

UNC Transmission Workgroup Minutes
Thursday 07 May 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
Chris Wright	(CW)	Exon Mobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	BBLC
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom Energy
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

Copies of all papers are available at: www.gasgovernance.co.uk/tx/070520

1. Introduction and Status Review

1.1. Approval of minutes (02 April 2020)

The minutes from the previous meeting were approved.

1.2. Ofgem update

An overview was provided by Max Lambert (ML) of the Industry Updates document which covered the following topics:

Uniform Network Code Modifications aimed at mitigating the impacts of COVID-19

On 21 April 2020, Ofgem received requests from Northern Gas Networks and Gazprom Energy that four Uniform Network Code (UNC) Modification proposals should be given urgent status and follow expedited Modification procedures. The four are as follows:

UNC721 - Shipper submitted AQ Corrections during COVID-19

UNC722 - Allow Users to submit Estimated Meter Reading during COVID-19

UNC723 - Use of Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

UNC724 - Amendment to Ratchet charges during COVID-19 period

On 22 April 2020, Ofgem agreed to those requests, and set out the urgent timetable under which the four modifications should progress. Ofgem's decision on urgency should not be treated as an indication of the Authorities of each Modification proposals merits. The need for an appropriate response to COVID-19 is "a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers, or other stakeholder(s)". Ofgem are aware the current situation continues to present challenges, and Ofgem is working closely with government and industry the needs of customers are being met, including the most vulnerable.

https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2020-04/Ofgem%20Letter%20-%20Urgency%20Decision_0.pdf?MrNP_4d091oTDgL1UjiFNkkkaym5LhCE

Ofgem information for energy licensees on coronavirus (COVID-19) response

In line with their ongoing response to the current situation, Ofgem published information for energy licensees on the COVID-19 response on 16 April 2020. This outlines how Ofgem are focusing their activities on the most time-critical work they carry out for consumers, and ensuring that the energy industry can effectively respond to the coronavirus (COVID-19). Ofgem are prioritising work on their response to the crisis, in close collaboration with industry, consumer groups and stakeholders to ensure they meet this objective.

The information below lists Ofgem's immediate priorities, including statutory obligations and time-critical activities, and outlines the regulatory implications by sector to this prioritisation of their work. Ofgem will update this page with information for licensees, and will assess and adapt their approach as the situation develops.

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-information-energy-licensees-coronavirus-covid-19-response>

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

Decision not to veto National Grid Gas's proposal for exit capacity substitution at Saltholme NTS exit point

On 29 April 2020, Ofgem published their decision not to veto National Grid Gas plc's (NGG's) proposal for exit capacity substitution at Saltholme NTS exit point. NGG's notice dated 1 April 2020 outlined its proposal to substitute unsold exit capacity from Billingham ICI (Terra Billingham) and Enron Billingham from 1 October 2020. In accordance with Special Condition 5G of NGG's gas transporter licence, Ofgem have decided not to veto the substitution of unsold exit capacity to Saltholme NTS exit point.

<https://www.ofgem.gov.uk/publications-and-updates/decision-not-veto-national-grid-gass-proposal-exit-capacity-substitution-saltholme-nts-exit-point>

UNC678 (Gas Charging Review) Amendments to Gas Transmission Charging Regime

Ofgem are considering the responses to the consultation on their minded-to decision and all new evidence submitted to them, they will be taking these into account when they make the final decision on this change to gas charging.

Ofgem's decision will include which (if any) modification to accept and the implementation date. Ofgem are mindful of the impacts of COVID-19 on all market participants and consumers and will be considering this in deciding the best way forward.

The consultation on the modification to implement the Gas Charging Review (UNC678) closed in February and Ofgem will be setting out the way forward on this in the near future.

Direction to modify the Regulatory Instructions and Guidance (RIGs) for RIIO-GT1

In March 2020 Ofgem issued a Notice, under paragraph 10a of Standard Special Condition A40 (Regulatory Instructions and Guidance) (“SSC A40”) of the Gas Transporter Licence granted to the Licensees under section 7 of the Gas Act 1986, and asked for views on the gas transmission draft RIGs and reporting templates for 2019/20 annual reporting. The consultation ended on 6 April 2020.

On 29 April 2020, Ofgem published the modified RIGs for the purpose of clarifying the existing reporting requirements and will take effect on and from 6 April 2020. The Direction is listed below:

<https://www.ofgem.gov.uk/publications-and-updates/direction-modify-regulatory-instructions-and-guidance-rigs-riio-gt1-version-72>

1.3. Pre-Modification discussions

LOS confirmed there were no pre-Modification discussion, however advised workgroup that as a result of last month’s pre-Modification discussion by NW, that a new Modification 0716A will be discussed in agenda item 4.3. and clarified this is no longer a pre-Modification.

1.4. 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: ML confirmed there is no further update. **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: ML confirmed there is no further 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: AR advised that, so far, there has been no feedback gathered and it is not certain what the governance route would be. JCx advised the IGEM consultation is now out for comment which has been extended, due to COVID-19, to 30 July 2020. JCx expressed her concerns that there is very little information provided with regards to IGEM meetings, minutes are generally not published, it is not clear who sits on the Board. With this in mind, JCx suggested it might be best to submit comments to the IGEM consultation, including what Users would like to see going forward.

PH advised that as part of the GMAP project, gas quality is one of the areas that is being concentrated on which will include a review of the existing UNC process that is needed in order to make changes to the Network Entry Agreement. (NEA) The IGEM standard will be separate and will require a change to the NEA. Bill Goode, National Grid, lead on that project and PH is supporting.

Action 0303 Closed

Action 0401: Consequential impacts of coronavirus: National Grid (PH) to share any information from ESO during the COVID19 Lockdown period.

Update: PH advised that National Grid SO have conducted two successful Webinars which have been taking place fortnightly. The next one will be 14 May 2020. In providing feedback, JCo said the Webinars are really useful but he finds it difficult to sign up to each individual Webinar as that has to be done every week, he suggested it would be better if a link is put on

the National Grid website. PH advised he will give the feedback to the project lead Josh Bates.

New Action 0501: (Action 0401) Consequential impacts of coronavirus PH to provide an update on how to get involved in the COVID-19 Webinars.

Post Meeting Update:

PH provided the following link for Users to be able to join the National Grid COVID-19 Webinars: <https://datacommunity.nationalgridgas.com/key-documents/covid-19-webinars/>

2. European Codes Update

2.1. National Grid update (PH)

PH provided an update and advised with regards to Modification 0678 and alternatives - Amendments to Gas Transmission Charging Regime, ACER published their analysis of the consultation document for Great Britain on 24 April 2020: https://acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Agency%20report%20-20analysis%20of%20the%20consultation%20document%20for%20Great%20Britain.pdf

The report concluded that “the choice of the postage stamp methodology as the proposed RPM is overall compliant with the requirements set out in Article 7 of the NC TAR”.

ACER recommended that Ofgem:

- (i) publish complementary information regarding non-transmission charges in the final decision;
- (ii) monitor IP tariff arrangements; and
- (iii) monitor the impact of existing contracts.

PH advised that National Grid are pleased with the outcome and the reflection it gives on the change process, is largely positive.

PH asked for any further questions to be sent direct to National Grid.

This concluded the EU update.

3. Consequential impacts of coronavirus

This agenda item update was received as part of Action 0401 update.

4. Workgroups

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

No issues were raised.

6. Any Other Business

6.1. Post-Winter Review of the Margins Notice Methodology

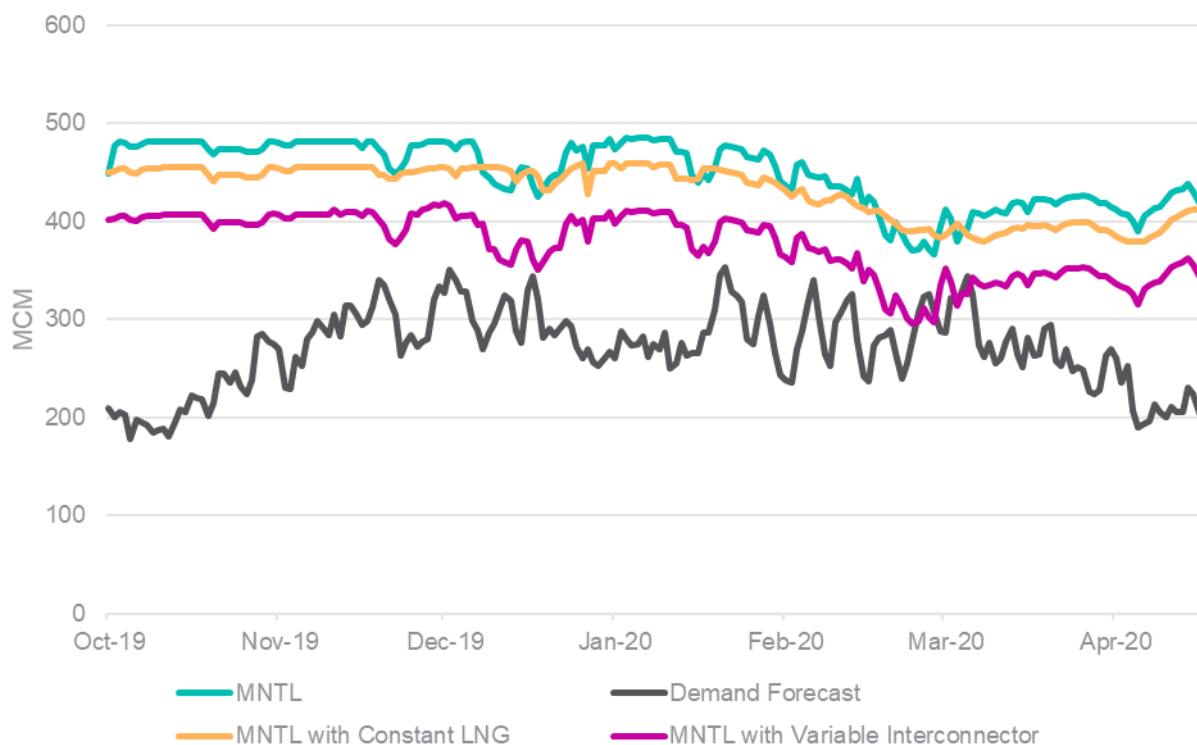
PH provided a presentation that outlined the findings from the post-winter review of the Margins Notice Methodology.

He explained that, with the implementation of Modification 0698 - Improvements to Margins Notice Arrangements, National Grid are committed to providing a post-winter review and the purpose of this presentation is to share how the new Margins Notice methodology is functioning and review what effect the Interconnector Methodology would have had if the new methodology was being used.

The graph shown on slide 5 is for October 2019 to mid-April 2020:

- The D-1 demand forecast
- The actual margins notice trigger level (MNTL) (including the LNG methodology change)
 - What the trigger level was actually
- What MNTL would have been without the LNG methodology change
 - What the trigger level would have been
- What MNTL would have been with the LNG methodology change and the revised IC methodology
 - What the trigger level would have been with the Interconnector Methodology being used

The graph shows that during late February, early March, the notice would have been triggered if the Interconnector Methodology would have been used.



PH went on to provide Workgroup with National Grids observations and conclusions:

- A mild winter; no Margins Notices or 95% warnings issued have been issued.
- For the majority of the winter, high LNG stock levels and entry flows resulted in a higher MNTL than would have been the case without Modification 0698
- MNTL dropped in late February / early March due to a reduction in storage inventories and lower LNG stocks.

- Interconnectors have exported as well as imported over the period and flows have been low (typically <10 mcmd). Therefore, had the interconnector methodology been in force, the MNTL would have been materially lower (pink line)
- If the interconnector methodology had been applied in addition to the new LNG methodology:
 - Margins Notices would have been issued on 7 days between 25th to 28th February and 3rd to 5th March 2020 despite additional interconnector capability. IUK was even exporting on some of these days, indicating an oversupplied system
 - 95% notices would have been issued on 9 days during the period
- The Margins Notice process for this winter was extended by an additional two weeks to mid-April.

Conclusions

- National Grid expected that Modification 0698 would lead to an increase in the number of Margins Notices during winter 2019/20. This did not happen, mainly because the winter was so mild and due to high LNG flows
- When LNG stocks dropped, the MNTL responded in the mechanistic way designed by Modification 0698
- National Grid do not believe that system conditions in late February / early March warranted Margins Notices being issued and therefore the decision not to include the Interconnector Methodology in Modification 0698 was correct.
- National Grid would be interested to hear any views from the Workgroup about the suitability of the Modification 0698 reforms and whether further refinements should be considered.

6.2. Secondary Capacity

Referring to a letter that SO, Gazprom Energy, had submitted to National Grid on 03 April 2020 for inclusion within AOB, NW informed Workgroup of Gazprom Energy's concern:

Following the withdrawal of UNC modification 718 and its alternatives, we would like to raise our concerns on the ongoing development of optional charging proposals and more widely the implementation of UNC 678/A.

He advised the use of secondary capacity is essential and could be addressed through this Workgroup.

This is currently being thought about and scoping is in place to shape discussions.



7. 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 04 June 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications

10:00 Friday 02 July 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications
10:00 Friday 06 August 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications
10:00 Friday 03 September 2020	TBC	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 07 May 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)	Closed
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)	Closed

0501	07/05/20	1.4	(Action 0401) Consequential impacts of coronavirus PH to provide an update on how to get involved in the COVID-19 Webinars.	National Grid (PH)	Closed
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UNC Workgroup 0705R Minutes
NTS Capacity Access Review
Thursday 07 May 2020
Via Teleconference

Attendees

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Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
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Max Lambert	(ML)	Ofgem
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Tracy Brogan	(TB)	Neptune Energy

Copies of all papers are available at: www.gasgovernance.co.uk/0705/070520

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.

JR requested an amendment to the minutes from April 2020 where the Net Present Value has been incorrectly annotated as MPV and not NPV.

The change marked minutes have been published on the April 2020 meeting page. www.gasgovernance.co.uk/0705/020420

2.0 For May discussion:

2.1. User Commitment Updates

Entry User Commitment

Outstanding Actions relating to Entry User Commitment:

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

Update: JR confirmed she has liaised with Ofgem since the last Transmission Workgroup and the output of this is feeding into the identification of National Grid's preferred option. **Closed**

Action 0402: Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the Net Present Value (NPV) test and why *Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC* was rejected.

Update: JR clarified a review of what aspects of Code, Methodology Statement would require amendment depending on option implemented, this is feeding into the identification of National Grid's preferred option which is ongoing.

Moving the NPV test into UNC was rejected by Ofgem through their decision on UNC Modification 0667. None of the options being considered would mean a change of location of the rules. **Closed**

AB sought clarification with regards to **Action 0402**, he stated that Option C changes the duration of User Commitment from 4 to 8 quarters and asked if this can be implemented as a Methodology Statement change, JR confirmed this would require a methodology change and that this can be achieved through a methodology review without moving the rule to the Uniform Network Code (UNC).

Exit User Commitment

JR reminded Workgroup of the four different options presented at the last meeting in April. At that meeting, Workgroup requested National Grid look at Option D – Removal of enduring product, replacing with shorter-term applications.

JR has been looking at how Exit products can be moved to replacing the enduring product with shorter term options and asked Workgroup for feedback on the information being presented at this meeting.

JR explained that the different products when comparing Entry with Exit, would mean a possible removal of the Enduring product for Exit, this would also mean there would be no Annual product either, it would be monthly. JR asked for Workgroups thoughts on whether an annual product is required for Exit.

Comparing the current Exit Products to the current Entry Products JR explained the differences between Exit and Entry and the thought process for any possible changes was to build up from a starting position of a copy of the Entry regime for the Exit side which would then be developed for the specifics of Exit requirements.

The current Exit Products as follows:

	Y-4 to Y-6	Y-1 to Y-3		D-1	D
Firm	Enduring (EAFLEC)	Annual (AFLEC)		Daily (DADNEX)	Daily (WDDNEX)
Off-Peak				Daily (DONEX)	

The current Entry Products are as follows:

	Y-2 to Y-16	Y to Y-1	M-1	D-1	D
Firm	Quarterly (QSEC)	Monthly (AMSEC)	Monthly (RMTnTSEC)	Daily (DADSEC)	Daily (WDDSEC)
Interruptible				Daily (DISEC)	

DA said he is trying to understand the impact of removing the Enduring product and suggested it needs more impact analysis.

PY suggested there may be a need to have different arrangements with different customers.

JR explained the thoughts and questions that National Grid have been considering which are:

- Remove enduring product
 - JR highlighted that Entry products have no Enduring or Annual product and there would be a requirement of an alternative way to provide long-term forecasting information.
- Extend annual product to Y-6
 - Is a product out to Y-16 required for exit?
- No reduction window
 - JR asked if there would be a requirement for an Entry reduction window explaining that Exit already has this to reduce booked capacity. Although there is a Surrender process through the rolling monthly product in Entry, this is subject to there being a demand for that surrendered capacity. JR asked if this would be required on Exit?
- Introduce quarterly and monthly products
 - Would allow seasonal bookings.
- What capacity signal would trigger substitution and obligated incremental capacity to be released?
 - JR explained that on Exit, a capacity signal is required to trigger substitution, that is only on enduring, and asked if that is removed where would that be placed?

It was agreed that National Grid need to consider what duration of User Commitment would be required. JR advised that a reduction in User Commitment would mean financial commitment needs to be provided in a different way for Entry.

JCx raised the concern that the questions posed by National Grid are huge and could possibly require substantial consultation to consider how those arrangements may affect them. EB agreed and said this needs some real thoughts and is very significant. JCx also stated that options A and B are required to be assessed in that consultation.

Workgroup discussed how this might be best taken forward with the suggestion of perhaps an informal smaller Workgroup, however, it was mentioned that this is so fundamental that all Industry parties would be interested.

JCo suggested mirroring Entry is not the most flexible arrangement in the interest of consumers as it could be hindering a lot of competition, the Enduring product could stay, the substitution aspect could be removed.

LOS summarised the discussion, advising Workgroup that there was a lot of information to review and questions raised and in order to take this forward, that National Grid will need feedback. LOS sought guidance from workgroup as to whether a smaller group would be a solution to take this forward, LOS considered allocating an action to JR to look at having a separate group to discuss the issues and feed back into this Workgroup. JCh said he is not sure if a smaller subgroup would work, adding that everyone has a commercial interest and this may need a formal consultation

BW agreed with the comments being made and asked if there is anything to read up on recognising some Users may need more background than others.

Following feedback and comments given at this Workgroup regarding the complexity / fundamental nature of the questions raised JR will develop an industry consultation covering this topic.

New Action 0501: National Grid to develop consultation document on the proposed options for Exit User Commitment.

Moving on to consider Exit User Commitment and Offtake Arrangements Document (OAD) Section H, ASt provided an update for outstanding **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:

ASt explained the UNC OAD Section H describes the long-term forecast data that is shared between National Grid NTS and the DNOs. (slide 7) Both parties are required to provide the other with their forecast of gas demand, although there is no obligation on either party to use the projections provided.

In each planning year the exchange of information between NTS and DNOs starts at the end of November and finishes in July. Parties might meet to discuss the information exchange if needed.

ASt advised that National Grid uses the information submitted for long term Network planning which helps to assess Network capability and development needs.

Action 0403 Closed.

2.2. Substitution

ASt described how the issuing of the Industry Substitution Notice differs depending on how the capacity has been signalled.

If a capacity requirement is signalled through a PARCA the PARCA Window is triggered and a Industry Substitution Notice is published.

In contrast, no Industry Substitution Notice is issued if the capacity requirement is signalled through either the EAFLEC or QSEC Auctions.

DA advised he has concerns with consistency of how substitution is managed with DNs not being able to respond to a substitution request and User Commitment and how the impact affects demand forecasting.

The table of Substitution process – timeframes shown on slide 11 of the presentation illustrates the different substitution processes, actions needed and timescales.

Dave Adlam advised there is a need to be able to book capacity accurately and that as a User, he may have to lock the capacity in. As it stands, he advised it is difficult to comment and clarified he would want notification of any substitution, regardless of how it is signalled, in order to identify risks of forecasting.

ASt highlighted that although it may be possible for a notice to be published when the substitution is triggered through EAFLEC or QSEC, the question would be what would a User do with that notice? Referring to the timeline presented, there is no opportunity available for the subsequent purchase of that capacity.

Workgroup felt that this issue is linked to the User Commitment and should be considered alongside the consultation development as per New Action 0501.

3.0 Review of Outstanding Actions

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

Update: JR confirmed she has liaised with Ofgem since the last Transmission Workgroup and the output of this is feeding into the identification of the National Grid preferred option. **Closed**

Action 0402: Entry User Commitment: Option C Scenarios: National Grid (JR) to clarify the relationship of the Net Present Value (NPV) test and why *Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC* was rejected.

Update: JR clarified a review of what aspects of Code, Methodology Statement would be required is being considered as part of the identification of National Grid's preferred option.

Moving the NPV test into UNC was rejected by Ofgem through their decision on UNC Modification 0667. None of the options being considered would mean a change of location of the rules. **Closed**

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.

Update: An update was provided for this meeting. **Closed**

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

Update: Although an update was provided for this meeting, this action is to remain open. **Carried Forward**

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

Update: No feedback received from workgroup members. This action is ongoing. **Closed**

4.0 Next Steps

LOS confirmed that the next steps were as detailed below:

Areas for consideration during June:

- It is National Grids ambition to get a consultation out within the next month, JR advised that this may take a while to process in time for the meeting but would give an update at the next meeting.
- Share any further thinking or content.

5.0 Any Other Business

None.

6.0 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 04 June 2020	TBC	Detail planned agenda items. Development of Workgroup Report
10:00 Thursday 02 July 2020	TBC	Detail planned agenda items. Development of Workgroup Report
10:00 Thursday 06 August 2020	TBC	Detail planned agenda items. Development of Workgroup Report

Action Table (as at 07 May 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)	Closed
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)	Closed
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)	Closed
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)	Carried Forward
0405	02/04/20	2.1	All Workgroup participants to review the options provided by National Grid and refer any questions to JR direct	All Workgroup participants	Closed
0501	07/05/20	2.1	National Grid to develop consultation regarding the User Commitment options	National Grid (JR)	Pending

UNC Workgroup 0714 Minutes
Amendment to Network Entry Provision at Perenco Bacton terminal
Thursday 07 May 2020
Via Teleconference

Attendees

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Helen Bennett (Secretary)	(HB)	Joint Office
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Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exon Mobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	BBLC
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom Energy
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy

Copies of all papers are available at: www.gasgovernance.co.uk/0714/070520

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 May 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (02 April 2020)

The minutes from the previous meeting were accepted.

2.0 Amended Modification

LOS invited TBr to provide an update of the amended Modification advising that this is an enabling Modification. TBr explained that the main change related to the timing, originally this arrangement was scheduled for mid-June 2020, however, with COVID-19 the planned offshore outage has been delayed until May 2021.

Accordingly, the dates in the Modification have been amended to reflect the new schedule.

3.0 Completion of Workgroup Report

AR commenced an onscreen review of the current version of the draft Workgroup Report and advised this version reflects the most recent changes made to the Modification as mentioned in section 2.0 of this agenda.

AR highlighted the following sections which had changed:

- The Modification Timetable has now been updated to reflect that short notice for Panel consideration is no longer required.
- The Governance section now includes an Authority Direction ratification.

When asked, AR clarified that the reasons why this Modification should remain as Authority Direction is covered within the Workgroup Report and advised that that UNC Panel were made aware of the Workgroup's recommendation relating to governance at the April Panel.

In response to concerns about the proposal reverting to self-governance and being approved at the May Panel, AR advised that following any approval route, the bilateral Network Entry Agreement (NEA) would need to be modified and that could only happen once other regulatory hurdles had been satisfactorily negotiated.

PH confirmed that if the Modification were to be approved without a safety case derogation from the HSE being received, National Grid could not amend the NEA.

Based on Workgroup discussions, AR confirmed he would update the Workgroup Report in readiness for its completion and presentation to UNC Panel 21 May 2020.

PH went on to provide a verbal review of the operational procedures, added recently to latest version of the report in the Workgroup Impact Assessment section, providing more detail on the actions that National Grid would undertake to monitor and manage flows in order to mitigate the risk of off-spec gas entering the GS(M)R Network.

PH the proceeded to provide an explanation of how a combination of flow monitoring equipment and alarms would be used to undertake the blending actions to ensure compliant gas leaves the terminal.

RH asked for additional clarity to be added to the Workgroup report; specifically, where it mentions a compliant blend *leaving the terminal*, asked for the wording to be expanded to *leaving national grid terminal*. This has been updated in the Workgroup Report. PH confirmed this refers to NTS feeders, interconnector offtakes and Great Yarmouth power station offtake.

PH explained that Bacton Terminal staff and National Grid Terminal staff will be alerted to off-spec gas by National Grid installing the alarms on the NTS pipeline that leaves the terminal. The alarms will be set to just above 47.2 MJ/m³, which would alert the National Grid Control Room that the Wobbe Index is only just meeting compliance. These will be additional secondary alarms operating alongside the primary monitors.

Confirming the Recommendations section, AR advised UNC Panel will be asked to:

- reconsider the decision for making the proposal Authority Direction, in light of the suggestion made by the proposer and the documented discussion at the Workgroup, and
- to consider the Workgroup’s recommendation that the proposal proceeds to consultation, and
- to note that while this solution would be a temporary amendment to the NEA at Perenco Bacton Terminal, operational experience gained in managing these flows could provide useful insight into how National Grid may be able to offer further blending services in future.

PH advised that National Grid is separately working on a more enduring gas quality blending service with Bacton being the candidate. He added that this Modification will give valuable learning on how such blending services might operate in the future. National Grid is forming plans to consult with Industry later in the year.

Post meeting update:

The Workgroup Report has been fully updated and includes the discussion held at Workgroup in readiness for it to be submitted to UNC Panel on 21 May 2020.

4.0 Review of outstanding actions

Action 0401: *What specific mitigations National Grid are putting in place at the Exit Point of the terminal, after the gas has been blended.* PH to provide a description of what these mitigations will be.

Update: This has been provided and the Workgroup Report has been updated. **Closed**

Action 0402: National Grid (PH) to Confirm how HSE discussions are progressing.

Update: PH provided an update on how discussion are progressing with HSE (outstanding action 0402) and advised he has completed a submission to HSE explaining what the agreement is and how it is going to be managed, also confirming that it is temporary. He has also provided an elaboration of the additional controls that National Grid are looking to put in place. PH is now awaiting HSE response. **Closed**

5.0 Next Steps

LOS summarised the next steps:

- Finalise the Workgroup Report in readiness for UNC Panel on 21 May 20

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
No further meetings planned		

Action Table (as at 07 May 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0401	02/04/20	3.0	<i>What specific mitigations National Grid are putting in place at the Exit Point of the terminal, after the gas has been blended. PH to provide a description of what these mitigations will be.</i>	National Grid (PH)	Closed
0402	02/04/20	3.0	National Grid (PH) to Confirm how HSE discussions are progressing	National Grid (PH)	Closed

NC Workgroup 0716 Minutes
Revision of Overrun Charge Multiplier
Thursday 07 May 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
Chris Wright	(CW)	Exon Mobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	BBLC
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom Energy
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor

Copies of all papers are available at: www.gasgovernance.co.uk/0716/070520

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 (02 April 2020)

The minutes from the previous meeting were approved.

1.2. Review outstanding actions

No outstanding actions to consider.

2.0 Amended Modification

LOS advised Workgroup that a revised version of the Modification has been published and clarified that the changes were only cosmetic, no change has been made to the content. The changes made were moving parts of the Solution and placing them into the Why Change section. LOS showed the amended Modification on screen.

LOS advised Workgroup that the purpose of today's meeting is to start development of the Workgroup Report.

3.0 Consideration of questions from Panel

3.1. Consider Consumer Impacts

This question has previously been addressed:

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

LOS commenced an onscreen review the current version of the draft Workgroup Report and advised this version reflects the most recent changes made to the Modification as mentioned in section 2.0 of this agenda.

LOS clarified the Solution has not changed and the questions from Panel, as shown in Agenda item 3.0, are captured in the content of the Workgroup Report.

Consumer Impact Assessment

LOS asked appropriate questions with regards to the Consumer Impact Assessment table and workgroup provided no further amendment.

LOS advised Workgroup that following the pre-modification discussion by NW at the last meeting, NW has provided a draft Modification 716A which will be discussed later during the meeting. LOS clarified that should 0716A be approved as an alternative solution at UNC Panel on 21 May 2020, the Workgroup Report will be updated accordingly and the differences between 0716 and 0716A highlighted throughout the report.

Workgroup Impact Assessment

In reviewing the comments in the Workgroup Impact Assessment PY highlighted an area where it was suggested it would be useful to demonstrate where it is the view of the Proposer, and explained these views are not necessarily the views of the majority of Workgroup. Where it is the Proposers view, the Workgroup Report should stipulate that not everyone shares that view.

In reviewing this section LOS made some changes to the wording in line with Workgroup feedback and comments.

It was agreed that Workgroup will be revisiting the Workgroup Report once 0716A has gone to UNC Panel on 21 May 2020 as to whether 716a will be an alternative Modification to 716

and suggested it might be better to wait for the outcome before reviewing this section any further

The Proposer of Modification 0716, ASt National Grid, agreed to provide comments for inclusion to the Workgroup Report.

NW suggested a sensible approach would be for the Proposer of 0716 and 0716A to work on the text to be presented to the next Workgroup meeting so that both Proposers are happy the Workgroup Report comments are reflective of the discussions to date. LOS advised that this would be taken offline and she would contact NW and ASt once the outcome has been established after the UNC Panel Meeting

On behalf of the Proposer, NW welcomed the opportunity to talk the Workgroup through the intention of Modification 0716A ahead of it going to UNC Panel on 21 May 2020.

He advised that he has mostly translated the pre-Modification presentation into text for the Modification, adding some further analysis and extended it to incorporate both Entry and Exit points. He 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 explained, as part of the structure of Modification 0716A, he has been looking at how overruns have been incurred in the past but also looking forward to how booking strategies might be changing and that 0716A is more forward looking but also learning from the past. During his analysis he concluded that mostly all overruns historically, have been as a result of User error.

NW went on to highlight the comparison with Modification 0716 and suggested that looking historically is irrelevant to how Users may book capacity in the future.

In explaining the principles as set out on page 6 of the Modification, NW said that capacity bookings need to be reflective of the intended usage; excess bookings will increase TO revenues which in turn will require balancing via K factor or the Revenue Recovery Charge.

NW said that overrun charges should not be disproportionate, unduly penal and suggests that setting a multiplier of 1.1 is sufficient. The analysis contained in Section 11 of the Modification supports this.

ASt provided some feedback and suggested the calculation needs to be reviewed and is concerned the analysis does not give a true reflection of the network overall. ASt added she does not believe the multiplier is an appropriate number and suggested that the view of the alternative solution in 0716A is risky as it might lessen the incentive to book adequate capacity.

ASt clarified that she is not suggesting the National Grid calculation is perfect, but in their opinion, it is reasonable as it is the intention that this will be reassessed in 12 months.

PY advised that the main reason for the review of overrun charges is due to the new charging regime which is driving the proposal.

NW challenged that the interpretation of the review group was to develop a new way of calculating overruns, and that having a review in 12 months, as stipulated in Modification 0716, will mean that some Users will potentially be incurring very high penalties and he does not think that is fair.

As part of the review of the Solution in Modification 0716A, NW highlighted the conclusions reached:

Booking behaviour at Exit Points

Conclusion 1: Users have made little attempt to match capacity bookings with anticipated flows, and instead bulk buy surplus capacity at zero or significantly lower cost to safely satisfy their daily needs and avoid overruns

Impact of anticipated changes to the NTS Charging Methodology

Conclusion 2: This predictable change in booking behaviour as a result of a change to the Charging Methodology focused on capacity-based charging, with limited or no discounts for short-term capacity products, renders historical booking behaviours irrelevant for informing future booking behaviours.

Why overrun?

Conclusion 3: There is no commercial or strategic advantage to be obtained from capacity overruns with extreme penalties, therefore, it must be concluded that such events are a result of User error.

When LOS asked for views from the Workgroup, BR advised he is supportive of the alternative solution in Modification 0716A and that the economic arguments put forward by NW are very strong.

It was suggested that having a 10% premium on the Day Ahead capacity bookings may need some thought, maybe not in this Modification but maybe in the future. BR suggested the constraints uplift should be addressed elsewhere as this could be complicated.

PY advised Workgroup there are some provisions already in UNC Code if there is a constraint and that there is a mixture of commercial and physical actions.

MM said that he believes this to be a pro-rated charge and that this will be covered in the Legal Text.

NW said the multiplier could be 1.1 on parts of the Network that is unconstrained and maybe a cost plus the multiplier for the constrained part of the Network.

5.0 Next Steps

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

- Completion of the Workgroup Report incorporating Modification 0716A (providing UNC Panel approve it should be considered as an alternative solution to Modification 0716)
- An amendment to Modification 0716A is expected before it is submitted to UNC Panel

6.0 Any Other Business

6.1. Modification 0716A update

This was covered as part of discussion during agenda item 4.0.

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 04 June 2020	TBC	Detail planned agenda items. <ul style="list-style-type: none"> • Completion of Workgroup Report

Action Table (as at 07 May 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		

UNC Workgroup 0720S Minutes
Amendments to the Agreed Target Quantity at the Moffat
Interconnection Point
Thursday 07 May 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
Chris Wright	(CW)	Exon Mobil
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	BBLC
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom Energy
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor

Copies of all papers are available at: www.gasgovernance.co.uk/0720/070520

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

1.0 Introduction and Status Review

1.1. Approval of Minutes (02 April 2020)

The minutes from the previous meeting were approved.

1.2. Review outstanding actions

0401: 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.

Update: MM confirmed that this has been captured in the Modification and confirmed this Modification relates to ROI demand. **Closed**

2.0 Initial Representations

2.1. ESB Initial Representation

KN confirmed the content of their Initial Representation and advised it is mainly made up of clarifications that are required.

MM thanked KN for the Representation and the comments made and agreed that some of the language used in the Modification needs to be updated and he would make these consistent throughout the Modification in due course.

MM confirmed that the solution is to update the Network Agreement and the Tripart Agreement.

3.0 Amended Modification

Referring to the slides provided for the meeting, MM provided a reminder of the background which set the context of the Modification and what the issue is. He explained that National Grid currently receive an Offtake Profile Notification (OPN) from GNI UK which contains their end of day quantity forecast.

The issue is the OPN under this method is consistently understated at the start of the day and gets more accurate towards the end of the day.

This Modification will allow GNI UK to submit a more accurate OPN at the start of the day.

Moving on to show an example of the tripartite arrangement at Moffat, MM explained that GNI PTL pass their nominations to GNI UK under the Tripartite arrangement, GNI UK then provide both nominations to National Grid via the OPN. This can be seen on slide 3 of the presentation provided for the meeting.

Slide 4 and 5 of the presentation show how the current arrangement works and what the proposed arrangement will look like. The proposal is to allow GNI UK the ability to provide an *anticipated additional flow quantity*.

Currently, there is an *aggregation of the net confirmed quantity*, nominations arrive and they get aggregated up to form a *total net confirmed quantity*.

The proposal is to allow GNI UK, on top of the aggregate net confirmed quantity, the ability to provide an *anticipated additional GNI forward flow quantity*.

MM explained that the intention will be to net off the Shipper nominations in order to provide the *expected flow quantity and then finally to* net off any non-Moffat entry supplies which will leave the *expected flow quantity* at Moffat.

The final slide in the presentation shows a hypothetical scenario should the proposal be implemented against the current method. MM explained the dark blue line is based on actual figures and the current method, with the light blue line being the *agreed target quantity* GNI were to submit *anticipated additional GNI flow quantity*.

This concluded the presentation provided for the meeting.

MM went on to explain that although the Modification has not yet been amended, he has submitted the draft changes to the Interconnector Agreement.

MM took the opportunity to provide an overview of the suggested Legal Text.

Annex B - Nominations

Changes would be made to the following sections:

Section 2 – Interpretation

2.1 will define the Anticipated Additional GNI Forward Flow Quantity and the GNI Expected Flow Quantity

Section 7 – Matching Timetable.

7.4 will relate to the two Interconnection Agreements, the bilateral and the trilateral agreement, therefore documents will need to be updated to reflect the proposed arrangements.

Annex H - Operational Balancing Account and Allocation Principles

Section 1 – Definitions

New definition “Anticipated Additional GNI Forward Flow Quantity” means a quantity notified by GNI to GNI (UK) as such pursuant the Tripartite Agreement.

Section 2 – Flow Control

2.1 reference to the agreed target quantity that it complies with the interoperability Code.

Section 5 - Cumulative Steering Difference and Cumulative Steering Difference Corrections

5.4.1 explains where, up to midnight the *anticipated additional quantity* will be added

5.4.2 explains where, from midnight the *anticipated additional quantity* will fall away

4.0 Consideration of questions from Panel

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

This has previously been discussed:

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.

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

This has previously been discussed:

MM confirmed that Self-Governance is still appropriate.

5.0 Development of Workgroup Report

LOS advised this will be covered at the next Workgroup meeting in June 2020, once the Modification stabilises.

6.0 Next Steps

LOS confirmed the next steps:

- MM will tighten up the language and provide some additional clarity to the solution. An amended Modification will be provided and also reflected in the presentation for JO to update published presentation.
- Once the Modification is stabilised, LOS will start work on the Workgroup Report

7.0 Any Other Business

None.

8.0 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 04 June 2020	TBC	<ul style="list-style-type: none"> • Detail planned agenda items. • Amended Modification • Review the draft Interconnection Agreement • Development of Workgroup Report
10:00 Friday 02 July 2020	TBC	<ul style="list-style-type: none"> • Detail planned agenda items. • Completion of Workgroup Report

Action Table (as at 07 May 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)	Closed