

UNC Transmission Workgroup Minutes
Thursday 05 January 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Anna Shrigley	(ASh)	ENI
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BM)	EON
Carlos Aquirre	(CA)	Pavilion
Chris Wright	(CWr)	ExxonMobil Gas Marketing Europe Limited
Christiane Sykes	(CS)	Shell
Claire Proctor	(CP)	Petronas
Hannah Reddy	(HR)	Corella
Hursley Moss	(HM)	Cornwall Insight
Isabel Capp	(IC)	BEIS
Julie Cox	(JC)	Energy UK
Kirsty Appleby	(KA)	National Grid
Lauren Jauss	(LJ)	RWE
Mariachiara Zennaro	(MZ)	Centrica
Marion Joste	(MJ)	ENI
Mark Carter	(MC)	Centrica
Mark Rixon	(MR)	Waters Wye Associates
Matthew Newman	(MN)	National Grid
Nigel Sisman	(NS)	Sisman Consult
Paul O'Toole	(POT)	Northern Gas Networks
Pavanjit Dhesi	(PD)	Interconnector
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
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/050123>

1. Introduction and Status Review

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

1.1. Approval of minutes (01 December 2022)

EF noted that a post meeting update had been added to the December minutes closing action 1202. The minutes from the previous meeting were then approved.

1.2. Approval of Late Papers

It was noted that there was one late paper, submitted for item 2.0

1.3. Review of Outstanding Actions

1201: National Grid (ASt) to provide more clarity with regards to emergency procedures and scenarios when overruns occur.

Update: Anna Stankiewicz (ASt) confirmed an update had been provided at the December meeting and suggested this action could be closed.

The Workgroup reviewed the action update and considered whether additional clarity was still required. Julie Cox (JC), referring to the December 2022 Exit Constraints Webinar and the slides presented, suggested that the Questions and Answers (Q&A) responses from National Grid, may be of help. JC explained that a request was made for the Q&A to include written responses to all the questions raised at the Webinar. It was agreed to publish the Q&A once available alongside the Transmission minutes to allow the Workgroup to gain a better understanding and to ensure that all the points raised had been addressed.

New Action 0101: National Grid (ASt) to provide a copy or link for the Q&A paper to Joint Office so that the notes can be published with Transmission minutes.

It was also noted that within the UNC Section B and Section J there are some apparent inconsistencies; JC challenged that there were sections stating that overruns should not occur whilst other sections appear to permit overruns albeit with penalties then applied. It was agreed that a cross reference check should be undertaken and that the Workgroup would look into the detail of any inconsistencies. **Closed**

New Action 0102: National Grid (ASt) to provide a cross reference between UNC Section B and Section J in relation to Overruns

1.4. Industry Update from Ofgem

EF referred to the estimated decisions dates timetable published on 24 November 2022 at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>, and provided an update on the Modifications Awaiting Ofgem Decision (please see below extract).

EF also confirmed that:

- Modification 0806 - Change to Curtailment Trade Price Compensation in Section Q, had been rejected; and
- Modifications 0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers; and 0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes; had been issued out for consultation.

Modification	Estimated Decision Dates
0809 - Re-distribution of Last Resort Supplier Payments (LRSP) to include IGT sites <i>NB* Accelerated work and hope to make a decision in next few weeks ahead of March 2023.</i>	TBC

0805 - Introduction of Weekly NTS Exit Capacity Auctions	30 January 2023
0761 - Arrangements for Interconnectors with additional Storage capability	28 April 2023
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	TBC

1.5. Pre-Modification discussions

1.5.1. Introduction of a D-5 Exercise Demand Side Response (DSR) Scheme

Phil Hobbins (PH) referred to the provided draft Modification to extend the within day and D-1 DSR Option arrangements that were introduced by Modification 0822 (Urgent) - Reform of Gas Demand Side Response Arrangements (<https://www.gasgovernance.co.uk/0822>), to enable National Grid NTS to procure DSR Options that may be exercised with a 5 day lead-time.

PH confirmed that National Grid would not be raising the Modification at this time. Nevertheless, National Grid plan to continue a programme of DSR reform which will include addressing the issues with longer lead-time DSR this year with a view to deployment for Winter 2023/24.

Lauren Jauss (LJ) enquired about the DSR credit arrangements and whether there were cashflow considerations. PH clarified as part of the reform there were no specific changes to the current arrangements. Steve Mulinganie (SM) asked what the specific concerns were. LJ explained there may be a timing issue with the buy-back product and the need to post cash immediately, when payment for the gas may not be for some time. PH explained National Grid's cash neutrality arrangements, and that there may be some cashflows issues if there are a high number of trades. PH clarified settlement is within 2 working days for the counterparties.

It was recognised that the DSR changes have been driven forward at pace, with the first DSR options tender closing on 23 December 2022. PH confirmed that National Grid are currently assessing the outcomes and will be notifying the tendering parties of these shortly. The intention is to publish a report in anonymised form on the National Grid DSR webpage.

Richard Fairholme (RF) enquired if any generators participated, and if information can be shared on the breakdown between large industrial loads and generators. PL confirmed that although National Grid are not obliged to provide this information, this request would be taken away with a view to providing an aggregated overview within the planned communication, following consideration of any commercial confidentiality.

Further to Action 1201's Update, ASt confirmed that the QA document will be provided by the end of the week and this would cover the unanswered questions. Julie Cox (JC) asked if all Questions can have a written response included within the QA document to ensure sufficient clarity is provided for scenarios discussed at the webinar, for load shedding events.

New Action 0103: National Grid (ASt) to request that the OM Questions are captured with the Exit Constraints Webinar QA document.

PH confirmed that National Grid received one D-5 offer, which in their view, with the associated DSR quantity, was not sufficient to warrant expending National Grid and industry time and effort on an urgent UNC Modification to access the quantity of D-5 DSR later this winter.

It was felt that rushing a complex Modification through with very short consultation timescales for the amount of volume offered could not be justified, especially in light of some of the feedback received in relation to the recent DSR Modifications that have been rapidly progressed.

PH confirmed that a D-5 product is still very much on the table and National Grid remain committed to exploring the DSR regime further to broaden participation as directed by Ofgem. Wanting the DSR to be as effective as possible PH expressed that National Grid want to address the issues with longer lead-time DSR together with industry and consumers to enable the delivery of a robust product that could be implemented for 2023/24 winter.

This would form part of a wider package of other issues that need to be considered, such as direct contracting with consumers, expansion of site eligibility criteria and expansion of fuel-switching capability including consideration of limited relief from emissions constraints when the fuel-switch is voluntary.

PH outlined the next steps confirming he will return to the February meeting with a proposed plan for the topics/issues to be addressed and the associated plan for industry engagement to understand concerns and remove blockers for next Winter. SM suggested there should be broader engagement with all stakeholders.

Shiv Singh (SS) referred to the DN consultation response relating to DNs being informed of any contracts executed downstream, to ensure that DNs are aware of sites already in the process of turning down/switching off if the DN also requires load-shedding. PH confirmed the operational procedure and that the relevant DN would be notified in an emergency. SS sought confirmation that DSR voluntary curtailment would also be communicated. PH agreed to investigate.

2. Milford Haven Risk

Anna Stankiewicz (ASt) provided an overview of the Milford Haven Risk and the Norwegian Maintenance programme, advising that the Consultation had been extended and will close on 13 January 2023 (<mailto:box.gsoconsultations@nationalgrid.com>).

ASt provided an overview of how the Norwegian Maintenance will affect Milford Haven confirming that the export flows will continue to Europe in Summer 2023 (up to 75mcm/d) and of the Summer Supply reductions between May and September.

ASt provided the Workgroup with an extract of the Gassco Outages, and a supply comparison for Summer 2021 and 2022, followed by an Embedded Capacity Register (ECR) Proposal.

The timeframe over which National Grid propose to restrict capacity at Milford Haven was from 01 May 2023 to 30 September 2023, aligning with Gassco outages.

Julie Cox (JC) thanked National Grid for the information provided.

It was noted that the Gassco Maintenance field outages were for relatively short periods for parts of the month and that restricting capacity for whole months would not be in line with obligations to maximise capacity. Claire Procter (CP) noting the date alignments asked if it would be possible to start mid-month rather than at the beginning.

ASt explained the monthly capacity and auction processes agreeing to consider views about potentially starting mid-month. A weekly process was suggested as an alternative. Christiane Sykes (CS) enquired if a change in the methodology for one summer maybe another option.

ASt welcomed the feedback and asked for this to be captured within written responses for further consideration.

Lauren Jauss (LJ) asked for further analysis to allow the Workgroup to drill down and to be assured the industry are working with the right baseline level noting the data used to derive the current baselines is over 15 years old.

The Workgroup considered the materiality, constraints, contracts, the uncertainty, the impact on consumers, and who best to conduct the analysis. The Workgroup considered drilling down more to look at getting the right balance, considering buy backs, locational trades, gas prices and assumptions. Chris Wright (CW) expressed the need for rigour, as this is an enduring regime, with an obligation on National Grid to release capacity up to the baseline.

ASt referring to the Exit Constraints Webinar confirmed the capacity released in Summer 2022 was close by +/-1% to the capability. Noting the request for an impact assessment it was recognised there are some complexities and unknowns on how accurate an impact assessment could be.

Nigel Sisman (NS) explained that there are no costs until there is a constraint, expressing the need to allow as much gas as possible through Milford Haven without artificiality causing a constraint problem. It was stressed the regime needs to be structured to ensure capability is

maximised and it would be useful for the LNG operators if there was extra headroom which could avert potential problems. It was suggested that there might be an opportunity to change the auction timetable to better facilitate the maximisation of gas coming into Milford Haven.

ASt welcomed the views and options provided.

Anna Shrigley (ASh) stressed it would not be appropriate to use emergency tools to address a physical capacity constraint and enquired if the plan is to deliver options before the next auction process opens.

ASt provided an overview of the governance timetable with the consultation closing on 13 January 2023, and two weeks built in for National Grid to establish if the proposal goes ahead as is, or needs to be modified, before a report is submitted to Ofgem on 27 January 2023. Noting that the Ofgem decision would be tight for the mid-February auction timetable, it was envisaged that Ofgem would want to review the feedback before expressing any views. It was acknowledged that Ofgem have 56 days to make a decision, which could take this beyond the February Auction.

It was suggested that if the proposal changes significantly National Grid should consider if a further consultation should be undertaken.

New Action 0104: National Grid (ASt) to consider a re-consultation if following feedback there will be a significant change to the proposal for restricting capacity at Milford Haven.

ASh expressed that if parties are potentially facing unpredictable socialised costs, this may have an impact on how gas is delivered to the UK, and there would need to be proper justification for unpredictable costs. Adam Bates (AB) stressed that the whole framework needs to be stable, reliable, and predictable, fundamental changes at short notice are not helpful to the industry.

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

Phil Hobbins (PH) confirmed there was no further update this month and that the HSE final decision had not been published, awaiting publication.

4. Transmission Change Horizon Plan

Anna Stankiewicz (ASt) confirmed there is no further update from last month.

5. Workgroups

None.

6. New Issues

No new issues raised.

7. Any Other Business

None raised.

8. 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 02 March 2023	5pm Wednesday 22 February 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 06 April 2023	5pm Wednesday 29 March 2023	Microsoft Teams	Standard Transmission Workgroup Agenda

10:00 Thursday 04 May 2023	5pm Wednesday 26 April 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 01 June 2023	5pm Wednesday 31 May 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 06 July 2023	5pm Wednesday 28 June 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 03 August 2023	5pm Wednesday 26 July 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 September 2023	5pm Wednesday 30 August 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 October 2023	5pm Wednesday 27 September 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 November 2023	5pm Wednesday 25 October 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 December 2023	5pm Wednesday 29 November 2023	Microsoft Teams	Standard Transmission Workgroup Agenda

Action Table (as of 05 January 2023)

Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
1201	01/12/22	1.3	National Grid (ASt) to provide more clarity with regards to emergency procedures and scenarios when overruns occur.	February 2023	National Grid (ASt)	Carried Forward
0101	05/01/23	1.3	National Grid (ASt) to provide a copy or link for the Q&A paper to Joint Office so that the notes can be published with Transmission minutes.	February 2023	National Grid (ASt)	Pending
0102	05/01/23	1.3	National Grid (ASt) to provide a cross reference between UNC Section B and Section J in relation to Overruns.	February 2023	National Grid (ASt)	Pending
0103	05/01/23	1.5.1	National Grid (ASt) to request that the OM Questions are captured with the Exit Constraints Webinar QA document.	February 2023	National Grid (ASt)	Pending
0104	05/01/23	2.0	National Grid (ASt) to consider a re-consultation if following feedback there will be a significant change to the proposal for restricting capacity at Milford Haven.	February 2023	National Grid (ASt)	Pending