

UNC Transmission Workgroup Minutes
Thursday 02 April 2020
Via Teleconference

Attendees

Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid
Ritchard Hewitt	(RH)	BBLC
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/tx/020420

1. Introduction and Status Review

1.1. Approval of minutes (05 March 2020)

The minutes from the previous meeting were approved.

1.2. Ofgem update

An overview was provided by Lea Slokar (LS) of the Industry Updates document which covered the following topics:

Statutory consultation on a proposal to approve Rebased Network Replacement Outputs and modify Special Condition 7E of the gas transporter licence held by National Grid Gas plc.

On 6 March 2020 Ofgem published a statutory consultation on our intention to approve the Rebased Network Replacement Outputs and modify the contents of 'Table 1: Network

Replacement Outputs' in Special Condition 7E (Specification of Networks Replacement), of the gas transporter licence held by National Grid Gas plc, with the Rebased Network Replacement Outputs. Ofgem would like views from people with an interest in Gas Transmission Network Output Measures, in particular from licensees and gas network customers. Ofgem also welcome responses from other stakeholders and the public.

<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposal-approve-rebased-network-replacement-outputs-and-modify-special-condition-7e-gas-transporter-licence-held-national-grid-gas-plc>

System Management Principles Statement consent notice 2020

The Special Condition 8A.9 of the Gas Transporter Licence requires National Grid Gas plc (NGG) to have in place at all times a System Management Principles Statement (SMPS). The purpose of the SMPS is to set out the principles and criteria by which NGG will determine the use of System Management Services. On 9 March 2020 Ofgem published our consent for NGG to revise its SMPS following an annual review of the statement.

https://www.ofgem.gov.uk/system/files/docs/2020/03/smps_decision_letter_march_2020.pdf

UNC717 Increasing the Storage Transmission Capacity Charge Discount to 80%: Urgency Application

On 5 March 2020, the Joint Office of Gas Transporters received a request from Storengy UK Ltd that Uniform Network Code modification UNC717 'Increasing the Storage Transmission Capacity Charge Discount to 80%' should be treated as 'urgent' and proceed under a timetable approved by Ofgem. On 19 March 2020 Ofgem have decided they cannot consider the application for urgent status for UNC717. Ofgem were asked to assess this modification proposal on a 'conditional basis' (i.e. this modification proposal was dependent on Ofgem's approval of either UNC678 or UNC678A). Ofgem said that both the licence conditions governing the arrangements around UNC and the existing UNC Modification Rules preclude us from considering proposals against a baseline that is not at that point in time part of the UNC.

<https://www.ofgem.gov.uk/publications-and-updates/unc717-increasing-storage-transmission-capacity-charge-discount-80-urgency-application>

UNC718/A/B/C - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS: Urgency Application

On 6 March 2020, the Joint Office of Gas Transporters ("JO") received a request from National Grid Gas Transmission that Uniform Network Code modification UNC718 'Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS' should be treated as 'urgent' and proceed under a timetable approved by Ofgem. Three more proposals (UNC718A/B/C) were submitted to the JO on the same day. On 19 March 2020 Ofgem decided they cannot consider the application for urgent status for UNC718/A/B/C. Ofgem were asked to assess this modification proposal on a 'conditional basis' (i.e. this modification proposal was dependent on Ofgem's approval of either UNC678 or UNC678A). Ofgem said that both the licence conditions governing the arrangements around UNC and the existing UNC Modification Rules preclude us from considering proposals against a baseline that is not at that point in time part of the UNC. .

<https://www.ofgem.gov.uk/publications-and-updates/unc718abc-introduction-conditional-discount-avoiding-inefficient-bypass-nts-urgency-application>

Amendments to Gas Transmission Charging Regime

On 20 March 2020 Ofgem published the responses to our consultation on the UNC678 (Gas Charging Review) minded-to decision, as well as a summary document in accordance with TAR NC (Article 26). Ofgem received 25 non-confidential responses.

<https://www.ofgem.gov.uk/publications-and-updates/amendments-gas-transmission-charging-regime-minded-decision-and-draft-impact-assessment>

Coronavirus (COVID-19) updates of 13 March 2020 and 27 March 2020

Ofgem have published two updates on COVID-19 here:

<https://www.ofgem.gov.uk/publications-and-updates/coronavirus-covid-19-update-13-march-2020-information-licensees>

<https://www.ofgem.gov.uk/publications-and-updates/coronavirus-covid-19-update-27-march-2020-information-licensees-and-industry-coronavirus-response>

Ofgem is working closely with Government to ensure industry is taking all necessary precautions to serve the needs of customers, including the vulnerable and those who may need to self-isolate. Ofgem expect industry to take this seriously and want to ensure they have robust plans in place. This means taking proactive steps to maintain business continuity, including if a licensee has a reduced workforce.

Currently, all regulatory requirements remain in place for all licensees. Ofgem are closely monitoring the situation and Ofgem will update industry if circumstances change.

Ofgem are aware that the current situation will present a number of challenges. As usual, Ofgem expect industry to alert us to any issues that arise, and keep us informed of their plans to deal with these issues. Ofgem will consider any such circumstance in its context, including any official advice and logistical challenges outside the licensee's control.

Ofgem are aware of a range of proactive measures being taken by industry to manage risks and protect customers and have heard a strong commitment to ensuring consumers are protected.

For any regulatory queries related to COVID-19, please contact covid19@ofgem.gov.uk in the first instance.

LS encouraged any industry participants to contact Ofgem if they feel they are unable to meet their obligations.

Forward Work Programme 2020/21

On 31 March 2020 Ofgem published an update on the Forward Work Programme 2020/21. Ofgem said that the [consultation published on 20 December](#) is the best representation of Ofgem's planned projects. However, Ofgem's work is currently being reprioritised because of the impact of COVID-19. Our priority during this time is to work with Government, industry, and consumer groups to protect consumers, especially the vulnerable. Ofgem will publish a fuller account of our planned work in due course.

<https://www.ofgem.gov.uk/publications-and-updates/forward-work-programme-202021>

1.3. Pre-Modification discussions

1.3.1. Overrun Multipliers (NW)

Nick Wye (NW) provided an overview of the purpose of this Modification which included the following information:

As a possible alternative to *Modification 0716 - Revision of Overrun Charge Multiplier*, NW explained this Modification would provide a more holistic approach to overruns. More proactively in the spirit of the capacity review and at the same time looking at the impact of the change in the charging methodology and therefore shipper behaviours.

NW proceeded to walkthrough the presentation Slides provided and published for the meeting and started by stating that, in almost all cases, overruns are caused by error.

UNC 0716 – Headlines

NW stated the overriding principle is that the level of overrun revenue, and therefore overrun exposure, on average, should not be impacted by a change in the charging methodology.

This assumes:

1. The change in the charging methodology will not impact shipper capacity booking behaviour and the effects of this behavioural change will not have wider impacts.
2. That the overrun regime is fit for purpose and should not be subject to a broader review.
3. That the level of the overrun charge incentivises booking of capacity and that the penalty is proportional to the “crime”.

Looking Forward – Main features

NW advised the implementation of UNC 0678/ 0678A will inflate capacity prices at a number of points.

- Entry prices are particularly impacted, as currently LRMC's are not scaled up to reflect allowed revenue
- Both modifications also remove short-term firm entry capacity discounts and limit the interruptible discount to 10% of firm charges
- It is reasonable to expect that shippers will endeavour to book capacity at levels close to expected flows in order to limit capacity costs
- As now, bookings will be predominately on a short-term basis in order to ensure bookings reflect flows
 - Expect bookings to be as late as possible within day, limiting usefulness of capacity bookings as an NTS utilisation forecasting tool
- Overbooking will be limited to mitigating against overrun risk

NW explained a number of slides to show entry capacity booking behaviours at St Fergus and Bacton at UKCS in relation to within day firm and interruptible entry capacity short term bookings highlighting that all available capacity is bought each day.

NW discussed the Non-weighted overrun penalties and the impacts by comparing the 8x multiplier under current charging regime with the 3x multiplier under the Postage Stamp, explaining that the penalties showed on average 28x higher and advised that where a single multiplier is to be applied to all entry points it should not significantly penalise some entry points more than others.

NW concluded that using historical overrun revenues to inform future multipliers ignores the causes of overruns and the changes to capacity booking. The key message being that the impact of UNC 0678A at individual points is varied and on average 76x higher and a standard multiplier should be fair and not excessive. Therefore, NW proposed that multipliers at entry and exit should be [1.1]

Lorraine O'Shaughnessy (LOS) opened the conversation up for discussion:

Anna Stankiewicz (ASt) asked NW what was the mathematical way this figure had been arrived at? NW clarified this is not mathematical, it is meant to be encouraging Users to book capacity close to flow to avoid over booking, adding that any penalty that is greater than the cost is inefficient.

Jeff Chandler (JCh) advised that he agrees with the purpose of this Modification and said that National Grid basing their Modification on past history is not logical, any kind of higher overrun charge will be sufficient and should encourage Users to only book what they think is required due to the changes in charges that are coming with the implementation of one of the 0678 Modifications.

ASt said that going to a ratio of 1.1 would be risky and might encourage behaviours to worsen and not be proportionate to the crime.

NW added there is justification for a minimal penalty and that this is fair on a system that is unconstrained, there is no benefit in overrunning your capacity.

LS pointed out that this proposal should be evidenced and well substantiated if it is to be put forward. Ofgem will have to have substantiated evidence.

NW advised that this is not an exact science, the current 8x multiplier and the suggested 3 for Entry and 6 for Exit by National Grid are not an exact science. Jenifer Randall (JR) agreed that the National Grid current 8x multiplier is not based on anything but has been tried and tested and that it has been in the regime for many years, this is why National Grid have committed to reviewing this in 12 months' time, in the meantime National Grid will be looking at how the current level has had an impact on behaviours.

LOS asked NW what the proposed timescales would be in raising this modification. NW asked Alex Neild (AN) to comment and he advised that the Modification would be raised as an alternative Modification to Modification 0716 in the next week.

LS asked if Storengy is proposing that this is raised on a trial basis or not, AN clarified he is not proposing to review this in 12 months' time.

2. European Codes Update

2.1. National Grid update (PH)

Please see the update provided from National Grid for agenda item 3.0.

2.2. BEIS EU/UK FTA briefing to Transmission Workgroup

LOS explained Justin Goonesinghe had made contact with the Joint Office and asked them to make Transmission Workgroup aware of the recently published draft text of the Agreement on the New Partnership with the United Kingdom on the European Commission website: ec.europa.eu/info/publications/draft-text-agreement-new-partnership-united-kingdom_en.

Please respond to Justin Goonesinghe with any comments.

3. Consequential impacts of coronavirus

Ofgem

LOS advised that Ofgem had already provided an update during their agenda item 1.2 Ofgem Update.

Joint Office

LOS advised; Joint Office are operating as normal; all Industry meetings are being held via teleconference. Joint Office are operating 'Business as Usual' until they hear otherwise and are in regular discussions with Ofgem.

National Grid

Phil Hobbins (PH) provided an update from National Grid on how they are operationally planning to mitigate the impacts of COVID19.

- Restricted access to the Gas National Grid Control Centre.
- Physical segregation for shift and operationally critical day staff has been implemented.
- Specific areas of National Grid House have been designated for operationally critical staff only.

Additional planned measures include moving to a 12 hour shift rota, creating a 7th shift team and plans are in place to keep the Control Room team members onsite for a number of weeks, this is in development and not yet implemented.

National Grid are also in regular contact with major groups and stakeholders.

PH confirmed National Grid have not encountered any system issues to date and he is expecting the resilience of the network to remain high. He went on to advise that a reduction in demand has been observed over the last couple of weeks which is helping with Network resilience, due to more people working at home, he is expecting the domestic load to increase but the Industrial and Commercial loads to decrease.

The Market is balancing well and National Grid are in regular liaison with their adjacent TSO's to understand any impacts to their businesses and there continues to be regular assessment of non-storage supplies.

Looking ahead to winter 2020/21, National Grid are actively assessing and prioritising planned activities ensuring key assets are not adversely impacted.

Questions:

Anna Shrigley (AS) advised there was some mis-information regarding power cuts circulated on a WhatsApp group and suggested it would be good if National Grid could put this information in the public domain in order to give confidence to the public-

Terry Burke (TB) updated the Workgroup and advised that information was issued from the UK Power Networks so that info is out there in the public domain. It was clarified that ENA had corrected this point.

TB advised that the National Grid ESO team are also holding weekly calls which are very informative and asked if National Grid Gas SO could possibly join the calls which happen every Wednesday at 2pm. There was a comment made at this week's call that would have been very helpful to have had Gas SO on the call to answer. He suggested that maybe a joint communication between ESO and SO could be formulated.

Julie Cox (JCx) supported the comments made by TB and expressed her concern that there is not much communication coming from National Grid Gas compared to National Grid ESO.

New Action 0401: Consequential impacts of coronavirus: National Grid (PH) to advise Joint Office of what GSO plans are to communicate COVID-19 impacts with stakeholders.

Post Meeting Response: A National Grid GSO industry webinar is scheduled for 8 April at 3pm.

4. Workgroups

LOS advised workgroup that a request had been made to move Agenda item 4.4 as the Proposer had to leave the call early and JR had agreed to swap 0705R to item 4.4 allowing 4.1 to be discussed first. The workgroup had no issues accommodating this request.

- 4.1. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at**
(Report to Panel 15 October 2020)
www.gasgovernance.co.uk/0705
- 4.2. 0714 – Amendment to Network Entry Provision at Perenco Bacton terminal**
(Report to Panel 21 May 2020)
www.gasgovernance.co.uk/0714
- 4.3. 0716 - Revision of Overrun Charge Multiplier**
(Report to Panel 18 June 2020)
www.gasgovernance.co.uk/0716
- 4.4. 0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point**
(Report to Panel 16 July 2020)
www.gasgovernance.co.uk/0720

5. Issues

6. Any Other Business

- 6.1.** PH advised he will present a view of the post winter review methodology at the next meeting in May.
- 6.2.** Update on DESC's Seasonal Normal Review 2020 to other Forums (MP)

Mark Perry (MP) joined the meeting and advised he was attending different forums to provide awareness on the Seasonal Normal Review that is due to be implemented later on this year.

This was a request that had been made last year during one of the workgroups to provide more transparency.

MP provided a presentation which he walked the Workgroup through which included the background to the changes, the timeline and implementation.

Seasonal Normal Review 2020 – Exec Summary

MP explained that from 01 October 2020 a new Seasonal Normal basis will take effect, which means that:

- the Composite Weather Variable (CWV) formula will change (to include Solar Radiation); the Seasonal Normal Composite Weather Variable (SNCWV) values will change.
- Class 3 and 4 NDM Nominations and Allocations will be using CWVs based on the new formula and the revised SNCWV values.
- all Rolling AQs / SOQs for Class 3 and 4 Supply Meter Points will reflect the new view of Seasonal Normal weather.

MP added that Billing AQs / SOQs will remain unchanged and will only reflect the new Seasonal Normal basis from April 2021 (based on December 2020 snapshot).

Any questions on the Seasonal Normal Review 2020 process can be directed to the Demand Estimation team at Xoserve Email: Xoserve.demand.estimation@xoserve.com

7. Review of Outstanding Actions

Action 0301: Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code: Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.

Update: LS advised workgroup that this action will remain outstanding and requested that it should be carried forward as it may take time to resolve. She added that Ofgem now have a draft on Special Licence 9B and are proposing to insert a new provision which will detail three parameters; (i) thresholds; (ii) period for MPV test and (iii) discount rate. Discussions regarding this are ongoing. **Carried forward**

Action 0302: Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code: With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.

Update: This action relates to Action 0301 and has the same update. **Carried forward**

Action 0303: Gas Quality Institution of Gas Engineers and Management (IGEM): IM (IGEM) to feedback to Workgroup in terms of transparency. Industry cannot support a change like this without knowing how it is going to be governed going forward. Clarity is required before it goes out to Government consultation.

Update: LOS explained that because IGEM are not a standing Workgroup member that Joint Office will liaise with IGEM to establish the update for this action. The ownership of this action will transfer from IGEM to Joint Office. **Carried forward**

8. Diary Planning

Further details of planned meetings are available at:

<https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	Venue	Workgroup Programme
10:00 Friday 07 May 2020	Teleconference	Transmission Workgroup standard Agenda plus any associated Modifications

10:00 Friday 04 June 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications
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Action Table (as at 02 April 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/20	1.2	<p>Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:</p> <p>Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.</p>	Ofgem	Carried Forward
0302	05/03/20	1.2	<p>Ofgem Update - Decision to reject Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code:</p> <p>With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel</p>	Ofgem	Carried Forward
0303	05/03/20	4.0	<p>Gas Quality Institution of Gas Engineers and Management (IGEM):</p> <p>IM (IGEM) to feedback to Workgroup in terms of transparency. Industry cannot support a change like this without knowing how it is going to be governed going forward. Clarity is required before it goes out to Government consultation.</p>	Joint Office (LOS)	Carried Forward
0401	02/04/20	3.0	<p>Consequential impacts of coronavirus:</p> <p>National Grid (PH) to share any information from ESO during the COVID19 Lockdown period</p>	National Grid (PH)	Pending

UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 02 April 2020
Via Teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
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Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
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Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
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Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0705/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (05 March 2020)

The minutes from the previous meeting were approved.

2.0 For April discussion and onwards, as below:

JR provided a presentation which covered User Commitment for Entry and Exit Capacity providing the current User Commitment regime followed by Options for workgroup members to review and report back to JR any questions.

JR presented the following slides:

Zonal arrangements

JR advised National Grid are still progressing options for Zonal arrangements in the background.

2.1. User Commitment

Entry User Commitment: Current

Entry User Commitment: Option A

Adam Bates questioned the pros and cons (there is no baseline capacity). He added this is very similar to the SouthHook Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC, he advised he does not agree with the suggested con that there is reduced capacity commitment, therefore there is a risk.

New Action 0401: Entry User Commitment: Option A: JR to provide more evidence regarding cons. JR to liaise with Ofgem.

Entry User Commitment: Option B

Entry User Commitment: Option C

Entry User Commitment: Option C Scenarios

NW made a comment with regards to scenarios 2 & 3, the cost associated with securing that capacity, is inhibiting others from buying that capacity which makes option C unrealistic.

Next step: National Grid will look at future capacity bookings to see how likely scenario 1 is, JR will provide more feedback.

AB said that Option C would change the MPV test and this links to why Modification 0667 was rejected.

New Action 0402: Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the MPV test and why Modification 0667 was rejected.

JR went on to present the **Exit User Commitment: Current regime.**

Exit User Commitment: Option A

1 year User Commitment, with inclusion of a financial commitment for funded obligated incremental capacity to be signalled.

Exit User Commitment: Option B

Differing levels of User Commitment dependent on how capacity signal is met; capacity commitment more akin to Entry for funded obligated incremental.

Exit User Commitment: Option C

Ability to move User Commitment between Exit points within a zone for capacity below baseline.

Bethan Winters (BW) asked National Grid to identify what section H is used for and clarify back to Workgroup in terms of Option C.

New Action 0403: Exit User Commitment: Option C: National Grid (JR) to identify what section H is used for and clarify back to Workgroup in terms of Option C.

Exit User Commitment: Option D

Removal of enduring product, replacing with shorter-term applications / auctions (quarterly / monthly).

Emma Buckton (EB) asked why National Grid are looking at applications rather than an annual product.

Dave Adlam (DA) said that option D would mean the creation of more products and would allow Users to book what they need reflecting what they intend to use and wondered how substitution would work and that they would need to commit to the 1 in 20.

JCh said that from a direct connect perspective, he would be looking at day ahead or within day rather than quarterly or monthly.

New Action 0404: Exit User Commitment: Option D: National Grid (JR) to look further into option D and provide more clarity.

LOS confirmed that the purpose of today was for National Grid to report back to workgroup on the User Commitment Options and to get initial feedback.

LOS placed an action on all Workgroup participants to review the options provided by JR from National Grid and refer any questions direct to JR in order to identify any high areas of concern so that Workgroup have a clear understanding where the preferred options lie for next month.

New Action 0405: All Workgroup participants to review the options provided by National Grid and refer any questions to JR direct.

2.2. Substitution

This was not covered at this meeting.

2.3. DN Capacity booking process

Dave Adlam confirmed that the DN Capacity Booking process topic is closed and can be taken off the agenda.

3.0 Panel Interim Report – April Panel

It was agreed this would be taken off the agenda as it was covered as part of the March 2020 Workgroup meeting.

4.0 Review of Outstanding Actions

Action 0202: National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.

Update: The update for this action was covered in the discussion in Agenda item 2.1. **Closed**

5.0 Next Steps

LOS confirmed that the next steps were as detailed below:

Areas for consideration during May:

- User Commitment updates
- Substitution
- Review of Amended Request

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

Workgroup meetings will take place as follows

Time / Date	Venue	Workgroup Programme
10:00 Friday 07 May 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • User Commitment Update • Substitution • Review of Amended Request
10:00 Friday 04 June 2020	TBC	Detail planned agenda items. <ul style="list-style-type: none"> • Development of Workgroup Report

Action Table (as at 02 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0202	06/02/20	2.2	National Grid (JR) to share progress against the 'Signalling and Allocation of Capacity' workstream at the next Workgroup meeting in March.	National Grid (JR)	Closed
0401	02/04/20	2.1	Entry User Commitment: Option A: JR to provide more evidence regarding cons. JR to liaise with Ofgem	National Grid (JR)	Pending
0402	02/04/20	2.1	Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the MPV test and why Modification 0667 was rejected	National Grid (JR)	Pending
0403	02/04/20	2.1	Exit User Commitment: Option C: National Grid (JR) to identify what section H is used for and clarify back to Workgroup in terms of Option C	National Grid (JR)	Pending
0404	02/04/20	2.1	Exit User Commitment: Option D: National Grid (JR) to look further into option D and provide more clarity	National Grid (JR)	Pending
0405	02/04/20		All Workgroup participants to review the options provided by National Grid and refer any questions to JR direct	All Workgroup participants	Pending

UNC Workgroup 0714 Minutes
Amendment to Network Entry Provision at Perenco Bacton terminal
Thursday 02 April 2020
Via Teleconference

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Copies of all papers are available at: www.gasgovernance.co.uk/0714/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (05 March 2020)

The minutes from the previous meeting were accepted.

2.0 Amended Modification

Loraine O'Shaughnessy (LOS) invited Tracey Brogan (TBr) to provide an update of the amended Modification V3. She advised the change is due to it being a temporary time-limiting arrangement.

The Modification was previously assessed as requiring Authority Direction due to potential competition impacts as, subject to HSE approved exemption to GS(M)R being granted, gas with Wobbe Index below the existing lower limit could flow to all downstream connected parties. The effect of this amended Modification on competition is no longer deemed material due to the restricted time period it applies for. Non-compliant gas will also not reach consumers or downstream connected parties.

Nick Wye (NW) asked if the changes are being made at the point which the measurement of the quality of gas is taken. TBr advised under normal circumstances this would be above 47.2 MJ/m³, the gas can still flow to the National Grid terminal, the pipework is suitable enough that other gas streams can come in at the earliest opportunity. National Grid will only allow this if they have sufficient gas to blend it with.

Phil Hobbins (PH) added, from National Grid's point of view, they are trying to design a solution in conjunction with Neptune and Perenco, of which there are three possible scenarios:

1. Gas within 47.2 MJ/m³ and 50 MJ/m³ normal rules apply
2. Below 46.5 MJ/m³ subject to Perenco process as usual
3. Input from 46.5 MJ/m³ and 47.2 MJ/m³ for a 40 days period proposing gas is accepted provided that National Grid are confident there is other gas entering at that time so that it can be blended within the terminal, and that there is no increased risk of receiving non- Gas Safety (Management) Regulations (GSMR) compliant Gas.
 - a. For this scenario, there would be a need to establish a detailed operational arrangement with Perenco, which could be setup in advance which operations at Bacton can refer to.

NW asked a question relating to the blending, PH explained that the blend up to the GSMR limit would be compliant within the terminal rather than up stream, the point of compliance is moving further into the terminal.

Ritchard Hewitt (RH) stated that currently, National Grid acts to curtail gas before gas in any part of the network is below GSMR. He added that, if gas is not blended away, National Grid has already accepted the non-compliant gas in the hope it will be blended, and asked the following questions, where does that risk sit? Whose obligation is it and if the risk is not managed who pays the cost?

PH clarified the obligation remains with National Grid there is no change in obligation and what the process is currently and how it could be going forward:

Current

If National Grid identify an off-spec reading from gas quality measurement, they will instigate a Terminal Flow Advise (TFA) process for that gas to be curtailed, the frequency of measurement is every 3-4 minutes. Today it is possible that off-spec gas gets into the terminal before National Grid knows about it, but as soon as National Grid are aware of it, they take action to mitigate the effect of that getting on to the network.

Now

Enable a solution where National Grid can facilitate the acceptance of gas below 47.2 MJ/m³, National Grid will still invoke the TFA procedure if they feel the gas cannot be blended.

RH added that part of his concern is that it needs to be clear where the obligation sits if the arrangements fall aside, National Grid has the compensatory obligation and he does not feel this can be Self-Governance, it should be Authority Direction.

(LOS) advised that as this is an enabling Modification no UNC TPD changes are required to Legal Text. Details of this will be captured in the Workgroup Report.

Bill Reed (BR) concurred with the comments already made and added RWE do not want gas that is outside of GSMR.

LOS confirmed that all discussions will be captured in the Workgroup Report.

3.0 Development of Workgroup Report

LOS invited Alan Raper (AR) to provide an overview of the current version of the Workgroup Report and confirmed it is in line with the recently amended version of the Modification. He explained that he will update it with any suggested amendments post meeting.

RH clarified this should not be a Self-Governance Modification as the National Grid risk profile is changed by this, and their Safety Case may need amending. He suggested the Relevant Objectives need to be changed and that this should be passed around a high level of regulators before it proceeds to UNC Panel.

PH clarified that the point at which National Grid is aware of the gas quality has not changed, the difference is how National Grid operate the terminal in terms of routing flows, it is just an operational process change that is required. In terms of the Safety Case, PH view is that it will need a derogation, the way that National Grid manages their obligation for GSMR and certainly will need to inform Health and Safety Executive (HSE) how they propose to operate during this process. The discussion with HSE will be before August.

Workgroup participants agreed that as soon as HSE need to be involved reinforces that this Modification needs to be Authority Direction.

AR proceeded to provide a review of the current version of the Workgroup Report.

BR raised a concern regarding the impact on customers, he said that, if non-compliant gas gets on to the NTS the industry does not know how National Grid looks at the gas within the terminal, that is a risk.

NW suggested it would be helpful if a diagram showing the monitoring of gas quality takes place was included in the Workgroup Report. AR advised that this had been included in the Workgroup Report.

BR wanted to know what specific mitigations National Grid are putting in place at the Exit Point of the terminal, after the gas has been blended. PH advised that he will provide a description of what these mitigations will be.

PH confirmed the service that National Grid are providing in order for this to be supported, do not need to be captured in UNC as it is only a temporary arrangement.

It was agreed the Workgroup Report should incorporate the operational arrangements National Grid are putting in place, PH advised that this will be a bi-lateral agreement between National Grid and Perenco.

Workgroup agreed that a 1-month extension should be requested at the April UNC Panel in order to review outstanding actions.

AR asked if anyone had any fundamental disagreement with how National Grid are responding to this particular request.

Anna Shrigley (AS) sought clarity if National Grids approach would involve any significant contractual changes with Shippers. PH confirmed that no changes contractually with Shippers would be required. On those grounds AS supports the approach.

BR supports the approach however raised that he would be concerned if this is made an enduring service, the costs that this might incur.

New Action 0401: National Grid (PH) to Confirm how HSE discussions are progressing

4.0 Review of outstanding actions

Action 1203: Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.

Update: This action has been ratified with the production of the amended Modification.
Closed

Action 0203: Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.

Update: This has been ratified by the production of the amended Modification. **Closed**

Action 0204: Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion within the Workgroup Report.

Update: The resolution of this action was completed during agenda item discussions. **Closed**

Action 0205: National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.

Update: PH advised this action can be closed; National Grid are in touch with all Stakeholders in respect of this proposal. **Closed**

5.0 Next Steps

LOS summarised the next steps:

- Request a one-month extensions at the April UNC Panel meeting.
- Finalise the Workgroup Report

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme			
10:00 Thursday 07 May 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • Review of outstanding actions • Completion of Workgroup Report 			
Action Table (as at 02 April 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1203	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.	Neptune Energy/Centrica (TB)	Closed
0203	06/02/20	1.0	Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.	Neptune Energy/Centrica (TB)	Closed
0204	06/02/20	2.1.2	Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion	Joint Office (AR) & National Grid (PH)	Closed

			within the Workgroup Report.		
0205	06/02/20	2.1.2	National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.	National Grid (PH)	Closed
0401	02/04/20	3.0	National Grid (PH) to Confirm how HSE discussions are progressing	National Grid (PH)	Pending

UNC Workgroup 0716 Minutes
Revision of Overrun Charge Multiplier
Thursday 02 April 2020
Via Teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid
Ritchard Hewitt	(RH)	BBLC
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0716/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 June 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes

The minutes from the previous meeting were approved.

1.2. Review outstanding actions

No outstanding actions to consider.

2.0 Amended Modification

Anna Stankiewicz (ASt) provided an update of the amended Modification highlighting the changes made:

The proposed solution has been amended to incorporate new multipliers for Entry and Exit Capacity overrun charges:

Previously the suggested multiplier for Entry Capacity overrun charges was 4x and for Exit Capacity 6x. Following further analysis, the Entry Capacity multiplier has been adjusted to 3x which is largely dictated by the removal of TO charges.

Exit Capacity overrun charges are to remain the same at 6x.

3.0 Consideration of questions from Panel

3.1. Consider Consumer Impacts

ASt clarified that some narrative has been provided in the Modification to address this point.

3.2. Consider materiality of the proposal in terms of governance of the Modification

This point will be addressed further at the next planned meeting.

4.0 Development of Workgroup Report

This will be considered at the next planned meeting.

5.0 Next Steps

Lorraine O'Shaughnessy (LOS) summarised the next steps:

- Development of the Workgroup Report will begin at the next meeting
- Consideration of questions from UNC Panel

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Friday 07 May 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 04 June 2020	TBC	Detail planned agenda items. <ul style="list-style-type: none"> • Completion of Workgroup Report

Action Table (as at 02 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update

UNC Workgroup 0720S Minutes
Amendments to the Agreed Target Quantity at the Moffat Interconnection Point
Thursday 02 April 2020
via teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid
Ritchard Hewitt	(RH)	BBLC
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0720/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 July 2020.

1.0 Outline of Modification

LO advised workgroup that this was discussed during the March meeting as a Pre-Modification and then welcomed Malcolm Montgomery (MM) introduced the Modification and explained the purpose of the Modification is to change the definition of Agreed Target Quantity in the Interconnection Agreement between National Grid Gas plc and GNI (UK) Ltd.

MM explained that notifications from GNI (Gas Networks Ireland) contain an End of Day Quantity based purely on the aggregation of the prevailing net shipper nominations for the island of Ireland. This is defined as the Agreed Target Quantity. ATQ. MM advised that the End of Day quantities to be offtaken at the Moffat interconnector are consistently understated compared to the reality therefore National Grid have been looking at why they are an issue. There appears to be a data accuracy problem, where more accuracy is found at the start of day compared to inaccurate data towards the end of day. This information feeds into the Predicted Closing Linepack (PCLP) which gives a view of the balance of the network.

When asked MM clarified he will check, confirm, and make sure it is explicit in the Modification whether domestic demand relates to Republic of Ireland (ROI) or the whole of Ireland demand.

New Action 0401: MM to check, confirm and make sure it is explicit in the Modification whether domestic demand relates to Republic of Ireland (ROI) or the whole of Ireland demand.

Timeline

MM proposed that 3 months for workgroup discussion should be sufficient.

Solution

This Modification is proposing to implement new methodology by revising the wording in the Moffat Interconnection Agreement (IA) as per UNC European Interconnector Document (EID), Section A section 4, which states 'Relevant Interconnection Provisions' will not be amended other than with approval from shippers / pursuant to a Code Modification.

The wording in the IA annex H section 5.4 shall be amended to reflect that the ATQ for each Gas Flow Day shall be the Aggregate Exit Demands on the GNI Transportation System in respect of a Gas Day (including Virtual Reverse Flow) minus the sum of the anticipated entry quantities from other Entry Points to the GNI Transportation System.

Under this approach, the ATQ for Moffat IP will differ significantly from the sum of the Entry Confirmed Quantities, early on in the gas day, reducing as the gas day progresses, and aiming for them to be equal for the last hour of matching.

There is also a sub-option that the newly proposed mechanism could be used until a certain point in the Gas Day after which the previous mechanism would be reverted to, therefore eliminating the possibility of any impact on the OBA. This switch could happen as an immediate switch at a specific time, or on a more gradual scale, with the current and new mechanisms both being used with different weightings across a period of several hours.

By amending the methodology National Grid will get more accurate data at the start of the day.

MM will bring the draft Interconnection Agreement to next meeting in May 2020.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1 How the protections are put into place for consequential impact and are the Modification Rules appropriate for this and is there an alternative solution?

MM advised that, in terms of the Modification rules, the process to amend the agreement is through UNC to provide transparency and governance.

In terms of Protections he is unsure what the concern is, this is quite a mechanical process now, this Modification is not aiming to give GNI an alternative process, Self-Governance is still appropriate.

2.1.2 Workgroup to discuss if this should come back to Panel for consideration if Self Governance.

MM confirmed that Self-Governance is still appropriate.

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

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0720/.

3.0 Next Steps

LOS confirmed the next steps:

- Review any amendment to the Modification
- Review the draft Interconnection Agreement
- Development of Workgroup Report

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	Venue	Programme
10:00 Friday 07 May 2020	Teleconference	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Review the draft Interconnection Agreement • Development of Workgroup Report
10:00 Friday 04 June 2020	TBC	

Action Table (as at 02 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	02/04/20	2.2	National Grid (MM) to check, confirm and make sure it is explicit in the Modification whether domestic demand relates to Republic of Ireland (ROI) or the whole of Ireland demand.	National Grid (MM)	Pending