

**UNC Workgroup 0719R Minutes  
Calculation of Energy Value of Gas  
Monday 07 September 2020  
via Microsoft Teams**

**Attendees**

Alan Raper (Chair)	(AR)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Ben Hanley	(BH)	Northern Gas Networks
Bethan Winter	(BW)	Wales & West Utilities
Catherine Lister	(CL)	Wales & West Utilities
David Mitchell	(DM)	SGN
Jeanette Gregory	(JG)	Cadent
Joel Martin	(JM)	SGN
Luke Warner	(LW)	Northern Gas Networks
Phil Lucas	(PL)	National Grid
Shiv Singh	(SS)	Cadent
Steven Fowler	(SF)	SGN
Steve Mulinganie	(SM)	Gazprom
Steve Pownall	(SP)	Xoserve

*\*via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0719/070920>

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

**1.0 Introduction and Status Review**

Alan Raper (AR) welcomed everyone to the meeting.

**1.1. Approval of Minutes (03 August 2020)**

The minutes from the previous meeting were approved.

**1.2. Approval of Late Papers**

No late papers to be considered.

**1.3. Review of Outstanding Actions**

**Action 0801:** National Grid (PL) to consider if cost information can be provided and if possible, provide further information of the cost of replacing the system, the potential ongoing costs and proposed splitting of such costs between DNs for the interim solution.

**Update:** In setting the scene, Phil Lucas (PL) advised that National Grid had earlier today issued a formal notification (to the GDNs) regarding the cessation of its current service provision (for the calculation of the energy values for gas within the Network) to the Gas Distribution Networks, (GDNs).

In short, the last day for the current service provision would now be 31 March 2021, although National Grid remains committed to working with the GDNs on an interim transition 12 month period through to 2022.

In reviewing the three main constituent parts to the action, PL made the following observations:

Part 1 – provision of further information on the cost of replacing the (current) system

PL explained that having already undertaken their strategic decision to cease the current service provision, National Grid are no longer in a position to resource work on providing the requested information.

Some parties noted that the main aim of the Request Workgroup was to assess the provision of an economic and efficient service provision and therefore a lack of data in this respect makes it extremely difficult to make a meaningful comparison between the existing service provision and any new provision going forwards. Responding, PL reiterated that as National Grid is no longer intending to continue providing the existing service provision, they are not in a position to work on providing the information, however, they (National Grid) do intend to provide a view on the interim solution costs in due course.

In noting that the National Grid formal cessation notice had been issued immediately prior to this Request Workgroup meeting taking place, parties debated whether or not this would potentially jeopardise completion of the Review Group Report at this meeting – in noting that National Grid had consistently signalled its intent to terminate the service provision, (from as early as December 2019), and reiterated it during the course of the previous Review Group meeting discussions, it was felt that the report could in fact be finished today.

Part 2 – provision of cost information for interim service

PL explained that National Grid is currently considering the matter, (including OPEX and workload driven costs etc.), and anticipates being in a position to provide the information by the end of September 2020.

Part 3 – provision of charging information for interim service – GDN splits

PL explained that National Grid is again currently considering the matter (including the potential for I.S. related costs to be split evenly across all the GDNs, with variable workload drive resources costs specific the each GDN) and again anticipates being in a position to provide the information by the end of September 2020.

In pointing out that a potential system platforming ‘pinch point’ might be looming, Alan Raper (AR) advised that the interim costs would be baselined around the existing service provisions and system platform. When asked whether there are any potential Shipper / Supplier impacts involved and especially taking into account the rollout of Faster Switching, AR explained that change congestion was already referenced in the draft Request Workgroup Report, and would be considered under agenda item 4.0 later in the meeting.

PL pointed out that the interim service provision would be on a ‘for all DNs’ basis and not on an individual basis.

In light of the above discussions it was agreed that the action could now be closed. **Closed**

**Action 0802:** Xoserve (SP) to check and clarify the Change Request (XRN5063) scope approval process and timelines.

**Update:** Steve Pownall (SP) provided a brief overview of the Xoserve presentation during which it was noted that the solution options could reside outside the UK-Link system estate and take the form of a SASS based solution, which could be cheaper and easier to implement than one based around the SAP platform). The extra advantage being that this could be facilitated outside of the proposed November 2021 Release Schedule.

When asked, SP confirmed that Change Proposal XRN 5063 had now been closed and that a new Change Proposal XRN 5231, (including a potential funding split), raised by

Scotia Gas Networks (S Hardman) – the new Change Proposal is due to be considered at the 09 September 2020 DSC Change Management Committee meeting.<sup>1</sup>

When asked whether, given the interim provision end date of 2022, Xoserve would have sufficient time to deliver a suitable solution, SP responded by acknowledging there could be potential delivery related timing and potential system code freeze issues around the 2022 window. However, he envisaged that thorough detailed analysis, (including any GDN interactions going forwards) would help clarify matters and assist in determining delivery options. In recognition of the importance of this piece of work, Xoserve are proposing to appoint a Project Manager from the onset, in order to expedite delivery in a timely and cost-effective manner.

It was agreed that the action could now be closed. **Closed**

## 2.0 Cost Information

In noting that this matter had been discussed in previous Request Workgroup meetings, AR suggested that this area would now be developed further within other future industry forums (i.e. future discussion on the provision of an interim service and, for an enduring solution, DSC Change Management Committee and/or a subsequent new UNC Modification Workgroup).

## 3.0 Solution Outline (Draft Modification / Change Request)

During a brief debate around potential liabilities (and transfer / assignment of responsibilities) going forwards, the Request Workgroup participants noted that further (more) detailed industry discussions around the various potential (multiple) Uniform Network Code (Code) impacts would be needed in due course. Part of the issue boils down to aspects relating to the future management of the service provision from not only a performance, responsibility and liabilities monitoring point.

A brief onscreen review of TPD Section C, paragraph 1.6 was undertaken during which Joel Martin (JM) advised that he expects that the GDNs would continue to ensure publication of any relevant data going forwards.

When PL pointed out that the SC9 files include a forecast CV element and it was noted that this would become part of the new service provision and would need to be developed under future business rule discussions, (i.e. as part of the development of a new supporting UNC Modification). AR advised that he would include a reference within the Request Workgroup Report in due course. He also pointed out that UDQO is an NTS (energy balancing calculation) which would also need to be factored into considerations going forwards.

During further discussions it was noted that there are potentially multiple Code Section impacts (i.e. OADF & M, TPDC and a number of ancillary documents) involved which will need considering under a new UNC Modification arena – AR advised he would amend the draft Request Workgroup Report to ensure these points are suitably captured.

When asked whether there are any concerns relating to potentially 'stranded' service provisions during the interim period, PL responded by making reference to OAD Section F, paragraphs 1.2, 2 and 4 provisions. He went on to remind parties that under the current regime there is no regulatory of Contractual obligation on National Grid to continue to provide an enduring service, and that (post Network Sales the OAD was amended to include the right for National Grid to issue a 6 month notice of service cessation, which National Grid has now invoked.

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<sup>1</sup> Please refer to item 3 on the 09 September 2020 DSC Change Management Committee agenda for more details at: <https://www.gasgovernance.co.uk/dsc-change/090920>

PL went on to point out that during previous discussions, a couple of the GDN representatives had confirmed that their preference would be for the CDSP to provide a suitable delivery route once National Grid ceases to provide the service provision – a point confirmed by both JM and Shiv Singh.

#### 4.0 Finalise Request Workgroup Report

The Request Workgroup undertook a detailed onscreen review of the draft Request Workgroup Report (v0.2, dated 01 September 2020) during which the following key points were debated whilst at the same time AR made amendments to the draft document inline with the discussions and feedback being provided.

##### Section 2 – Impacts and Costs

- the ‘Legislative, regulatory and contractual obligations and relationships’ expanded to provide further clarity around the new CV derivation process.

##### Section 4 – Output of Review Group

- additional note added to the 2<sup>nd</sup> bullet point to explain the use of the term ‘applicable CV’ in preference to ‘FWACV’ in certain instances;
- removal of the ‘Publication of forecast CV values’ bullet point as a National Grid activity and the inclusion in the list of activities to be delivered the service provider;
- provision and costing for the interim service included within the ‘National Grid Position’ statements;
- new ‘Latest Developments’ statement added along with clarification of the options that would be available for the GDNs going forwards;
- ‘Option 0’ statement expanded to clarify that a UNC Modification would be necessary to establish a UNC obligation for determining CVs on National Grid, should this be deemed appropriate;
- the ‘Proposed Course of Action’ statements were enhanced and refined to better reflect the sentiments of those parties involved in the meeting, including but not limited to, the preference for the CDSP to provide the service in future;
- the ‘next steps’ listing expanded to include:
  - consideration of contractual / commercial arrangements going forward (to be confirmed collectively by the GDNs in due course);
  - GDNs to initiate a formal request for the CDSP to develop an enduring service;
  - A requirement for National Grid to continue to receive CV and volume information (at Offtake / DN Entry point level) going forwards;
  - references added to highlight Xoserve’s new Change Proposal - XRN 5231, and
  - National Grid to consider the raising of a new UNC Modification to align obligations and rationalise a number of UNC section and ancillary document requirements to reflect the revised arrangements.

##### Section 5 – Recommendations

- agreed by those parties in attendance.

During a brief concluding discussion, PL reiterated that National Grid remain committed to working with all interested parties in ensuring a successful transition to a new service provider moving forwards.

## 5.0 Next Steps

AR confirmed that the (draft) Request Group Report would now be updated to reflect discussions before being issued to participants for feedback, (by no later than close of play on Thursday 10 September 2020), before being finalised and published as a final version, (v1.0), for consideration, (*as a short notice item*), at the 17 September 2020 UNC Modification Panel, with a recommendation that the Review Group be closed.

## 6.0 Any Other Business

None.

## 7.0 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)

There are NO further Review Group meetings planned at this time.

**Action Table (as at 07 September 2020)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0801	03/08/20	1.3	National Grid (PL) to consider what cost information could be provided and if possible, provide further information of the cost of replacing the system, the potential ongoing costs and proposed splitting of costs for the interim solution.	National Grid (PL)	Update provided. <b>Closed</b>
0802	03/08/20	1.3	Xoserve (SP) to check and clarify the Change Request (XRN5063) scope approval process and timelines.	Xoserve (SP)	Update provided. <b>Closed</b>