

**UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Wednesday 4 February 2021
via Microsoft Teams**

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Anna Shrigley	(ASh)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(DHi)	National Grid
Emma Buckton	(EB)	NGN
Hannah Reddy	(HR)	Xoserve
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KM)	ESB
Lauren Jauss	(LJ)	RWE
Leyon Joseph	(LJ)	SGN
Lucy Manning	(LM)	National Grid Grain
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RHe)	Hewitt Home and Energy Solutions
Rosannah East	(RE)	National Grid
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Victoria Bishop	(VB)	Sembcorp
Yvonne Reid-Healy	(YVR)	Cadent

Copies of all papers are available at: www.gasgovernance.co.uk/0705/040221

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 October 2021 (with an interim report in April 2021).

1. Introduction and Status Review

Rebecca Hailes (RH) welcomed all to the meeting.

1.1. Approval of minutes (13 January 2021)

The minutes from the 13 January 2021 meeting were approved.

1.2. Approval of Late Papers

The papers provided at short notice are not being classed due to the meeting being amalgamated with Transmission Workgroup on 04 February 2021, instead of being held separately on 10 February 2021.

1.3. Review of outstanding actions

Action 1204: National Grid (ASt) to provide commentary from Xoserve about the potential compression of the maintenance window and other practices for improved allocations.

Update: ASt advised that efforts are focussing more on implementation of changes that can be done and will revisit this in a month or two. **Carried Forward to April 2021**

Action 0101: National Grid (JR) to develop the Project Management table further and provide Workgroup with an update in February 2021.

Update: The plan was reviewed and enhancements have been completed. **Closed**

Action 0102: *Problems and Possible Solutions for Development:* All Workgroup to consider and bring back to next meeting.

Update: No update. **Carried Forward**

2. Review of Exit Regime

Capacity Access Review (CAR) Project Management

Jennifer Randall (JR) advised Workgroup that the project has hit a point where some topics have come to a natural conclusion and National Grid are now thinking of next steps. She showed a view of the Prioritisation Table which has been updated based on Workgroup comments in January 2021.

JR asked Workgroup to note that this is the National Grid view and does not currently incorporate Workgroup views. She went on to add that National Grid recognises the framework is not perfect, for example, the benefits column does not say how much of a benefit a topic would be.

JR advised that the focus going forward, out of the topics listed, will be the Exit Capacity Planning Framework (ECPF) and Flexibility of capacity bookings for embedded generators.

When asked, JR confirmed National Grid is currently considering comments received from the consultation which closed last week and it is envisaged meetings will be arranged to discuss initial responses with the GDNs.

JR advised there is only one meeting between now and the start of the RIIO 2 Framework beginning. She clarified from those responses National Grid are considering what could be implemented this year as Ofgem said they would take a view on what could be implemented for RIIO 2 and what could not.

With regards to 'ECPF' ML said that some good points have been raised. The Consultation closed last Friday. ML will provide an update on progress at next workgroup.

JR advised the topic on the bottom row '2030 Access Review' will be progressing through the GMaP Workgroup and suggested she provides a regular update at 0705R Workgroup. Workgroup agreed they would benefit from regular updates.

Exit Capacity Planning Framework

JR explained Ofgem's RIIO-2 Exit Capacity Planning Guidance (ECPG) document states 'the guidance should result in GDN's booking a level of NTS exit capacity...that effectively and efficiently provide for their 1-in-20 demand forecast for current and future years as signalled

via NTS capacity bookings or data shared via this process', however, there are certain aspects that may prevent this, such as:

- If the capacity was initially booked through enduring application process then User Commitment will apply, following the amendment to the ExCR methodology statement, this will be 2 years for capacity within baseline;
- National Grid's Licence requirement that only financially backed information should be relied upon in substitution analysis.

The document then goes on to say that the existing methodology statement, UNC and any other documentation should be modified accordingly in order to implement the framework.

JR explained the various options that could be considered to resolve this:

- Removal of User Commitment.
- Removal of NGG Licence Condition around substitution analysis which says financially backed information must be used.
- Ability to move capacity between offtake points.
- Financial commitment made in a different way.

JR reminded Workgroup this project is in the very early stages and National Grid needs to liaise with DNs to further add to what those options could be.

GDN Embedded Generation purchasing NTS capacity

JR explained that currently, GDN connected parties pay a flat cost for access to the network. Power stations connected to the GD's may not run for all 365 days of the year, meaning they pay for access when it is not required. Furthermore, GDNs are required to forecast their required NTS Exit capacity, power stations which are intermittently running may create inaccuracies in these forecasts.

JR advised that to look at this as an issue, there are some questions that may aid the progression:

- Should this be limited to embedded power stations?
- Include embedded generation connected to IGT networks be included?
- Should this be limited to 'connectees' above a particular size?

In addressing the questions asked, Nick Wye (NW) suggested that embedded generation connected to IGT networks should be included or those connected to their own pipelines. There are other industrial loads that are connected to DNs and load factors could be unpredictable, and there could be a requirement to have a minimum load size.

Richard Fairholme (RF) asked for clarification on what is the specific issue that needs fixing.

NW explained, in essence, flexible generators are subject to DN charges while competing with NTS connected generators. The issue is to align the ability to acquire NTS exit capacity as and when required.

To be clear, those shippers buying exit capacity on behalf of embedded generators will incur the same costs e.g. RRCs as all other shippers buying NTS exit capacity elsewhere. They will still be subject to DN charges, excluding the ECN charge.

JR said that the project needs to work through a lot of the issues and suggested there needs to be some sort of notification to know what the capability of their network is.

Shiv Singh (SS) said that DNs need to carry out network analysis to make sure they can take the load on a specified date. Also, he does not think this project should be excluding anyone and made Workgroup aware that a GDN can have a class 4 site connecting if they are on a sensitive part of the network.

Bethan Winter (BW) supported SS and added there can be small loads that have quite a big impact.

It was mentioned that capacity that is embedded under contractual terms (reserved windows), needs the generators to procure potential capacity in order to run. There are issues in terms of security of supply; running is one side of things but having the ability to be dispatched is also a consideration.

NW said that the ambition for embedded generator costs is to avoid charges for capacity they are not going to use. This will allow a better match in terms of what capacity to purchase.

BR said that if a User is selling STOR (Short Term Operating Reserve) (a product for Electricity balancing) the User will need availability windows and will have capacity that is not utilised.

Steve Britton (SB) asked if this would be compulsory for all or would Users be able to opt in, JR advised that although it still needs to be worked through, she suggested it could be considered as an option to buy NTS capacity.

JCx agreed with the comments that BR made and added that in terms of likelihood of a Plant needing availability, it would need availability across peak hours or peak times of the year.

NW stated that Embedded Generators are competing with NTS Connected Users who can buy capacity when they want to which is denied for Embedded Generators.

When RF asked if they will be exposed to revenue recovery charges, it was confirmed that if they are purchasing NTS capacity that purchase should be treated accordingly.

3. Daily Firm Products Development

Anna Stankiewicz (ASt) advised she was hoping to have a pre-modification discussion on this topic but has will need to negotiate further internal governance process concerns relating to hourly allocations and non obligated bids processing. She advised she will be bringing a pre-modification subject to Workgroup pending internal investigations.

ASt asked Workgroup the following questions and provided her email address, Anna.Stankiewicz@nationalgrid.com, in order to receive feedback by the end of week ending 12 February 2021:

- With regards to the increase of allocations on exit, does the need exist mainly for the hourly allocations to be introduced at the end of the day e.g. from 6 or 8pm onwards (rather than hourly throughout the day)?
- Do you think that as an outcome of the change (hourly allocations on exit) Users physical behaviour will change i.e. are we likely to see more flows towards the end of the day, or is the behaviour likely to remain the same but the change will help in terms of commercial position only (i.e. in gaining better balancing position at the end of the Gas Day)?

Action 0201: Daily Firm Product Development - All Shippers to consider the following questions and feedback to National Grid by week ending 12 February 2021.

- With regards to the increase of allocations on exit, does the need exist mainly for the hourly allocations to be introduced at the end of the day e.g. from 6 or 8pm onwards (rather than hourly throughout the day)?
- Do you think that as an outcome of the change (hourly allocations on exit) Users physical behaviour will change i.e. are we likely to see more flows towards the end of the day, or is the behaviour likely to remain the same but the change will help in terms of commercial position only (i.e. in gaining better balancing position at the end of the Gas Day)?

4. Next Steps

JR confirmed the next steps for this Workgroup to be:

- Exit Capacity planning Framework: To be able to work with GDNs options to change UNC.
- Embedded Generation: explore the issue in more detail.

5. Any Other Business

No items required discussion.

6. Diary Planning

Post Meeting Update

The following dates were proposed and await further confirmation from the Joint Office of Gas Transporters.

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

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 – 13:00 10 March 2021	5pm – 03 March 2021	Teleconference	Standard items
10:00 – 13:00 14 April 2021	5pm – 07 April 2021	Teleconference	Standard items

Action Table (as at 04 February 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1204	08/12/20	4.0	<i>Daily Firm Products Development</i> - National Grid (ASt) to provide commentary from Xoserve about the potential compression of the maintenance window and other practices for improved allocations.	National Grid (ASt)	Carried Forward
0101	13/01/21	2.0	National Grid (JR) to develop the Project Management table further and provide Workgroup with an update in February 2021	National Grid (JR)	Closed
0102	13/01/21	2.0	<i>Problems and Possible Solutions for Development</i> : All Workgroup to consider and bring back to next meeting.	All Workgroup	Carried Forward
0201	04/02/21	3.0	All Shippers to consider the following questions and feedback to National Grid by week ending 12 February 2021: <ul style="list-style-type: none"> • With regards to the increase of allocations on exit, does the need exist mainly for the hourly allocations to be introduced at the end of the day e.g. from 6 or 8pm onwards (rather than hourly throughout the day) 	All Shippers	Pending

			<ul style="list-style-type: none">Do you think that as an outcome of the change (hourly allocations on exit) Users physical behaviour will change i.e. are we likely to see more flows towards the end of the day, or is the behaviour likely to remain the same but the change will help in terms of commercial position only (i.e. in gaining better balancing position at the end of the Gas Day		
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