

UNC Transmission Workgroup Minutes
Thursday 04 August 2022
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Vera Li	(VL)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid
Arjan Geveke	(AG)	Energy Intensive Users Group
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BMc)	Vermilion Energy
Carlos Aguirre	(CG)	Pavilion Energy
Chris Wright	(CW)	ExxonMobil
Claire Proctor	(CP)	PTUK
Clare Caple	(CC)	E.ON
Davide Rubini	(DR)	Vitol
Ellie Rogers	(ER)	Xoserve
Hannah Reddy	(HR)	Correla
Hursley Moss	(HM)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Joshua Bates	(JB)	National Grid
Julie Cox	(JCx)	Energy UK
Louise Hellyer	(LH)	Total
Marion Joste	(MJ)	ENI
Matthew Newman	(MN)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Paul Martin	(PM)	Argus Media (0813)
Pavanjit Dhesi	(PD)	Interconnector Ltd
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	SEFE Energy Ltd
Steve Chambers	(SC)	SEFE Energy Ltd
Steve Mulinganie	(SM)	SEFE Energy Ltd

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/040822>

1. Introduction and Status Review

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

1.1. Approval of minutes (07 July 2022)

The minutes from the previous meeting was approved.

1.2. Approval of Late Papers

The Workgroup approved the late papers provided for AOB item 8.3.

1.3. Review of Outstanding Actions

0401: Overruns to be reviewed in August to consider the effectiveness and impact of industry changes to the regime.

Update: See item 5.0. **Closed.**

1.4. User Representative Appointment Process

EF advised that the process for appointing User Representatives had concluded having opened a further window for nominations and receiving an expression of interest from parties to join the Performance Assurance Committee (PAC) and DSC Committees. Transporters were reminded to update any changes for their representatives.

1.5. Industry Update from Ofgem

In the absence of an Ofgem representative, EF noted the 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 end of September

Modification 0779/A – Introduction of Entry Capacity Assignments, which has an Ofgem expected decision date of towards the end of 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>

1.6. Pre-Modification discussions

See item 8.1

2. Milford Haven Risk

Anna Stankiewicz (ASt) provided a presentation illustrating the capacity booked, the daily Milford Haven (MH) flows along with a summary of the options being considered and the status of each of these. These included:

1. Improve communications between National Grid Gas (NGG) and Sub-Terminals / Shippers – *agreed in principle.*
2. Agree cargo delivery plan between NGG and Sub-Terminals / Shippers – *not progressed.*
3. Cap buybacks – *in development.*
4. Turn-down contracts – *on hold.*
5. Increase overrun penalty in a constraint scenario - *on hold.*

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

PH advised that the HSE are considering the responses to their consultation on a potential change to the lower limit in the Wobbe index and will refine the Impact Assessment. It is anticipated that the amended GSMR will be presented to Parliament in the autumn session. In parallel, National Grid are continuing to develop network analysis to understand the impact of any delivery of lower Wobbe gas. PH hoped to provide further updates in due course.

Julie Cox (JCx) enquired about the timeline for the Gas Data enhancement provision Survey – PH hope to issue this within the next two weeks, to seek views on what data would be useful and justification.

4. Transmission Change Horizon Plan

Anna Stankiewicz (ASt) advised there are no changes to report.

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

5. Overrun Update

Anna Stankiewicz (ASt) provided the Overrun Reporting update. For full details please refer to the presentation published.

ASt provided a table of the entry and exit activity in relation to Modifications 0752S, 0755S and 0759S, confirming how the functionality of each Modification has been utilised.

0752S - Introduction of Weekly Entry Capacity Auction - 2 bids received.

0755S - Enhancement of Exit Capacity Assignments - no activity, enhancement not utilised

0759S - Enhancements to NTS Within-Day Firm Entry and Exit Capacity Allocations - 84 Entry bids and 159 exit bids.

The Workgroup considered the scheduling charges and Shipper ability to be 100% accurate with capacity bookings, noting that operational issues can impact under/over estimations.

ASt confirmed that National Grid are not intending to raise a Modification in this area because that would appear to weaken the incentive when in fact the number of overruns has increased despite the availability of later capacity purchase windows. ASt noted this does not prevent other parties raising a Modification. ASt suggested if a Modification is raised this would need to include a clear justification as to why a tolerance is required.

Adam Bates (AB) wished to note the difficulties with estimating accurate bookings, as some elements are out of the Shipper's control. Nick Wye (NW) also noted that beach terminals are difficult to precisely forecast. The Workgroup considered the data presented noting that 30% of overruns were within 3%.

NW suggested that the entry and exit booking tolerances should be looked at again as the data presented would support the introduction of some form of tolerance. NW recognised that Shippers are doing their best, with some elements out of their control, with limited cost to the industry and overruns not being detrimental.

Jeff Chandler (JCh) asked for clarity on the treatment of charges. It was confirmed that the entry overrun charges go through Capacity Neutrality and smeared back to the community.

JCh wished to note if the regime is reviewed it should include entry and exit.

The Workgroup considered the next steps. Bethan Winter (BW) believed it was important to have visibility of the overruns going forward. It was suggested for this winter period overrun data should be presented to the Transmission Workgroup every 3 months with the first report in November. Periodic reviews would then be undertaken twice a year. ASt clarified the detail which would be provided and this was agreed by the Workgroup.

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/0813/040822>

7. New Issues

No new issues raised.

8. Any Other Business

8.1. Gas Demand Side Response (DSR)

Phil Hobbins (PH) provided a summary overview, sharing feedback with the Workgroup from recent engagements including the use of alternative fuels, impacts on prices, and lead-times. PH noted that National Grid are not currently in a position to raise a Modification, noting that there was broad support for a DSR reform.

PH explained that in the event of a tight supply / demand position, triggering a gas balancing notification, there would be little or no DSR volumes available without additional market stimulus.

Steve Mulinganie (SM) enquired if National Grid received feedback from consumers in regard to investment and the recovery of capital expenditures, how costs would be addressed for reinstating mothballed sites, the facilitation of this and the option payments/price.

PH provided an overview of the alternative solutions suggested, an overview of the issues in relation to the principles, commercial considerations and process.

PH provided a strawman on the initial proposals to address the issues that need to be resolved. PH confirmed further industrial sector specific engagement will be undertaken through a consumer survey before developing a draft Modification proposal, which may be raised under Urgent procedures to enable options to be available as soon as possible.

Bethan Winter (BW) requested that National Grid keep Distribution Network Operators (DNOs) informed. PH confirmed that a refresher session is planned for the emergency arrangements.

SM noted there was a need for incremental change and the need for a broader horizon review for enduring arrangements, to make the scheme more attractive to more parties.

Julie Cox (JCx) agreed there could be short and long term changes, noting that there was no Modification at present however once National Grid come to a decision the outcome could result in an Urgent Modification for this winter. PH acknowledged that the timescales are moving towards the need for an Urgent Modification.

8.2. Updated ROM Template

Ellie Rogers (ER) provided an updated ROM Template, for awareness, which has been shared with multiple industry forums. The template had been updated to provide clearer responses for customers. New ROM requests will utilise this template.

8.3. Annual Emergency Exercise – Exercise Degree

Phil Lucas (PL) provided a paper detailing Exercise ‘Degree’ which is the Gas Industry’s annual Network Gas Supply Emergency (NGSE) Network Emergency Coordinator (NEC) assurance exercise, asking parties to ensure key staff are informed.

PL confirmed that Exercise Degree will focus on NEC communications with all industry participants through all stages of an emergency, both in the lead up and during an NGSE, and assure that industry participants are aware of their obligations to comply with NEC instruction.

For full details please refer to the [paper](https://www.gasgovernance.co.uk/tx/040822) published at:
<https://www.gasgovernance.co.uk/tx/040822>.

For further enquires please contact the Emergency and Incident Framework Team via:
gasops.emergencyplanning@nationalgrid.com

PL confirmed a post meeting note will be provided for publication alongside the Transmission minutes.

8.4. Operating Margins

Phil Hobbins (PH) wished to notify the Workgroup of the preparations for this winter, confirming that National Grid are currently reviewing the appropriate levels of operating margins. If further

margins are required National Grid will look to conduct an additional tender and expect this to be launched late August / early September. Further details will be provided if this is the case.

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 01 September 2022	5pm Wednesday 24 August 2022	Microsoft Teams	Standard Transmission Workgroup Agenda
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 04 August 2022)

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0401	07/04/22	4.0	Overruns to be reviewed in August to consider the effectiveness and impact of industry changes to the regime	August 2022	National Grid (ASt)	Closed
			No new actions			

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

Thursday 04 August 2022

via Microsoft Teams

Attendees

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Helen Cuiin (Secretary)	(HCu)	Joint Office
Vera Li	(VL)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
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Bethan Winter	(BW)	WWU
Brian McGlinchey	(BMc)	Vermilion Energy
Carlos Aguirre	(CG)	Pavilion Energy
Chris Wright	(CW)	ExxonMobil
Claire Proctor	(CP)	PTUK
Clare Caple	(CC)	E.ON
Davide Rubini	(DR)	Vitol
Ellie Rogers	(ER)	Xoserve
Hannah Reddy	(HR)	Correla
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Sinead Obeng	(SO)	SEFE Energy Ltd
Steve Chambers	(SC)	SEFE Energy Ltd
Steve Mulinganie	(SM)	SEFE Energy Ltd

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 January 2023.

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

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1.0 Outline of Modification

Phil Lucas (PL) introduced the Modification supported by a presentation explaining recent events have necessitated consideration of the consequences if a Shipper is being subject to sanctions. PL provided an overview of the immediate imbalance risk under the current arrangements with an explanation of the Termination process and ability for Shippers to transact under a 'Deed of Undertaking'.

PL explained that the purpose of the Modification to extend the availability of the 'Virtual Last Resort User' (VLRU) and 'Contingent Procurement of Supplier Demand' (CPSD) provisions, which are currently only available as a consequence of User Termination.

PL explained that in exceptional circumstances (such as Government sanctions) National Grid may issue a 'User Premises Termination Notice' (UPTN) to a Shipper User which will have the effect of discontinuing the Shippers Registration for any Supply Meter Points. PL confirmed that as a consequence of a Shipper Termination, a Supplier in respect of the Terminated Supply Points will operate under the terms of a Binding Undertaking (i.e. there is no Registered User in place for the relevant Supply Meter Points).

PL explained the extension to include exceptional circumstances will enable utilisation of the VLRN and CPSD mechanisms, enabling Suppliers and National Grid to procure gas supplies for impacted supplier demand.

PL noting that the proposal seeks to address the specific consequential imbalance risk, asked for views if there were any other areas which may require consideration and welcomed feedback. PL clarified that further consideration would be needed on the impacts to the Data Service Contract (DSC) and Central Switching Service (CSS).

Ellie Rogers (ER) enquired about the deed of undertaking if the Shipper and Supplier are from same entity and what would happen in this scenario. PL explained that it would be difficult for the UNC to address this risk, referring to the Supplier of Last Resort (SoLR) resolution which sits outside the UNC. It was agreed that this should be noted for clarity with the Workgroup Report.

ER agreed to map out the different scenarios with National Grid, including the involvement of multiple suppliers. It was agreed that the SoLR and Supplier sanctions were out of the Modification's scope.

The Workgroup noted that the Distribution Workgroup may wish to contribute to the Workgroup's assessment due to the material impact on Shipper registrations, interactions with the retail market and possible impacts on IGTs. It was suggested that the Modification should be considered at the 25 August Distribution Workgroup.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

None raised.

2.2. Initial Representations

None received.

2.3. Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at www.gasgovernance.co.uk/mods

3.0 Next Steps

Further consideration at the August Distribution and September Transmission Workgroups.

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

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 25 August 2022	5pm Wednesday 17 August 2022	Microsoft Teams	Assessment within Distribution Workgroup Consideration of Wider Industry Impacts
10:00 Thursday 01 September 2022	5pm Wednesday 24 August 2022	Microsoft Teams	Assessment within Transmission Workgroup Consideration of Wider Industry Impacts
10:00 Thursday 06 October 2022	5pm Wednesday 28 September 2022	Microsoft Teams	Consideration of Business Rules
10:00 Thursday 03 November 2022	5pm Wednesday 26 October 2022	Microsoft Teams	Review of Relevant Objectives
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 04 August 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			None Recorded		