

UNC Transmission Workgroup Minutes
Thursday 06 October 2022
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Rebecca Hailes (Chair part)	RHa	Joint Office
Adam Bates	(AB)	South Hook Gas
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BMc)	Vermilion Energy
Chris Wright	(CW)	ExxonMobil Gas Marketing Europe Limited
Claire Proctor	(CP)	Petronas
Ellie Rogers	(ER)	Xoserve (0813 Workgroup only)
Hannah Reddy	(HR)	Xoserve
Hursley Moss	(HM)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Joseph Leggett	(JL)	Interconnector Ltd
Lauren Jauss	(LJ)	RWE
Marion Joste	(MJ)	ENI
Matthew Newman	(MN)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Oreoluwa Ogundipe	(OO)	Interconnector
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy Ltd
<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: https://www.gasgovernance.co.uk/tx/061022.</i></p>		

1. Introduction and Status Review

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

1.1. Approval of minutes (01 September 2022)

The minutes from the previous meeting was approved.

1.2. Approval of Late Papers

No late papers to consider.

1.3. Review of Outstanding Actions

Action 0901: National Grid (ASt) to consider and provide confirmation additional website links for providing the 7 Day Margin Notice Forecast.

Update: ASt provided a post meeting note following the 01 September 2022 meeting and further advised that the notification will be around 10 November 2022. **Closed**

1.4. Industry Update from Ofgem

In the absence of an Ofgem representative, EF noted publication date of the report remains on 22 July 2022 and that the report should be updated over the coming weeks.

EF advised he has asked Ofgem to consider publishing the report in a different format, such as Excel, so that the User can filter on UNC Modifications, Ofgem continue to consider this.

EF reminded Workgroup that the Ofgem Winter Outlook Seminar 2022 would be held on the afternoon of 06 October 2022.

Please refer to the Code Modification/Modification proposals with Ofgem for decision – Expected publication dates timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>

1.5. Pre-Modification discussions

None to consider.

2. Milford Haven Risk

Anna Stankiewicz (ASt) provided a summary to the background of the risk at Milford Haven Aggregated System Entry Point (ASEP) and advised, in the last couple of months the Workgroup has been considering different options in relation to the summer 2023 risk at Milford Haven ASEP. There is currently a restriction in terms of the amount of capacity National Grid Gas (NGG) release at that entry point due to lowered summer capability (extended to the month of October). The restriction was put in place via a proposal which NGG initiated earlier in the year and which Ofgem later approved.

In the last couple of months consideration has been given as to what mitigating actions need to be taken ahead of summer 2023. Following the last Transmission Workgroup, NGG launched a survey which asked for views on the various options available for managing cost risks at Milford Haven ASEP in Summer 2023.

ASt provided a high-level summary of the response to the recently undertaken survey:

Survey responses:

Options	Response
Improve communication between NGG and Sub Terminals/Shippers	6 in favour, 2 against
Cap on buybacks	8 against
Capacity release restriction	3 in favour, 1 undecided, 4 against
Turn-down contracts	6 in favour, 2 against
Seasonal baseline at Milford Haven ASEP only (out of scope for summer 2023)	3 in favour, 1 perhaps – but not at 1 ASEP only, 4 against

ASt confirmed to Workgroup that National Grid are not progressing with putting a cap on buybacks and that National Grid will wait until the end of the restriction period to assess the risk for next year.

Further ideas for development

ASt provided a summary of further ideas for development and advised that Network investment has been considered in the past, but with signals up to baseline only in winter and not summer, this does not trigger changes on the Network.

- *'As buybacks offers (and locational sales) are determined via a competitive auction, we see no need to introduce a hard cap. A potential compromise solution is for a "soft" cap to be calculated for each buyback, with any claim above the cap requiring more detailed supporting evidence (with failure to adequately make out the claim resulting in the claim being subject to the cap or the uncontested amount of the claim). Any "soft" cap would need to be dynamic and based on current market conditions.'*
- *Network investment to increase capability.*
- *Improving the incentives on Shippers to surrender capacity.*
- *Increase overrun penalty in a constraint scenario while capacity is scaled back/restricted (fair thing to do; penalise parties flowing without having firm bookings N.B. exists for buybacks and turn down contracts, but not locational actions).*

When asked, ASt confirmed that once the current restrictions are lifted a decision will be made in the first week of November on the proposals for next summer. If it is decided a change is required to the Entry Capacity Release Methodology Statement a full 28-day consultation period would commence so that it can be submitted to Ofgem at the end of November. The hope would be that a decision would be available in good time for summer monthly capacity auctions in February 2023.

Nick Wye (NW) asked if the first idea listed would be prior to buyback being accepted, ASt advised that feedback received has not yet been considered in full but that this development would be problematic to implement. ASt clarified National Grid are unlikely to proceed with introducing a 'soft' cap not least because there may be challenges in capturing adequate supporting evidence.

When Anna Shrigley (ASh) asked if Shippers need to purchase summer capacity in order to provide the investment signal, ASt advised the signal would only be triggered if the capacity is purchased over the obligated level for future summers.

ASh requested more clarity on how these rules work and added that Shippers expect capacity up to baseline to be available, she added Shippers need to know how to make the case for investment.

ASt advised that 'seasonal baseline' discussions have been held in previous RIIO business planning session and that maybe it will need to be addressed again for funding via RIIO3.

Adam Bates (AB) commented that the new charging regime does not incentivise Shippers to make longer term bookings and the capacity restrictions do not allow booking capacity up to the baseline to give the investment signal. AB also noted that historical bookings are not a good indicator for future booking forecasts e.g. LNG deliveries are becoming more important.

AB added that there is a current PARCA ongoing at Milford Haven, for further details, please see the current PARCA notices here: <https://www.nationalgrid.com/gas-transmission/reserving-capacity-parca-and-cam>

3. Gas Safety (Management) Regulations - GS(M)R Review

Phil Hobbins (PH) provided an update on the NTS Penetration Analysis which modelled the penetration of low Wobbe gas into the network. The presentation covered the following main topics. Where there was specific interaction regarding particular slides with the Workgroup Participants, this has been captured within the minutes here for each section of the presentation, and full details can be found on the published presentation here: <https://www.gasgovernance.co.uk/tx/061022>.

Following a review of the UK gas quality specification contained within the Gas Safety (Management) Regulations 1996 (GS(M)R), the HSE is currently considering whether to recommend that the lower limit for Wobbe Index should be reduced from 47.2 MJ/m³ to 46.5 MJ/m³.

To prepare for implementation, NGG has engaged with all terminal operators to understand which of them would want to reduce their contractual lower limit for entry into the NTS.

For those operators that wish to change, information has been sought on estimated flow volumes and Wobbe Index of gas that may be delivered during the next 5 year Index period out to 2027.

Network analysis has been undertaken against a number of different scenarios to model the penetration of low Wobbe gas into the network.

The following NTS Entry Points are in Scope:

- Bacton Perenco
- Barrow
- Teesside Px
- St Fergus NSMP.

Details of each terminal are given in slides 4-7. Grain LNG and Somerset Farm Biomethane Terminals are not in scope, details are given in slide 8.

Approach to the analysis – Slide 9

Future Energy Scenarios (FES) network for the 2025 gas year has been used.

From this, the supply flows are altered for the terminals that wish to reduce their lower Wobbe limit based on the forecasted values supplied.

Flows at another terminal are correspondingly altered, to balance the network (a balancing point is determined by it being the furthest away, by pipeline distance).

Simulation of the formulated scenarios is then completed using the Simone model at steady state, and ‘solved’, i.e. meeting the upper and lower pressure limits, and with network equipment within operating envelopes.

Thereafter, the steady state model is converted into a dynamic model, to reflect within day supply and demand variations. The model is run for a typical high demand and low demand day.

Minimum observed Wobbe Index values are then recorded at NTS offtake points and shown whether they are above or below 47.2 MJ/m³.

Assumptions – Slide 10

All terminals have a requirement to deliver low Wobbe gas on the same day.

Where terminal operators have provided a 5 year view of forecast volumes, the highest of those volumes has been used (which all occur in 2023) to generate a credible worst case.

Wobbe Index values used in the analysis for these terminals are consistent with those provided by the relevant terminal operators.

Zero Vesterled gas assumed to be entering at St Fergus NSMP in all scenarios.

All other terminals’ delivery volumes are as per FES 2025 (or as may be amended to balance the network) and at a Wobbe Index equal to:

- *Their historical average from 2021/22*
- *The current GS(M)R minimum of 47.2 MJ/m³*

Details of the Scenarios Modelled are given below (slide 10).

Scenario	Description
Scenario 1	Bacton Perenco: Cygnus only flowing (8 mcmd) at a Wobbe Index of 46.5 MJ/m ³ Barrow: All fields flowing (3.4 mcmd) at a Wobbe Index of 46.5 MJ/m ³ Px Teesside: Flowing 1.92 mcmd at a Wobbe Index of 47.12 MJ/m ³ St Fergus NSMP: Flowing 13 mcmd at a Wobbe Index of 46.91 MJ/m ³ All other NTS entry points: Flowing forecast FES volumes in 2025 at average historical Wobbe Index
Scenario 2	As scenario 1 but with all other NTS entry points flowing at a Wobbe Index of 47.2 MJ/m ³

Scenario 3	As scenario 1 but with Bacton Shell and Bacton SEAL terminals at zero flow (Cygnus is the only UKCS gas being delivered at Bacton)
Scenario 4	As scenario 3 but with all other NTS entry points flowing at a Wobbe Index of 47.2 MJ/m ³
Scenario 5	As scenario 3 but with Bacton interconnectors at zero flow
Scenario 6	As scenario 3 but with NSMP as the only supply at St Fergus

Scenario 1

When asked, PH clarified there are only a number of different permutations that can be used, the scenarios are trying to show what impacts there might be at particular offtakes.

Certain flow configurations relating to strategic control valves, could be changed which would change the penetration picture but this is not an option in the current configuration. Alternative mitigating measures are being explored instead.

Scenario 6

PH advised this scenario assumes that only NSMP is supplying, Jeff Chandler (JCh) asked, in the operation of the NTS, has this scenario ever happened. PH advised he is unsure, and it is extremely unlikely.

Conclusions – Slide 18

If the contractual lower Wobbe limits were reduced at these terminals, based on the terminal operators' forecasts, we do not currently expect any ASEP other than Barrow to deliver gas below the current GS(M)R lower limit of 47.2 MJ/m³ in steady state operation.

A reduction in the limit at Barrow is expected to result in offtakes in that area consuming lower Wobbe gas more regularly.

Offtakes within the sphere of influence of Bacton, St Fergus and Teesside are expected to only be impacted when certain fields / adjacent terminals are on outage.

We would expect any low to Wobbe gas delivered at Bacton and St Fergus to be blended to be above 47.2 MJ/m³ by other supplies at those locations on most days.

When RHa asked if there will be Modifications raised to drive the changes, PH advised if the consultation concludes positively, he will bring forward a Modification for those parties that wish to change to the lower Wobbe limit.

Lauren Jauss (LJ) asked, with regards to the Bacton scenario and the temporary derogation last year, has PH thought about what was observed last summer and how that compares with the scenarios. PH advised this modelling sees the gas coming towards the west as opposed to Great Yarmouth and that further lower level modelling would be required in order to understand if the flow configurations need to change.

PH confirmed that there would be no requirement to change the individual contracts with terminal operators, the UNC process is the prerequisite to making the changes, rather than a blanket change across all terminals.

Chris Wright (CWrr) advised he finds it strange that HSE was able to conclude that lowering the lower limit was acceptable and did not consider increasing the higher limit and asked if there is any mileage in repeating this exercise aiming to increasing the upper limit? PH advised this is not being considered at the moment and that if there was a desire to revisit the decision that HSE has made, National Grid could bring forward the analysis. The focus remains on the proposal of a moving the lower limit Wobbe.

It was noted that, the HSE arrived at a decision that increasing the upper limit would be unsafe; in order to arrive at a different outcome there would be a need to prove the safety aspects.

EF clarified that National Grid would need to know the parameters for any possible increase in order to revisit the analysis and there is no current proposal on the table to make that change. So whilst National Grid might be able to consider a change there is no drive to do that.

Workgroup agreed that the following action should be taken:

New Action 0110: National Grid (PH) to have an initial exploratory conversation with HSE and/or BEIS to consider if revisiting raising the upper Wobbe limit is viable.

If it is, then National Grid to have a further exploratory conversation with upstream operators to see if they have any interest.

4. Transmission Change Horizon Plan

ASt provided a brief update of the plan and drew attention to the Gemini Change programme which will see the upgrading of the Gemini User experience and interfaces. ASt confirmed this is a series of enhancements which provides a 2-year programme of work. A communication will be issued in the coming weeks which will provide more information.

Please see the published plan here: <https://www.gasgovernance.co.uk/tx/061022>.

5. Overrun Update

Deferred until November. The Transmission Workgroup agreed to receive an Overrun Report every 3 months with the first report in November.

6. Workgroups

6.1. 0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers

(Report to Panel 19 January 2023)

<https://www.gasgovernance.co.uk/0813>

7. New Issues

No new issues raised.

8. Any Other Business

8.1. Priority Customers

SM advised that the definitions for priority service customers have recently changed and requested a view of them ahead of this winter, he noted with the uncertainty of interruption these categories are drawing more interest than normal.

PH confirmed the revised definitions of priority customers has been signed off by the Secretary of State.

Workgroup agreed they need confirmation of the changes made and an understanding of what the process is to join the priority consumer register.

New Action 0210: National Grid (PH) to provide a communication clarifying the Priority Consumers process.

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 03 November 2022	5pm Wednesday 26 October 2022	Microsoft Teams	Standard Transmission Workgroup Agenda

10:00 Thursday 01 December 2022	5pm Wednesday 23 November 2022	Microsoft Teams	Standard Transmission Workgroup Agenda
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Action Table (as of 01 September 2022)

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0901	01/09/22	8.1	National Grid (ASt) to consider and provide confirmation additional website links for providing the 7 Day Margin Notice Forecast.	October 2022	National Grid (ASt)	Closed
0110	06/10/22	3.0	National Grid (PH) to have an initial exploratory conversation with HSE and/or BEIS to consider if revisiting raising the upper Wobbe limit is viable. If it is, then National Grid to have a further exploratory conversation with upstream operators to see if they have any interest.	November 2022	National Grid (PH)	Pending
0210	06/10/22	8.1	<i>Priority Consumers:</i> National Grid (PH) to provide a communication clarifying the Priority Consumers process	November 2022	National Grid (PH)	Pending

**UNC Workgroup 0813 Minutes
Revision of Virtual Last Resort User and Contingent Procurement of
Supplier Demand Event Triggers**

Thursday 06 October 2022

via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
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Anna Stankiewicz	(ASt)	National Grid
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Bethan Winter	(BW)	WWU
Brian McGlinchey	(BMc)	Vermilion Energy
Chris Wright	(CWr)	ExxonMobil Gas Marketing Europe Limited
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Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy Ltd

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/0813/061022>.

1. Introduction and Status Review

Eric Fowler (EF) welcomed all to the meeting.

1.1 Approval of Minutes (04 & 25 August 2022)

Workgroup considered the minutes from the previous meetings and noted the re-wording suggestions from Phil Lucas (PL).

Both sets of minutes were accepted.

1.2 Approval of Late Papers

No late papers to consider.

1.3 Review of Outstanding Actions

Action 0108: National Grid (PL) to provide scenarios and recommendation to Authority for further discussion

Update: PL confirmed that the scenarios and proposed outcomes are in the change-marked version of the Modification and will be reviewed as part of agenda item 2.

2. Consideration of Wider Industry Impacts

Eric Fowler (EF) confirmed that the Modification was considered at the August Distribution Workgroup, following Workgroup discussions the Modification has been amended.

The amended Modification is not yet published as the changes are pending Workgroup review.

EF showed onscreen a change-marked copy of the Modification dated 06 October 2022 version 2.0 and invited PL to summarise the changes made to the following sections:

Section 1

Why has been updated to include the application of sanctions.

How has been updated to better explain the solution to remove the registrations.

Section 3

Why Change now refers to the Supplier Licence condition 18 and includes the User Premises Termination Notice (UPTN) disapproval process that National Grid would forward to the Authority.

PL confirmed he has provided Ofgem with notification of the changes made to the Modification and has always maintained the need for a timely decision. He confirmed Ofgem have raised no concerns as yet.

Steve Mulinganie (SM) noted the Title of the Modification does not have any reference to sanctions and suggested that the Title or the Purpose should include reference to sanctions. PL agreed to amend the text to accommodate this point.

Workgroup had no objections to what is included in the proposal and agreed the solution is sufficiently stable now to request the drafting of the legal text.

Ellie Rogers (ER) confirmed, with regards to the Rough Order of Magnitude (ROM) request, CDSP are working internally to understand the impacts, and she is currently awaiting confirmation that most of the solution can be managed within existing processes.

3. Next Steps

EF confirmed the next steps to be:

- Further consideration at the November Transmission Workgroup.
- PL to instruct lawyers to start working on the Legal Text and await formal request from the October 2022 UNC Panel.
- PL to liaise with ER to ascertain any impacts to CDSP.
- PL to re-word the Purpose section of the Modification to include reference to sanctions and tidy up any spelling and submit the amended Modification to Joint Office for publishing.
- The November 2022 meeting will start to develop the Workgroup Report.

4. Any Other Business

None.

5. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 03 November 2022	5pm Wednesday 26 October 2022	Microsoft Teams	Review of Relevant Objectives Development of Workgroup Report
10:00 Thursday 01 December 2022	5pm Wednesday 23 November 2022	Microsoft Teams	Consideration of Legal Text Development of Workgroup Report

Action Table (as at 06 October 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
0108	25/08/22	1.0	National Grid (PL) to provide scenarios and recommendation to Authority for further discussion.	National Grid (PH)	October 2022	Closed