

**UNC Workgroup 0719R Minutes  
Calculation of Energy Value of Gas  
Thursday 04 May 2020  
via Microsoft Teams**

**Attendees**

Alan Raper (Chair)	(AR)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
David Mitchell	(DM)	SGN
Hilary Chapman	(HCh)	SGN
Joel Martin	(JM)	SGN
Phil Lucas	(PL)	National Grid
Steve Pownall	(SP)	Xoserve
Vicky Mustard	(VM)	Xoserve

*\*via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0719/040520>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 September 2020.

**1.0 Outline of Request**

Joel Martin (JM) provided an outline of the Request and the requirements for the Review Group. JM confirmed that the Gas Distribution Networks (GDNs) and National Grid NTS have been in discussions regarding the various options for the calculation of the Daily Calorific Value (CV).

JM referred to the UNC Offtake Arrangement Document (OAD) Section F and the obligations to calculate a Daily CV. He confirmed that currently National Grid calculate the Daily CV on behalf of GDNs pursuant to The Gas (Calculation of Thermal Energy) Regulations 1996 & the 1997 amendment, (the Thermal Energy Regulations). He confirmed that under the terms in OAD, National Grid can serve 6 months' notice to terminate this service.

JM confirmed a review is required to determine the future options for calculating the Daily CV and to consider: the growth in biomethane connections; the CV attribution process, (where the CV at one offtake is attributed to another); and Stakeholder impacts. SP highlighted other downstream implications for example hydrogen projects/pilots that the Workgroup may need to be mindful of and not just biomethane. Phil Lucas (PL) suggested that the Workgroup should concentrate on the high-level UNC changes and not the actual attribution process.

JM suggested a number of topics for discussion by the Workgroup, these were:

- Analysis of options considering the least cost / most efficient process for the calculation of charging area CV, considering stakeholder requirements.
- A light touch overview of the legal obligations Section 4A Thermal Energy Regulations.
- Consideration and assessment of the current process and alternate options.
- The selection and development of solution(s).
- Development of a project plan, including a UNC modification, if necessary.

JM clarified he didn't intend to examine all the related legal framework and acknowledged there is a review currently being undertaken on the Gas Safety (Management) Regulations, in relation to gas condition.

JM explained that the GDNs and National Grid have already developed a number of process flow diagrams to look at the various options, which included the option of Xoserve operating the service. It was anticipated the Workgroup Report would be completed by September.

AR believed 6 months may not provide enough time to evaluate the options and conclude the review. JM explained that a substantial amount of work had already been undertaken and the review was not starting from scratch.

Steve Pownall (SP) explained the potential Xoserve options include either calculate the Daily CV on behalf of the Networks, or the Networks calculating the Daily CV and providing this for onward communication. SP confirmed that the high level costs of these 2 options have initially been considered however based on additional information being available (an outline of the business rules) the initial estimate would need to be revisited to take into account some additional complexities.

SP also highlighted the need to consider impacts on the Gemini system and any other planned programme of works. SP explained with resources being focussed on other industry developments, such as the Faster Switching programme and the current working environment, it makes it difficult to access the right expertise/people and, accordingly, implementation timescales could extend into 2022.

PL highlighted the drivers for change referring to a notification of intention letter in January 2019. He confirmed that the process has been reviewed against the obligations, noting that National Grid had operated and funded this process despite them not being obliged to or paid for the service provided and there is no enduring obligation to do so. PL suggested the Workgroup also consider [Modification 0370 - Continuation of CV determination by National Grid Transmission on behalf of DNOs](#) and the history behind how this was developed in 2005. He believed there was value looking at the background to the process and in particular if this was originally a paid service which had simply dropped away. JM believed at some point this was a paid for service and consideration should be given on whether National Grid could provide the service on a payment basis.

SP enquired if National Grid use the flow weighted average CV for any other process. PL believed National Grid use an annual calculation for calculating CV shrinkage and carbon emissions. JM also noted the use of data within the Energy Balancing system operator activities which depend on the Daily CV. The Workgroup briefly considered if the UNC obligation is taken away from National Grid, and information is still be required by them, how going forward the service would be contractualised.

JM went on to provide a suggested timeline and considerations for each meeting currently planned through until September. AR asked if the publication platform was part of the review scope. JM confirmed that data feeding into National Grid's Market Information Provision Initiative (MIPI) had been considered and how this could be managed.

JM provided a slide detailing the current legislative and regulatory obligations, including UNC OAD Sections F & M, and the acknowledgement in OAD Section F on CV Shrinkage, measurement equipment data quality assurance, shared data and the basis on which National Grid determined CVs on behalf of GDNs. PL acknowledging the usefulness of the background suggested that, given the limited time available the scope of this Request Workgroup, the review should be focussed on a narrow scope of transferring the obligation in code for calculating the Daily CVs.

JM confirmed that further detail on the various options would be provided ahead of the next meeting for interested parties to consider and suggested prior to the next meeting parties refresh their knowledge on OAD Section F, particularly paragraph F4.

JM referred to Section F4 and believed there was no legislative obligation on National Grid to undertake this role and that it had been assigned to National Grid through the UNC. AR enquired who is being funded to undertake this role. It was agreed that there is no discrete funding for this activity. PL referred to OAD Section F1.2 and that each Distribution Network

Operator (DNO) is required to determine the Daily CV for its charging areas, suggesting that the costs for determining Daily CVs may need to be included within the DNOs pricing formulas.

JM suggested that the Workgroup would benefit from understanding the end-to-end process National Grid undertakes, considering all aspects. PL believed the calculation itself would be fairly simple, but there may be complications with harvesting data, the attribution process using alternative measurement points and undertaking the calculation when data is missing. JM believed there was an Attribution Map available and he would endeavour to obtain a copy of this for the next meeting.

**New Action 0501:** SGN (JM) to provide a copy of the Data Attribution Process Map.

The Workgroup wished to understand what was entailed in the whole process, from understanding what data feeds into the process, what information is turned out and what 'black-box' operations are undertaken. AR asked if National Grid could map the current process, including any manual interventions involved, such as managing missing data, pertinent decision making and other operational elements, such as managing public bank-holidays

**New Action 0502:** National Grid (PL) to provide an overview of the daily CV calculation process and any manual interventions.

The Workgroup considered the D+5 close-out timeline and likely impacts if there are invalid measurements or alternative measurement points where there is missing data. AR suggested the Workgroup consider TPD Section C1.6, Calorific Value Information, (including updating the CV within the D+5 period).

JM confirmed he will bring additional material to the next meeting to consider OAD Section F4 and how this is linked back to the Thermal Energy Regulations. JM also asked if Xoserve could bring any pertinent information along to the next meeting.

SP also suggested the Workgroup review the General Terms Section C3.3.1, Calorific Value, and consider any implications on current legal text.

**New Action 0503:** All parties to familiarise themselves with OAD Section F, OAD Section M, TPD Section C1.6, TPD General Terms Section C3.3.1 and the Thermal Energy Regulations.

The Workgroup briefly considered the timeline and the scale of transferring activities within a 6-month notification timeline.

Hilary Chapman (HCh) also wished to understand the expected participation considering the initial expressed interest and importance of engaging with Shippers. HCh asked if the Joint Office could provide a communication to encourage wider engagement for the Workgroup meetings and for all DNs to participate.

It was noted that for quoracy at least two GDNs and National Grid ought to be present and the rationale for separating this Request from Request Workgroup 0646R - Review of the Offtake Arrangements Document, was to allow engagement with Shippers.

**New Action 0504:** Joint Office (AR) to issue a communication encouraging participation from GDNs and Shippers

The Workgroup considered the likely system changes and a preference not to use SAP IT solutions. SP was keen to consider the delivery options, the constraints on CDSP system release timescales and other industry priority projects. SP outlined the options briefly explaining how some of the current systems interact. The Workgroup agreed they need to consider and better understand the system architecture.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

None raised.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

It was noted that the Request Workgroup Terms of Reference are embedded in the Request at <http://www.gasgovernance.co.uk/0719>.

## 3.0 Next Steps

No further discussion. See item 1.0 and diary planning.

## 4.0 Any Other Business

None.

## 5.0 Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Monday 01 June	5pm Wednesday 21 May (BH)	Teleconference	Review of current process / arrangements in line with Thermal Energy Regulations.
10:00 Monday 06 July 2020	5pm Friday 26 June	Teleconference	Discuss / analysis of alternate options (GDNs / Xoserve / NTS).
10:00 Monday 03 August 2020	5pm Friday 24 July	TBC	Develop selected options / project plan for solutions / UNC Modification requirement if applicable.  Develop Workgroup Report
10:00 Monday 07 September 2020	5pm Friday 28 August	TBC	Finalise Workgroup Report

### Action Table (as at 04 May 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	04/05/20	2.2	SGN (JM) to provide a copy of the Data Attribution Process Map.	SGN (JM)	Pending

**Action Table (as at 04 May 2020)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>0502</b>	04/05/20	2.2	National Grid (PL) to provide an overview of the daily CV calculation process and any manual interventions.	National Grid (PL)	<b>Pending</b>
<b>0503</b>	04/05/20	2.2	All parties to familiarise themselves with OAD Section F, OAD Section M, TPD Section C1.6, TPD General Terms Section C3.3.1 and the Thermal Energy Regulations.	All	<b>Pending</b>
<b>0503</b>	04/05/20	2.2	Joint Office (AR) to issue a communication encouraging participation from GDNs and Shippers	Joint Office (AR)	<b>Pending</b>