

UNC Transmission Workgroup Minutes
Thursday 01 September 2022
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Amy Howarth	(AH)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BMc)	Vermilion Energy
Carlos Aguirre	(CG)	Pavilion Energy
Claire Caple	(CC)	E.ON
Daniel Hisgett	(DH)	National Grid
David Mitchell	(dm)	SGN
Hannah Reddy	(HR)	Correla
Hursley Moss	(HM)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Joseph Leggett	(JL)	Interconnector Ltd
Joshua Bates	(JB)	National Grid
Julie Cox	(JCx)	Energy UK
Lauren Jauss	(LJ)	RWE
Louise Hellyer	(LH)	Total
Marion Joste	(MJ)	ENI
Matthew Newman	(MN)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Paul O'Toole	(POT)	Northern Gas Networks
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy Ltd
Terry Burke	(TB)	Equinor

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/010922>

1. Introduction and Status Review

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

1.1. Approval of minutes (04 August 2022)

The minutes from the previous meeting was approved.

1.2. Approval of Late Papers

The Workgroup approved the late paper provided for item 3.0.

1.3. Review of Outstanding Actions

None outstanding

1.4. Industry Update from Ofgem

In the absence of an Ofgem representative, EF noted three Modifications that Transmission Workgroup would be interested in:

Modification 0761 - Arrangements for Interconnectors with additional Storage capability, which has an Ofgem expected decision date of 30 September 2022.

Modification 0779/A – Introduction of Entry Capacity Assignments, which has an Ofgem expected decision date of 23 December 2022.

Modification 0814 (Urgent) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector, which has been provided to Ofgem for a decision following Panel recommending implementation on 03 August 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

1.5.1. Alignment of TPD Section I Licence Reference to the current National Grid Gas Licence

Ashley Adams (AA) introduced a draft Fast Track Modification to update an incorrect reference to National Grid Gas (NGG) Licence within UNC TPD Section I 3.11.1 to align it to the NGG Licence applicable from 01 April 2021.

AA confirmed this would be submitted to the September UNC Modification Panel. No questions were raised by the Workgroup.

1.5.2. Shorthaul Eligibility Calculation

Lauren Jauss (LJ) introduced a draft Self Governance Modification to amend the apportionment of Entry Capacity and Entry Flow between multiple Conditional NTS Capacity Charge Discount (CNCCD) qualifying routes that share an Entry Point so that it is based on the minimum of both the Exit Capacity and the Exit Flow at each of the Exit Points of each route.

LJ explained the objective of CNCCD and provided examples of the calculations and current arrangements. Please refer to the presentation slides for full details on the background to the Modification.

LJ explained that the current arrangements disincentivise Users from booking Exit Capacity associated with CNCCD routes which share Entry Points with other routes, and do not reflect the costs and benefits of access to and use of a pipeline that is owned and operated by the User, which was the intent of the current CNCCD arrangements.

The Modification will amend the apportionment calculation in UNC TPD B9.3.8 so that both Entry Capacity (CapEn) and Entry Flow (DQEn) is allocated based on the minimum of both Exit Capacity and Exit Flow at each of the Exit points of each registered route

The CNCCD discount arrangements were intended to avoid inefficient bypass of the NTS. Inefficient bypass would reduce the capacity charges cost base and result in increased NTS Capacity reserve tariffs which would then be passed through to consumers. LJ confirmed that this proposal will improve the eligibility for the CNCCD discount to help avoid inefficient bypass and prevent higher bills for consumers.

Steve Mulinganie (SM) enquired if Ofgem had been approached with regards to the solution, suggesting the Modification would require Authority Direction.

Nick Wye (NW) expressed support for the Modification, noting this was a sensible solution to encourage booking sensible amounts of capacity and be able to take advantage of short-haul discounts.

Ritchard Hewitt (RH) asked for the views from National Grid, LJ confirmed views had been expressed that parties should not be overbooking capacity.

Daniel Hisgett (DH) explained that if/when building a bypass pipeline, it would be built based on the gas flows expected and booked capacity would be expected based on the expected flows. DH believed the proposal was worthy of discussion, suggesting consideration is given at the NTSCMF Workgroup as this Modification will affect charges.

SM supported further discussions at the Transmission Workgroup and enquired about the potential assessment timeline. LJ hoped to turnaround the assessment quickly to allow utilisation as soon as possible. DH noted that as system changes would be required achieving implementation for this winter may not be possible.

Anna Shrigley (ASh) in support of the change, asked about allocating the cheapest route with a discount first. LJ noted this suggestion and confirmed that the Modification will be submitted to September UNC Modification Panel

1.5.3. Reform of Gas Demand Side Response Arrangements

Phil Hobbins (PH) introduced a draft Urgent Modification to include provisions within the UNC to:

1. Administer an invitation (tender) to offer a gas Demand Side Response (DSR) process,
2. Introduce option payments with consumers to provide DSR; and
3. Extend the lead-time in which National Grid NTS can accept DSR Market Offers.

PH confirmed the change would require a licence change to change the methodology's consultation period, PH also referred to requiring a derogation as an interim to enable early use of the mechanism.

PH explained that the current DSR arrangements provide a mechanism for large consumers to offer to reduce their gas usage in return for a payment during times of system stress.

PH explained that reform is needed to make the DSR product more attractive, to encourage its take-up, so that the scheme can be better utilised this winter. It is proposed to enable National Grid NTS to issue an invitation to all Users seeking commitment to offer DSR volumes.

The Workgroup considered the proposed Urgent Modification and suggested timetable with a view to seeking a decision from Ofgem at the end of September.

Julie Cox (JCx) wished to obtain a better understanding of the NEC's involvement in the process, in particular any pre-declaration of an emergency and when the NEC becomes active, for example is this a GSO decision, once activated after the Margins notice.

PH explained the Stage 1 and Stage 2 Emergency procedures and involvement of the NEC. PH agreed to add this to the forthcoming Webinar as a point of interest, to help Users better understand the cut-over from the commercial and emergency decisions.

Ritchard Hewitt (RH) agreed it was key to be clear what role National Grid is undertaking and if this is a residual balancer, or safety.

Jeff Chandler (JCh) enquired how much DSR gas this Modification would facilitate and how many times this may be called upon. PH confirmed that National Grid have engaged with large industrials, those that provided a view, provided the daily cost of DSR. PH had no view on how the split may play out in the tender process, but it was clear this would be a material sum.

The Workgroup considered the Solution. PH provided an overview of the process outlined in the Solution and the assessment process with the use of bid stacks and the priority of accepting lowest price first based on the lead time offered.

RH enquired about the options payments trickling into Neutrality and whether this would be based on a monthly, 6 monthly or yearly period. PH confirmed that the Option Payments to Users would be paid on a monthly basis, processed through the balancing neutrality account.

Louise Hellyer (LH) enquired if there would be a penalty for posting bids late. PH clarified that offers would need to be submitted within the window stated and a penalty would be applied for late offers.

The Workgroup considered the payment and Funding Arrangements, events that may trigger termination and the ability to exit the arrangements for numerous scenarios.

It was noted that the Modification will be amended before submission to the UNC Modification Panel.

1. **Milford Haven Risk**

Anna Stankiewicz (ASt) provided a brief verbal update providing the background to changing the energy constraint mechanisms and addressing the risks identified.

ASt wished to seek views via a short informal survey on the options being considered, offering two weeks to respond.

Richard Fairholme (RF) welcomed the informal survey suggesting the options need to be outlined and an opportunity within the survey for parties to provide further alternative suggestions.

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

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

In preparation National Grid Gas (NGG) have engaged with all terminal operators to understand which of them would want to reduce their contractual lower Wobbe limit for entry in the National Transmission System (NTS).

Phil Hobbins (PH) provided a presentation for information on the NTS Entry Points in scope and the Network analysis undertaken against different scenarios to model the penetration of low Wobbe gas. Please refer to the presentation published for full details.

Referring to the conclusions PH confirmed that if the contractual lower Wobbe limit were reduced at the terminals presented, National Grid do not expect any ASEP other than offtakes downstream of Barrow to have a lower Wobbe limit of 47.2 MJ/m³ in steady state.

It was agreed to further consider the analysis undertaken at the October meeting.

3. **Transmission Change Horizon Plan**

Anna Stankiewicz (ASt) advised there are no changes to report apart from the Flow Weighted Average CV (FWACV) project going live on 01 September 2022.

EF noted that *Modification 0779/0779A – Introduction of Entry Capacity Assignments*, is within system development, at risk pending the Ofgem's decision.

4. Overrun Update

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

5. Workgroups

5.1. 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>

Discussion deferred until October following consideration at the Distribution Workgroup Meeting on 25 August 2022.

6. New Issues

No new issues raised.

7. Any Other Business

7.1. Margins Notice Forecast

Phil Hobbins (PH) provided a presentation explaining the existing 5 Day Margins Notice Methodology and its limitations. PH explained that the Margins Notice Forecast is intended to provide a more realistic view of what the trigger level might be on any day out to D-7 with the intention of publishing this every day between 01 October and 30 March.

PH provided an overview of the proposed changes from the D-5 methodology. Please refer to the presentation published for full details.

The Workgroup considered the proposed changes for Storage and LNG and the use of confidence bands.

Julie Cox (JCx) enquired if the prevailing view would be used and if the prevailing view will change from October. ASt confirmed the information would be provided at: <https://www.nationalgrid.com/uk/gas-transmission/balancing/margins-notices-and-gas-balancing-notifications>. JCx requested better visibility of the 7 Day view on the National Grid website in addition to the current location.

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

Post Meeting Note:

For clarification the 7-day Margins Notice forecast will be published on the Prevailing View webpage as a snapshot of key information for each gas day starting from 01 October. National Grid will include a link to the full report (including confidence bands mentioned in the meeting today) within the Prevailing View for easy access. The full report will be published on the Margins Notices and Gas Balancing Notifications webpage at: <https://www.nationalgrid.com/uk/gas-transmission/balancing/margins-notices-and-gas-balancing-notifications>.

7.2. Performance Assurance industry engagement session

Helen Cuin (HCu) wished to raise awareness of the Performance Assurance industry engagement session taking place on Wednesday 21 September 2022. This is aimed at raising awareness of what PAC and PAFA are engaged in and ways to help parties improve their

performance with a focus on settlement accuracy. For more details please refer to: <https://www.gasgovernance.co.uk/PAC/210922>

In order to register attendance and receive your invitation, please email the Performance Assurance Framework Administrator (PAFA): on PAFA@Gemserv.com.

2. 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 06 October 2022	5pm Wednesday 28 September 2022	Microsoft Teams	Standard Transmission Workgroup Agenda
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

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 See Post Meeting Note