

UNC Transmission Workgroup Minutes
Thursday 05 March 2020
at Elexon, 350 Euston Road, London, NW1 3AW

Attendees

Alan Raper Chair	(AR)	Joint Office
Helen Bennett (Secretary)	(KV)	Joint Office
Lorraine O'Shaughnessy	(LOS)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Barnes	(ABa)	Waters Wye Associates
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	Afry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed*	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Mitchell*	(DM)	SGN
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	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Justin Goonesinghe	(JG)	BEIS
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Paul Youngman*	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan*	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/tx/050320

1. Introduction and Status Review

1.1. Approval of minutes (06 February 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:

- RIIO Gas Transmission Annual Report 2018-19

On 7 February 2020 Ofgem published the RIIO1 Gas Transmission Annual Report for 2018-19 (together with other network companies' reports) which gives stakeholders information on the performance of National Grid Gas Transmission (NGGT) against its price control obligations and incentives during the sixth year of the RIIO-1 price control which runs from 2013 to 2021. It also provides information on NGGT's updated forecast for the remaining years of RIIO-1.

<https://www.ofgem.gov.uk/publications-and-updates/riio-1-gas-transmission-annual-report-2018-19>

- Ofgem Review of GB System Operation – Terms of Reference

On 13 February 2020 Ofgem published the Terms of Reference for the Review of GB System Operation. The aim of the review is to consider the current and future challenges facing GB System Operation and assess whether we have the right governance framework in place to deliver the UK's net zero emissions target at lowest cost to consumers. The review will provide the government with an objective and evidence-based assessment of GB System Operation, in the context of decarbonisation. We set out the context, scope, approach and expected timeline on our website.

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-review-gb-system-operation-termsreference>

- SouthHook LNG Terminal Company LTD's application for exemption from regulated third party access for additional capacity - Our initial views and questions for consultation

On the 9 October 2018, South Hook LNG Terminal Company Ltd submitted to Ofgem an application for additional capacity of ~5.3 billion cubic meters per year to be exempted from regulated Third Party Access (rTPA) for at least 25 years. The application was consistent with section 19C(2) of the Gas Act 1986 (as amended). The rTPA provisions in relation to LNG import facilities are contained in section 19D of the Gas Act. On 14 February 2020 Ofgem published a consultation document setting out Ofgem's initial view that an exemption can be granted for the additional capacity. The consultation closes on 30 March 2020.

<https://www.ofgem.gov.uk/publications-and-updates/south-hook-lng-terminal-company-ltd-application-exemption-regulated-third-party-access-additional-capacity-our-initial-views-and-questionsconsultation>

- NTS Charging Methodology Forum (NTSCMF) session with CEPA on UNC678 quantitative analysis - 11 February 2020

On 11 February 2020, Ofgem invited CEPA to the February NTS Charging Methodology Forum (NTSCMF) meeting, organised by the Joint Office of Gas Transporters. CEPA delivered a presentation regarding the quantitative analysis it undertook for Ofgem which informed our recent Gas Transmission Charging Review minded to decision and draft impact assessment. After the meeting, CEPA provided written answers to questions raised by industry parties. On 14 February 2020 Ofgem published CEPA's presentation and written answers for information.

<https://www.ofgem.gov.uk/publications-and-updates/nts-charging-methodology-forum-ntscmfession-cepa-unc678-quantitative-analysis-11-february-2020t>

- 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

On 20 February 2020 Ofgem rejected Uniform Network Code (UNC) 667: Inclusion and Amendment of the Entry Incremental Capacity Release Net Present Value test in the Uniform Network Code (UNC667).

<https://www.ofgem.gov.uk/publications-and-updates/decision-reject-uniform-network-code-unc-667-inclusion-and-amendment-entry-incremental-capacity-release-net-present-value-test-uniform-networkcode>

JCx asked Ofgem to further clarify on their decision to reject the implementation of Modification 0667. LS confirmed the Ofgem decision was based purely on what was being proposed, protecting consumers interest and the current status of UNC. The reasons for rejection are clearly set out in the Industry Letter of non implementation.

JCx also asked for clarity on the direction of travel on the NPV test and Decarbonisation, adding that this is time pressured now and that the December Plan that Ofgem published only marginally referred to this topic.

New Action 0301: Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.

New Action 0302: With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.

1.3. Pre-Modification discussions

1.3.1. Offtake Profile Notification Amendments at Moffat Interconnection Point (MM)

The purpose of this Modification is to change definition of Agreed Target Quantity in the Interconnection Agreement between National Grid Gas plc and GNI (UK) Ltd.

MM provided presentation which included:

Background

MM advised the purpose of this Modification and explained GNI currently provide National Grid with notifications that contain an End of Day quantity based on the aggregation of the prevailing net shipper nominations. (and any OBA CSD correction). This is defined as the 'Agreed Target Quantity'.

Since the introduction of EU Network code and Corrib field coming online, GNI (UK) have been experiencing issues with Entry Nominations at Moffat IP being revised upwards by shippers throughout the day.

This is understood to be due chiefly to the 1/24 rule, INFR and lack of a within day balancing incentive.

Typically, between 8pm and 1am Shippers begin Nominating to match their Aggregate Exit Nominations.

Moffat Entry Nominations Vs. Aggregate Exit Demand

MM explained that the dark blue graphical lines represent the GB exit nominations at Moffat and are consistently quite low, as the day progresses, the chart shows what would be expected in terms of nominations.

Issues

MM advised that the methodology is quite restrictive, unreliable information provided to National Grid affects balancing arrangements, inefficient compressor usage and inaccuracies in the Predicted Closing Linepack (PCLP) figures published. PCLP is the only available linepack forecast made available by National Grid therefore can have significant impact on market prices and trading behaviour.

Proposal

The proposed change is to calculate the Agreed Target Quantity by instead using aggregate exit demands within GNI's system, with adjustments for virtual reverse flows and subtracting the anticipated entry quantities at other Entry Points on the island of Ireland.

Benefits

When asked how much the detriment on commercial balance is, MM explained it is more the accumulation of inaccurate data that could result in inefficient action. MM confirmed this is a contributing factor when decisions are made. PY added it is not clear what the benefits are for this proposal, whereas better MI is good, he would like to see more evidence and a robust justification for the proposed solution. MM concluded by saying that logic for the solution is that the better information received, the better the decisions made.

MM went on to explain that Shippers are reluctant to nominate earlier in the day, which is why the trend can be seen towards the end of the day.

GNI did look at introducing a within day balancing mechanism which was rejected and other solutions have not been accepted either.

APa said it would be helpful if it was clear what is causing the issues and if they are Irish or British issues, also, is this the right solution.

In terms of timing, MM will update the proposal with the suggested comments from this Workgroup. When asked, he advised that he is unsure if GNI are planning to raise a similar Modification.

MM proposed a 3 month timeline for this Modification as there is no change to the UNC and the solution can be implemented by the insertion of just one paragraph in the Interconnection Agreement.

Considerations

- If the Exit Flow Profile was miscalculated and there was significant deviation between the End of day nominations and the measurement, a non-OBA day may be called.
- What steps can be taken to ensure that there is no additional risk on the OBA.

2. Industry Engagement on the EU Future Trade Arrangements (FTA) Mandates

Justin Goonesinghe (JG) provided an overview of BEIS's approach to the EU/UK negotiations on future trading arrangements. The update is included in The Future Relationship with the EU the UK's Approach to Negotiations paper:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/868874/The_Future_Relationship_with_the_EU.pdf

JG advised that negotiations had started this week in Brussels and that it has been agreed by HMG that Gas and Electricity was an important trade area and would be included in the initial topics for discussion. It is recognised by both sides that there is potential to have an agreement in terms of Gas and Electricity that has mutual benefit.

When asked, JG stated that there is a legal obligation to domesticate the EU Law during the Withdrawal Agreement, (WA), phase and that the EU would be the arbiter in terms of ensuring that UK obligations under EU law are being adhered to.

Way forward

The UK negotiation is being led by Chief Negotiator David Frost. Discussions are taking place every 2-3 weeks alternating between London and Brussels.

Post meeting note: Please find attached a link to No 10' summary of the first round of negotiations: [blog post](#).

Questions:

JCh asked if it is likely that tariffs would be set on exports; JG advised, on the basis of the previous no deal planning, he would not expect tariffs to be set on Gas and Electricity. Even if the EU place tariffs on certain exports, they would need to be applied consistently to all third countries.

Going forward Workgroup agreed for this topic to be added to the agenda. The next key date is in June where a high-level conference is being held. JG advised that by May, he will have a better feel for whether Energy will have settled on a potential landing zone and reiterated that there has been a positive start to negotiations.

CW asked how BEIS are keeping themselves up to date; JG advised, throughout no deal planning, and subsequently moving into to the transition arrangements, they have a significant programme of industry engagement' and holding regular Industry engagement, adding that last year many Industry forums were held. Moving forwards, BEIS remains keen to hear from stakeholders and welcomes the opportunity to discuss important issues relating to energy trading.

3. European Code Update – PH

Phil Hobbins (PH) provided an update to the ENTSOG 2050 Roadmap for Gas Grids Workshops and advised that ENTSOG published its 2050 Roadmap document in December 2019. Workshops are now scheduled in Brussels to debate how best to combine a well-functioning, liquid EU Gas Market and maintain security of gas supply with the commitment to decarbonise:

- 10 March – Workshop 1: EU Gas Market for New Gases
- 17 March – Workshop 2: Innovative Regulatory Approach for the Energy Transition – Sector Coupling & Regulatory Sandbox
- 26 March – Workshop 3: Principles for EU Gas Qualities, handling of Hydrogen and CO2 Transportation

If parties are interested in attending any of the Workshops, PH recommended contacting ENTSOG. Participants were advised to contact PH to register to attend the Workshops, as the link provided on the presentation does not work.

4. Gas Quality Institution of Gas Engineers and Management (IGEM)

Ian McCluskey (IM) from IGEM provided a presentation on a New IGEM Gas Quality Standard for Net Zero Emissions which covered:

Background

IGEM are the professional engineering institution for gas, formed to support individuals and organisations connected with the Gas Industry.

Their core aim is to help all those involved with gas to achieve and maintain the highest standards of professional competence.

This is done by publishing technical standards, delivering high quality events and courses that contribute to professional development and by bringing people together through membership to share knowledge, expertise and best practice.

IGEM are licensed by Engineering Council to award Chartered Engineer, Incorporated Engineer and Engineering Technician status and assist individuals to become professionally registered engineers.

Working with stakeholders from across the industry we seek to represent the views of our members and the wider gas community and to inform and influence current and future gas and energy policy.

Gas Quality Working Group

IM explained that in 2016 they started to review the gas quality in the UK.

Gas Quality Standard – Aims

IM advised the aim is the facilitating the safe injection of a wider range of gases.

Gas Quality Standard – key gas network innovation projects

IM advised the problem with injecting biomethane is that it lowers the CV for end consumers, which means they would pay more to get the same amount of energy. The CV capping rules and future billing, will cause issues and will be a significant future challenge.

There followed some comments being made on this topic, particularly on the subject of Declared CV and billed consumption, as follows:

SP clarified that the scale is where the problems will materialise which will cause large issues for consumers. While these projects are in pilot phase, the consequences could be managed but the tactical solution would not be sustainable for a large-scale roll-out and considerable system changes would be required to mitigate the effect of wide-scale CV variations.

JCx said this has not gone too much into the domestic side of things, flow rated average and capping rules would apply, although it was noted that if the measured volume of gas was at a CV below the capped value, the energy consumed would be less than that billed.

Summary of changes

IM talked through the summary of proposed changes to the Gas Quality Standard summarised on slides 15-17.

IM advised IGEM are not proposing any changes on hydrogen content at this stage.

Industry peer review

IM advised a revised draft of the supporting document will be provided to the Transmission Workgroup, expected next week, after that there will be an Industry wide consultation on the standard.

Questions

JCx challenged the Governance of the standard, once it sits with IGEM, the engagement and transparency of the process and role of TCC. TCC only looks at process and not content and that there is no transparency of consultation process.

New 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.

When asked, IM confirmed that the GSMR and UNC / Network Entry Agreement interface has not been elaborated on as part of this process.

EB highlighted there is a Workshop being held on 20 March 2020, Future of Gas Steering Group at The Strand, London.

New Action 0304: *Gas Quality Institution of Gas Engineers and Management (IGEM):* Joint Office to publish the IGEM presentation.

Post meeting update: *This has been published and can be found here:*
www.gasgovernance.co.uk/tx/050320

5. Workgroups

5.1. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at
(Report to Panel 15 October 2020)
www.gasgovernance.co.uk/0705

5.2. 0713S – Amendments to TPD V3.1.7 Independent Assessment table

(Report to Panel 16 April 2020)

www.gasgovernance.co.uk/0713

5.3. 0714 – Amendment to Network Entry Provision at Perenco Bacton terminal

(Report to Panel 21 May 2020)

www.gasgovernance.co.uk/0714

5.4. 0716 - Revision of Overrun Charge Multiplier

(Report to Panel 18 June 2020)

www.gasgovernance.co.uk/0716

6. Any Other Business

None.

7. Review of Outstanding Actions

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

Update: AR proposed this action was carried forward and moved to the 0714 Workgroup. It was agreed this action should be on Ofgem to contact the HSE in relation to an Impact Assessment requirement. **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 02 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications
10:00 Friday 07 May 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Transmission Workgroup standard Agenda plus any associated Modifications
10:00 Friday 04 June 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 05 March 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)	Carried forward (Transferred to the 0714 Workgroup)
0301	05/03/20	1.2	Ofgem to provide further clarity on the progression of decarbonisation in order to better understand the decision to reject Modification 0667.	Ofgem	Pending
0302	05/03/20	1.2	With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel	Ofgem	Pending
0303	05/03/20	4.0	<i>Gas Quality Institution of Gas Engineers and Management (IGEM):</i> 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.	IGEM (IM)	Pending
0304	05/03/20	4.0	<i>Gas Quality Institution of Gas Engineers and Management (IGEM):</i> Joint Office to publish the IGEM presentation	Joint Office (AR)	Closed

UNC Workgroup 0705R Minutes

NTS Capacity Access Review

Thursday 05 March 2020

at Elexon, 350 Euston Road, London, NW1 3AW

Attendees

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Helen Bennett (Secretary)	(KV)	Joint Office
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Adam Bates	(AB)	South Hook Gas
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David Mitchell*	(DM)	SGN
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
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*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0705/050320

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 (06 February 2020)

The minutes from the previous meeting were approved.

2.0 For March discussion and onwards, as below:

JR provided a presentation which covered the following, (discussions are captured as shown below as the slides were presented):

Zonal Capacity Arrangements

What are we trying to achieve

JR explained that consideration of what the option is that most effectively fits what this review is trying to achieve.

Option 1: Full Zonal

JR explained that Zones could be set as per ExCR Methodology Statement, when asked, clarified that initial thoughts are that 'zonal' only works for Exit rather than Entry.

JR advised the purpose of this presentation is to show Workgroup what the National Grid's line of thinking was at the moment, and to get feedback from Workgroup.

Workgroup discussed the exchange rates, specifically where there is a Zone identified where a 1:1 exchange rate is applicable, it could be that there are more than 13 Zones where matters are more complex and with a Postage Stamp model, it was difficult to see how anything other than a 1:1 exchange rate could apply.

PY stated that each all capacity would be the same price, wherever it is in the network. If there was a difference in capability, then it should be priced in a different way.

MM clarified that price is not considered currently in exchange ratios e.g. Substitution and the Trade and Transfer methodology, it is only physical interchangeability.

JCx asked if it can be deemed that something is a 1:1 exchange rate, could there be different exchange rates in different zones and added it is important that either it is meant to be a 1:1 exchange rate or it is deemed to be 1:1.

APx suggested it is not clear what this option is trying to achieve given there is a backdrop of reducing demand.

DH sought confirmation that National Grid are not going to look at the pricing regime during this review, JR confirmed this would not be the case. National Grid are not suggesting the pricing regime is looked at as part of the review.

Option 2: 'Competing Auctions' model

- Bid in individual auctions
- Results from individual auctions are pooled into 1 combined bid stack for allocation

Workgroup had many questions relating to his option, such as:

- Would this apply to Annual Capacity or Short-Term capacity?
- Would it always be obligated capacity?
- Would enduring capacity be taken out of this?

A concern was raised in that DN's manage their 1 in 20 obligations through their annual capacity bookings and would have to secure that regardless of prices in order for them to meet their obligations.

It would be assumed that a Zone would include any direct connects that are in the same Zone as DN offtake points.

When asked, it was confirmed that within a Zone, DNs could be competing against other offtakes.

Unsold capacity would be available for whoever requires it within that Zone.

Option 3: Zoning Nodes

- Nodal baseline and individual auctions
- Exchange rates set prior to auction meaning capacity could be transferred quicker
- Could be applicable in daily auctions

The exchange rates would be determined either pre or post auction.

These would be less accurate exchange rates.

Workgroup questioned if it is only National Grid that are concerned about exchange rates.

Option 4: Zonal at point in time

- Long-term capacity sold on a nodal basis
- Unsold short-term capacity then sold on a zonal basis either through option 1 or 2 or 3

It was advised that the current zonal definition may need to change, but once the zones are set, the zonal structure would stay the same.

Option 5: Zonal product

Zonal product auctioned at a premium

- Pre-defined amount of capacity to be sold as a zonal product
- Sell capacity at a point but with flexibility to use anywhere in the zone
- Provide the right to move nodal product within the zone
- This option would be more focussed on how sold capacity with the right to use it within the zone whereas other options about to efficiently make unsold capacity available for the market to utilise

Option 6: Current enhanced

Can current processes / mechanisms be enhanced to solve problems without zonal

- Flow swaps more frequently used
- Review of User commitment levels / arrangements - Including whether a Non-User Commitment product could be available on a case-by-case basis
- Retainer provision available on Exit
- 10% baseline reservation in Exit Capacity auctions for near-term auctions which wouldn't be subject to User Commitment

Workgroup entered into a lengthy discussion regarding this option, which was captured as follows:

National Grid clarified that the current User Commitment is 4 years, if a party wanted to move or adjust their capacity, that would be assessed on a case by case basis, and could be User Commitment free.

JCx advised she has been trying to find evidence, (unsuccessfully so far), as to why User Commitment has been 4 years since 2006 as prior to that it was 1 year.

She advised that, in 2006 National Grid proposed 4 years and it has remained at the value ever since but she has been unable to find anything that supports 4 years or any discussions around 4 years.

DA provided some areas of consideration relating to User Commitment which included pros and cons for each:

- No User Commitment
- No User Commitment unless investment justified and above baseline
- No User Commitment unless investment justified and above a User's zonal baseline (Modification 0671)
- Remove requirement to book enduring capacity, (other than for a large load)

A substitution methodology should:

- Be consistently applied to all relevant processes (Annual & PARCA)
- Information provided is sufficient and timely to allow all parties to assess locational impact accurately
- Be a simple within portfolio solution

DA advised that this would encourage more accurate 1 in 20 peak flows bookings.

DA suggested that Substitution is not consistently applied and that there are issues around process. He added that all applications could result in a potential substitution and that DNs want to be notified at the beginning of the process. Because DNs don't know how the National Grid Substitution process works, even if the DNs knew what the site was, there would still be a need for notification.

DA said that he would like to move this forward quickly and that it should be a simple process change.

It was suggested there could be a PARCA (Planning and Advanced Reservation of Capacity Agreement) window process that opens once.

Developer and / or NTS Users (Shippers or Distribution Network Operators 'DNOs') can reserve firm NTS capacity through the Planning and Advanced Reservation of Capacity Agreement (PARCA) process.

A PARCA is a bilateral contract that allows entry and/or exit capacity to be reserved for the customer while they develop their own projects.

The reserved capacity would need to be allocated to a nominated NTS User before it can be utilised.

In reality, currently DNs could be booking capacity when they don't need to, or they could be not booking capacity when they need to. The current process leads to inefficient decisions are being made in terms of reserving capacity.

It was proposed that if demand is above baseline then substitution analysis would be justified. Then under PARCA rules, an announcement should alert that a part of the Network has an open application period for capacity and then allow all then have the opportunity to book capacity in that area. This would stop it from being a first-come, first-served process and would allow National Grid to package up all the PARCAs and deal with them all in one go.

In light of the workgroup discussions, Workgroup asked National Grid to consider User Commitment and Substitution and come back to the next meeting with a clear definition of the deficiency. JR highlighted that, if National Grid are taking the action to look at User Commitment options, on understanding that it should take priority over zonal options.

Entry Capacity Release

Entry Capacity Release Methodology

AB advised that *Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC*, was raised 18 months ago and he would appreciate it being considered as part of Modification 0705R.

AR advised that the consultation responses received for Modification 0705R have been published and can be found here: www.gasgovernance.co.uk/0705/050320

As part of the consultation, the Industry were asked to provide views on the ambition statement, Workgroup agreed the ambition statement needs to change so that it reflects the needs of the Industry.

Long-term Strategy Consultation Response Play Back

Long-term Strategy consultation Responses, areas covered:

- Ambition Statement
- Functions: A. Signal a need for capacity requirements
- Functions: B. Manage network access where there is a short-term constraint
- Functions: C. Provide users with commercial certainty on network access
- Functions: D. Collect transporter allowed revenue
- Functions: E. Enable new entrants, including new sources of gas and technologies, to easily and efficiently access the NTS
- The responses also drew attention to some Short-term Issues that could be addressed through the review

2.1. Entry Trading and Ofgem related issues

Not discussed in this meeting.

2.2. DN Capacity booking process

Considered during presentation

2.3. Modification 0667 – Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

Mentioned during presentation

3.0 Panel Interim Report – March Panel

JR took Workgroup through the Panel presentation which shows a synopsis of progress over the last few months which will be used to keep Panel informed.

4.0 Review of Workplan

Not discussed in this meeting.

5.0 Review of Amended Request

The Modification has not been amended.

6.0 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: Carried Forward

7.0 Next Steps

AR confirmed that the next steps were as detailed below:

Areas for consideration during April:

- User Commitment
- Substitution
- DN Capacity booking process
- Review of Workgroup Report
- Review of Amended Request

8.0 Any Other Business

None.

9.0 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 02 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Areas for consideration during April: <ul style="list-style-type: none"> • User Commitment • Substitution • DN Capacity booking process • Review of Workgroup Report • Review of Amended Request
10:00 Friday 07 May 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 04 June 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> • Detail planned agenda items. • Completion of Workgroup Report

Action Table (as at 05 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	06/02/20	2.1	National Grid (ASt) to investigate situations whereby on Overrun might have been caused by a constraint on the network.	National Grid (ASt)	Pending <i>(transferred to 0716)</i>
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)	Carried Forward
0203	06/02/20	5.0	National Grid (ASt) to investigate to what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges (ASt)	National Grid (ASt)	Pending <i>(transferred to 0716)</i>
0204	06/02/20	5.0	National Grid (ASt) to confirm if the Overrun charges link to the non-transmission charges post charging review implementation?	National Grid (ASt)	Pending <i>(transferred to 0716)</i>

UNC Workgroup 0713S Minutes
Amendments to TPD V3.1.7 Independent Assessment table
Thursday 27 February 2020
at Radcliffe House, Blenheim Court, Warwick Road, Solihull, B91
2AA

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(KV)	Joint Office
Lorraine O'Shaughnessy	(LOS)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Barnes	(ABa)	Waters Wye Associates
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	Afry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed*	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Mitchell*	(DM)	SGN
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	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
Lea Slokar	(LS)	Ofgem
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Paul Youngman*	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0713/050320

1.0 Introduction and Status Review

1.1. Approval of Minutes (23 January 2020)

The minutes from the previous meeting were accepted

1.2. Review of Outstanding Actions

2.0 Amended Modification

The Modification has not been amended.

3.0 Consideration of Business Rules

This was completed as part of agenda item 4.0.

4.0 Development of Workgroup Report

AR explained the purpose of the Modification, and advised that it is a fairly light-touch modification which proposes to make changes to the Unsecured Credit table to reflect changes to scale on which Graydon issue credit score ratings. This Modification was last discussed at the Distribution Workgroup, held 27 February 2020, where the Workgroup Report was updated.

5.0 Next Steps

AR stated that the aspiration is that the Workgroup Report should be presented at March Panel and, accordingly, in order to facilitate this, requested that any final comments on the report should be submitted to him after the workgroup meeting.

6.0 Any Other Business

None raised.

7.0 Diary Planning

No further meetings scheduled

Action Table (as at 05 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	23/01/20	1.0	Transporters to await the receipt of examples actual company ratings, which may include ratings on the new and old scales and see if the score comparisons in the proposal are aligned.	All Transporters	Closed

UNC Workgroup 0714 Minutes
Amendment to Network Entry Provision at Perenco Bacton terminal
Thursday 05 March 2020
at Elexon, 350 Euston Road, London, NW1 3AW

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(KV)	Joint Office
Lorraine O'Shaughnessy	(LOS)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Barnes	(ABa)	Waters Wye Associates
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	Afry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed*	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Mitchell*	(DM)	SGN
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	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
Lea Slokar	(LS)	Ofgem
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Paul Youngman*	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan*	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0714/050320

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 (23 January 2020)

The minutes from the previous meeting were accepted.

2.0 Initial Representation – Uniper

See update to outstanding Action 0202.

3.0 Review of HSE timings

PH provided a presentation which covered the following:

- Flow Weighted Average CV (FWACV) – Recap
- FWACV Calculation
- CV Shrinkage
- Modification 0714 FWACV Analysis
- Billing CV Maps: 2019/20 Base Case
- Billing CV Maps: 2025/26 Base Case
- Billing CV Maps: 2019/20 Scenario 1
- Billing CV Maps: 2025/26 Scenario 1
- Billing CV Maps: 2019/20 Scenario 2
- Billing CV Maps: 2025/26 Scenario 2
- Billing CV Maps: 2019/20 Scenario 3
- Billing CV Maps: 2025/26 Scenario 3
- Conclusions

During the presentation PH advised that National are no longer proposing to pursue the HSE Exemption and are now looking at exploring a solution within the terminal. PH is looking to see if National Grid can setup an arrangement to operate the terminal in such a way the Wobbe Index of the terminal output gas is not impacted.

For now, the Modification is staying as-is and he is hopeful an amended Modification will be submitted in time for the next Workgroup meeting in April 2020.

In summary, PH concluded:

Scenarios 1 and 3 result in CV capping affected by the low CV gas coming in from Perenco but are unlikely to occur in reality.

Scenario 2 does not result in CV capping that is due to the low CV of gas coming in from Perenco. Scenario 2 is more realistic, though still takes a worst-case view of Perenco CV.

During these discussions, it was suggested that biomethane flows could, in theory have a large impact on capping, as shown in Scenario 2. In reality, however, CV capping due to biomethane sites should not occur as they are currently required to enrich to a higher CV.

4.0 Review of impacts on downstream customers

This was not considered at this meeting.

5.0 Amended Modification

The Modification has not been amended since the last Workgroup meeting, however, PH confirmed it will be amended, the revised solution is actively being worked on and the amended Modification will be submitted within the next 2-3 weeks.

6.0 Development of Workgroup Report

This was not considered at this meeting.

7.0 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: No update. **Carried forward**

Action 0201: National Grid (PH) to investigate the FWACV impacts on this proposed change.

Update: Please see update provided and captured as part of agenda item 3.0. **Closed**

Action 0202: All to provide feedback in relation to the commercial implications of flow weighted averages and the associated impacts of this proposed change.

Update: RF advised that Uniper have submitted an initial representation which is published on the Joint Office website: www.gasgovernance.co.uk/0714/050320. The key points of the initial representation are as follows:

- As the Wobbe Index (WI) reduces the part load CO tends to increase. For most gas turbines it the CO emissions limit that determines what their minimum export load is, thus part load CO issues can limit part load operation when operating on low WI fuels.
- The reduced reactivity of low WI fuels changes the flame structure and position which tends to have an adverse impact on combustion dynamics (pulsations). This can lead to increased pressure oscillations in the combustion chamber which in turn cause vibration in the combustor components. This can lead to increased wear and damage to components and reduced component life. If dynamics reach alarm/action levels de-loads or trips will occur.
- Reduced reactivity can result in the flames of some burners lifting resulting in trips due to unacceptable exhaust temperature distributions.
- Ignition of low WI fuels is more difficult due to the reduced reactivity and this can lead to starting problems.

Workgroup offered no questions, however, PY advised he has the same feedback on those types of issues and JC advised he had nothing further to add.

AR clarified that some of the information from the initial representation can go into the Workgroup Report including costs to organisations, wider concerns, risk of blackouts if number of generators trip at the same time.

PH confirmed the modification as proposed at present is not the solution that National Grid are currently looking at. **Closed**

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

Update: TB confirmed that Neptune Energy are looking at other means to avoid this impact. The proposed solution means that sub-GS(M)R (Gas Safety (Management) Regulations Network) (Normal Conditions) gas would not enter the GM(S)R governed network.

TB advised that Neptune Energy are looking at a solution to facilitate entry of the gas into the network by blending with other streams, meaning that GS(M)R compliant gas would exit the National Grid terminal. It was confirmed that the proposed solution would still require an amendment to the Network Entry Agreement (NEA). **Carried forward**

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: AR and PH confirmed this will start this once amended Modification is received. **Carried forward**

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 confirmed that discussions are ongoing. **Carried forward**

8.0 Next Steps

AR confirmed that Workgroup will await a revised Modification to be submitted which will set out the new solution and how the highlighted issue would be mitigated.

9.0 Any Other Business

None.

10.0 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 02 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Consideration of Business Rules • Review of Impacts and Costs • Review of Relevant Objectives • Consideration of Wider Industry Impacts • Development of Workgroup Report

Action Table (as at 06 February 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)	Carried forward <i>(Transferred from TXWG)</i>
0201	06/02/20	1.0	National Grid (PH) to investigate the FWACV impacts on this proposed change	National Grid (PH)	Closed
0202	06/02/20	1.0	All to provide feedback in relation to the commercial implications of flow weighted averages and the associated impacts of this proposed change.	ALL	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)	Carried Forward
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 within the Workgroup Report.	Joint Office (AR) & National Grid (PH)	Carried Forward
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)	Carried Forward

UNC Workgroup 0716 Minutes
Revision of Overrun Charge Multiplier

**Thursday 05 March 2020 at Elexon, 4th Floor, 350 Euston Road,
London, NW1 3AW**

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennett (Secretary)	(KV)	Joint Office
Loraine O'Shaughnessy	(LOS)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Barnes	(ABa)	Waters Wye Associates
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	Afry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed*	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
David Mitchell*	(DM)	SGN
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	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
Lea Slokar	(LS)	Ofgem
Leyon Joseph*	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Paul Youngman*	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities
Steve Pownall	(SP)	Xoserve
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan*	(TB)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0716/050320

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

1.0 Outline of Modification

ASt provided an outline and explained this Modification seeks to amend the multiplier in the Overrun Charge calculation at NTS Entry and Exit points. This will be done by looking at the multiplier in the overrun calculation.

ASt provided an update for the actions that were taken which were originally assigned to Modification 0705R.

Action 0201: National Grid to investigate situations whereby an Overrun might have been caused by a constraint on the network.

Update: ASt explained, at Entry points, in a 4-month winter period 2017/18 capacity was scaled back on 20 occasions, out of which 8 occurred on the same day/locations as Overruns:

- At Exit points, capacity was scaled back on 1st March 2018 (1 location affected by an Overrun where capacity was scaled back)
- NTS is operated in a consolidated manner where actions are taken as a result of multiple influencing factors. It is not possible to quantify the specific impact Overruns have on network configuration.
- The 8 times multiplier is used for instances where there is no constraint requiring National Grid to take action. Where there is a constraint which results in e.g. buy backs, a different multiplier is used for the overrun calculation.

Further analysis was produced for this Action that can be viewed within the published presentation: www.gasgovernance.co.uk/0716/050320.

AS said that she was surprised to see the quantities as low as they are in the Entry Data, Year 2018/19. **Action 0201 Closed**

Action 0203: To what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges.

Update: ASt advised if the only User at an Entry point is the existing contract owner, the Overrun calculation will be based on contractual capacity price. If another User Overruns at Entry point where existing contract exists, the Overrun calculation will be based on the highest bid price (reserve price or above).

Having reviewed Overrun data for 2018/19, all Overrun calculations except for one could have been traced back to the reserve price. **Action 0203 Closed**

Action 0204: Do overrun charges link to the non-transmission charges post charging review implementation?

Update: ASt advised there is no change. Exit overrun charges will be a part of non-transmission charges in the new charging regime. **Action 0204 Closed**

AS passed on her concerns that, due to billing timescales, it is 65 days until the overrun charge is made known.

Slide 13 on the presentation from National Grid shows how the calculations will be carried out going forward.

- The proposed Entry Overrun multiplier will move from 4 to 3
- The proposed Exit Overrun remains at 6 and National Grid are not proposing this value.

A Workgroup participant challenged why the Exit multiplier needs to be twice as big as the Entry multiplier, and asked if the large overrun by one User was removed from the analysis, what would the multiplier be then?

ASt advised that National Grid are trying now to get a quick solution in time for implementation in October 2020 and confirmed they would revisit the multipliers in 12 months.

When asked, National Grid clarified they do not contact Users when they overrun.

AS advised ENI are considering submitting an alternative Modification which would be based on a multiplier of 2 for Entry Capacity Overruns. AS will contact Joint Office next week if she intends pursuing her Alternative Modification.

AP asked if National Grid has considered using a tolerance, JR advised that National Grid, for now, in terms of timeliness, have just been looking at a multiplier change, as this will be easier to put in place in October 2020. However, post implementation JR confirmed National Grid can look at a more different approach.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

2.1.1. Consider Consumer Impacts

This will be considered at the next Workgroup meeting in April 2020.

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

This will be considered at the next Workgroup meeting in April 2020.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at: <https://www.gasgovernance.co.uk/0716>.

3.0 Next Steps

AR summarised the next steps:

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

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	Workgroup Programme
10:00 Friday 02 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 07 May 2020	Elexon - Orange room 350 Euston Road London NW1 3AW	Detail planned agenda items. <ul style="list-style-type: none"> • Amended Modification • Development of Workgroup Report
10:00 Friday 04 June 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Detail planned agenda items. <ul style="list-style-type: none"> • Completion of Workgroup Report

Action Table (as at 05 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	06/02/20	2.1	National Grid (ASt) to investigate situations whereby on Overrun might have been caused by a constraint on the network.	National Grid (ASt)	Closed
0203	06/02/20	5.0	National Grid (ASt) to investigate to what extent are there existing contracts with a close to zero reserve price which could lead to near zero Overrun charges (ASt)	National Grid (ASt)	Closed
0204	06/02/20	5.0	National Grid (ASt) to confirm if the Overrun charges link to the non-transmission charges post charging review implementation?	National Grid (ASt)	Closed