG capability is increasing. Should LNG flows be comparable to pre-Russian invasion levels, we believe the NTS can be managed with the existing constraint management tools.*
- *Following summer 2023, we will have another summer set of data i.e., booked capacity levels and flows, to consider. Furthermore, other upstream and downstream factors will become clearer.*
- *Further consideration should be given to seasonal baselines and physical network investment as a part of our RIOT3 discussions.*

The Workgroup considered longer-term plans going into the next price control and that it would be better to have a view for next year as to what processes will be in.

ASt clarified that there is not the capacity signal to get the funding in place for the physical investment and she intends to keep a watching brief on Summer 2023, to avoid repeating the

process next year, if Summer 2023 goes well she will be looking at what to do going forward and when to do it.

JCx suggested there could be other approaches other than the long-term solution which requires more money to make the system better.

ASt highlighted that efforts have been made in previous Workgroup sessions to get feedback, but this was not very forthcoming and there does not seem to be a lot of support or enthusiasm for other approaches.

It was agreed to put this agenda item on hold until September 2023.

4. Gas Safety (Management) Regulations Review GS(M)R

Phil Hobbins (PH) confirmed that the Health and Safety Executive (HSE) published its response to the proposals to amend certain provisions in the GS(M)R on 10 March 2023, at [CD291 - Revision of the Gas Safety \(Management\) Regulations 1996 - Health and Safety Executive - Citizen Space \(hse.gov.uk\)](#).

PH explained, subject to parliamentary approval, the following changes to the UK gas quality specification will be included within the following documents and will enter into force on 06 April 2023:

[The Gas Safety \(Management\) \(Amendment\) Regulations 2023 \(legislation.gov.uk\)](#)

[The Gas Safety \(Management\) \(Amendment\) \(No. 2\) Regulations 2023 \(legislation.gov.uk\)](#)

- The replacement of ICF and SI with RD will be effective from 6th April 2023
- The reduction in the lower limit for Wobbe Index will be effective from 6th April 2025

PH confirmed a letter had been published to explain the approach. National Gas Transmission will start monitoring the gas quality compliance at all points at which gas enters the National Transmission System (NTS) based on the Relative Density parameter instead of ICF and Soot Index. Any queries about the letter should be directed to Philip.hobbins@nationalgrid.com.

When Eddie Proffitt (EP) asked if the lower limit has been lowered sufficiently for Green Gas, PH advised that biomethane tends to be a lower CV and that whilst the change had been initiated for accepting higher Wobbe gas it had developed to lower the minimum limit to facilitate new gasses.

PH clarified National Gas Transmission is not proposing this change across all Entry Points and that only those Entry Points that have indicated they want to make the change will be targeted.

JCx re-iterated that customers close to entry terminals may need additional information, especially relating to the timing of any gas quality change because they may need to make investments in their plant. JC further emphasised that ongoing review and forward-looking information are really important following 06 April 2023.

PH acknowledged that some customers may have a specific interest and welcomed views on what analysis might be useful.

PH recognised that at Bacton there are exit arrangements which specify the 47.2MJ/m³ Wobbe limit that links with requirements of the transporters at the other ends of the interconnectors. PH confirmed that the focus will be on Bacton over the next few months, and he will bring information to Workgroup when there is something to share.

Please see the published presentation for more detail: www.gasgovernance.co.uk/tx/060423

5. Transmission Change Horizon Plan

EF showed the plan onscreen and there were no comments from the Workgroup, the plan can be found published here: www.gasgovernance.co.uk/tx/060423

6. Workgroups

EF noted that the recently raised Modifications spawned from Request Workgroup 0835R - Review of Gas Demand Side Response Arrangements, will be incorporated in the Transmission Workgroup for Assessment.

7. New Issues

No new issues were raised.

8. Any Other Business

8.1. NTS Specification for Mercury

Kirsty Appleby (KA) provided an update and advised National Gas Transmission has been asked to consider accepting mercury levels above the maximum Gas Ten Year Statement guidance limit which is 10 µg/m³.

Progress Update

National Gas Transmission have taken some sampling at 23 key points on the NTS, all of which found the results were well below the limits set in the Gas Ten Year Statement.

Next Steps

National Gas Transmission are meeting the Health and Safety Executive (HSE) in April 2023 and in May 2023 will be issuing a further survey for more feedback around the current level and seeking customer opinions, in particular, upstream customers as their feedback was very low for the last survey.

No decisions have been made as yet, and any decisions will depend on further engagement with HSE and the second survey results.

JCx noted that the current limit guidance was set a very long time ago and has not been revisited to see if anything has changed.

9. Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 04 May 2023	5 pm Wednesday 26 April 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 01 June 2023	5 pm Tuesday 22 May 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
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

Transmission Workgroup Action Table

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1201	01/12/22	1.3	National Grid (PL) to provide more clarity about emergency procedures and scenarios when overruns occur.	April-2023 May 2023	National Gas (PL)	Carried Forward
0102	05/01/23	1.3	National Grid (PL) to provide a cross-reference between UNC Section B and Section J about Overruns.	April-2023 May 2023	National Gas (PL)	Carried Forward

UNC Workgroup 0835R
Review of Gas Demand Side Response Arrangements
Thursday 06 April 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy Ltd
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
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Benjamin Cull	(BC)	BEIS
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Charlotte Gilbert	(CG)	BU-UK
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Chris Wright	(CWr)	ExxonMobil Gas Marketing Europe Limited
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Harriet Reece	(HRe)	BEIS
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Jeff Chandler	(JCh)	SSE
Jenny Rawlinson	(JR)	BU-UK
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Lauren Jauss	(LJ)	RWE
Louise Hellyar	(LH)	TotalEnergies Gas & Power
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Matthew C Smith	(MS)	Xoserve
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Michael King	(MK)	BEIS
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper

Steve Mulinganie	(SM)	SEFE Energy Ltd
<p><i>The Request Workgroup Report is due to be presented at the UNC Modification Panel by 18 May 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: https://www.gasgovernance.co.uk/0835/060423</i></p>		

1.0 Introduction and Status Review

Eric Fowler (EF) welcomed parties to the meeting.

1.1 Approval of Minutes (23 March 2023)

The minutes from 23 March 2023 were approved.

1.2 Approval of Late Papers

EF noted the Workgroup Presentation published in support of the agenda items.

1.3 Review of Outstanding Actions

No outstanding actions for review.

2.0 Workgroup Recap

The full set of minutes on this topic, including both drafted Modifications, are captured in the Transmission Workgroup minutes which are published here: www.gasgovernance.co.uk/tx/060423.

3.0 Deliverability assessment of each workstream

PH noted the issues which required further consideration which included:

- Extension of eligibility to and beyond Product Class 2 consumers
- Eligibility of Daily Metered CSEPs and sites connected to IGT Networks
- Validation of demand reduction including for non-daily metered sites
- Reduction in the minimum trade size
- The Aggregator role and contracting/execution models to enable multiple smaller sites to offer DSR.

4.0 Capture interdependencies between workstreams

This was covered in the presentation provided for the meeting and noted in the main Transmission Workgroup minutes.

5.0 Development of Request Workgroup Report

This was not covered during this meeting.

6.0 Consideration of draft UNC Modifications

This was covered in the presentation provided for the meeting and noted in the main Transmission Workgroup minutes.

7.0 Next Steps

Pause Request 0835R until Autumn 2023.

8.0 Any Other Business

None.

9.0 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	Workgroup Programme
September 2023	TBC	Microsoft Teams	<ul style="list-style-type: none">• Development of Request Workgroup Report