

UNC Transmission Workgroup Minutes
Thursday 02 July 2020
via Microsoft Teams

Attendees

Lorraine O'Shaughnessy Chair	(LOS)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Adam Bates	(AB)	South Hook Gas
Andrew Pearce	(AP)	BP
Angus Paxton	(AP)	Poyry
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Christiana Sykes	(CS)	Shell
Chris Wright	(CW)	Exon Mobil
Emma Buckton	(EB)	Northern Gas Networks
Iwan Hughes	(IH)	VPI Immingham
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
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman	(PY)	Drax
Phil Hobbins	(PH)	National Grid
Pavanjit Dhesi	(PD)	Interconnector
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Equinor

Copies of all papers are available at: www.gasgovernance.co.uk/tx/020720

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all parties to the meeting and confirmed the order of the agenda.

1.1. Approval of minutes (04 June 2020)

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

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: Max Lambert (ML) explained that this was ongoing and an action update would be provided in due course. Julie Cox (JCx) asked if Ofgem could provide a view on the context of the proposal and the likely timelines for an action plan. ML agreed to provide some timelines as a post meeting update. **Carried Forward**

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: As above ML explained this action was also ongoing and further to the request for Ofgem to provide a view and some indicative timelines ML agreed to provide a post meeting update. **Carried Forward.**

0601: Modification 0726 (Urgent): All Workgroup Participants to submit any questions to Jon Dixon, Ofgem. Joint Office will publish these alongside the Modification.

Update: Julie Cox (JC) enquired whether interest payments would attract a rate of return for the networks. ML advised that he would provide a post meeting update which had been included in the Ofgem decision letter. (see below) **Carried Forward.**

Post Meeting Note: *In response to the question regarding Modification 0726 'COVID-19 Liquidity relief scheme for Shippers' from Julie Cox, relating to how interest would be treated under the implementation of the Modification, Ofgem would like to forward on the below response to this query lifted from page 3 of Ofgem decision letter on 23 June 2020:*

"Some respondents queried how this interest would be treated for price control purposes. As noted in our open letter, any interest accrued by the GTs net of their cost of capital would be used to offset any bad debt that may accrue as a result of scheme participants' failure to repay deferred charges plus interest, once all avenues to recover the money have been exhausted. In the event that there is no such bad debt, the interest charged would be treated as revenue and offset against other transportation charges."

1.3. Ofgem update

Max Lambert (ML) provided an overview of the Industry Updates which have been published on the meeting page for this meeting for further information, covering:

Modification 0729 Applying a discount to the Revenue Recovery Charge at Storage Points: Urgency Application

ML advised that this has not been granted Urgent status as the request against the urgency criteria set out in Ofgem's published guidance was not justified.

Ofgem information for energy licensees on coronavirus (COVID-19) response – 30 June update

In April 2020, Ofgem published information regarding the reprioritisation of their forward work to allow the industry to focus on critical operations to keep consumers and staff safe. ML provided a link to the Ofgem webpage which outlines the updated expectations and information: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-information-energy-licensees-coronavirus-covid-19-response-30-june-update>

Authority decision on Modification 0726 'COVID-19 Liquidity Relief Scheme'

This Modification was granted urgent status and has been implemented on 24 June 2020.

Modification 0727 Increasing the Storage Transmission Capacity Charge Discount to 80%: Urgency Application

This Modification had been granted Urgent status. The UNC Modification Panel are considering the representations received on 03 July 2020 and will provide Ofgem with a recommendation for an Ofgem decision.

Modification 0728A/B/C/D Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS: Urgency Application

These Modifications had been granted Urgent status. The UNC Modification Panel are considering the representations received on 03 July 2020 and will be providing Ofgem with their recommendations for an Ofgem decision.

Statutory Consultation on the proposed addition of a new exit point to National Grid Gas Plc (NTS) Gas Transporter Licence

On 12 June 2020, Ofgem published a statutory consultation proposing to modify Part F of Special Condition 5G (Determination of Incremental Obligated Exit Capacity volumes and the appropriate revenue drivers to apply and the creation of Zero Licence Baseline Capacity Exit Points) of National Grid Gas Plc's (NTS) Gas Transporter Licence.

The proposal is to add one new exit point, "Saltholme Power Station", to Table 8: Licence Baseline Exit Capacity, in Part F of Special Condition 5G.

Ofgem are seeking views on the issues raised in this statutory consultation by 10 July 2020 to: max.lambert@ofgem.gov.uk or Gas.TransmissionResponse@ofgem.gov.uk.

Further information is published at: <https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-proposed-addition-new-exit-point-national-grid-gas-plc-nts-gas-transporter-licence>

Modification 0721 'Shipper submitted AQ Corrections during COVID-19'

ML confirmed that Ofgem decided to reject this Modification on 02 June 2020, and concluded that implementation of UNC721 would not better facilitate the achievement of the relevant objectives.

1.4. Pre-Modification discussions

LOS explained that at the last meeting Jennifer Randall (JR) had noted the intention to table a pre-modification for Request 0705R. JR clarified that this related to the capacity requirements and believed this would entail a methodology change not a UNC Modification. JR confirmed she would explain more under Workgroup 0705R discussions.

LOS also referred to Modification 0729 – Applying a discount to the Revenue Recovery Charge at Storage Points and asked if Nick Wye (NW) would like to introduce the Modification to the Transmission Workgroup. NW confirmed that this will be considered at the NTSCMF on Tuesday 07 July.

Julie Cox (JCx) advised of a new Modification currently being considered for off-peak and firm capacity and whether off-peak capacity can be purchased day head (by 2/3pm). JCx explained the background to firm day ahead capacity and potential opportunities for the development of a within day off-peak / interruptible capacity product. Having looked at the discounts which have been reduced she believed there was an opportunity to raise a Modification to allow off-peak interruptible capacity to be purchased within day.

John Costa (JCo) believed there were some gaps in the current arrangements, and he wanted to see a Modification raised to address these. He explained some preliminary discussions are taking place with National Grid and hoped National Grid would raise the Modification. Phil Hobbins (PH) clarified that National Grid had been advised of the Modification on the morning of today's meeting and this would need further consideration with capacity experts on how best to progress the concept.

Jennifer Randall (JR) confirmed that National Grid may wish to consider this further under the Access Review, to consider the capacity issues and was happy to follow this up offline and come back next month with some more information for the Workgroup.

Pauly Youngman (PY) asked about the potential system changes for the Modification and suggested such Modification could focus on mimicking current definitions and using current arrangements, amending elements of the systems to allow the arrangements.

Anna Shrigley (AS) supported the thinking behind the Modification, she believed PRISMA have a solution for this, a default function which anticipated paying the reserve price, which minimises the scope for errors. AS noted that under the UNC there is no provision or remedy for administration errors, so this is really important.

Post Meeting Note: AS wished to clarify regarding the introduction of Within Day Interruptible Capacity Auctions, consideration could also be given to aligning Gemini interruptible auctions with PRISMA interruptible auctions and introduce interruptible products for Yearly, Quarterly and Monthly Auctions. AS suggested given that these interruptible products are already established on PRISMA, it would be easier to justify their introduction to the UNC.

AS clarified on Prisma, interruptible auctions are held once a day after the closure of the respective firm auction product.

Auction Calendar for interruptible capacity products							
Y,Q,M	see above	see above	The day after closure of respective firm product 09:00.	see above	The day after closure of respective firm product (7:00)	no later than next business day *	Ascending Clock auction
Day	daily	D1	17:30	17:30-18:00	At the time the auction starts	no later than 30 minutes *	Uniform Price auction
						*09:00	*after closing of the bidding round

Nick Wye (NW) asked about the intention for entry and exit, the drivers, and about the complications releasing interruptible capacity within day, which may cause problems. Paul Youngman (PY) did not believe this was insurmountable.

JR confirmed the need for National Grid to consider this offline to enable them to provide a view on the potential Modification.

PH expressed a preference for advanced notice of pre-modifications to avoid on the fly conversations, and to better aid Workgroup discussions. He suggested that all pre-modifications should be ideally supported with a draft outline of the suggested change.

LOS reiterated the importance of receiving information in advance of the meeting to aid discussion and to give workgroup adequate time to review, JC advised that unfortunately due to technical issues experienced by JC that the information was provided late and thanked workgroup for allowing this to be tabled.

It was agreed, to support progressing the concept introduced today, that the Workgroup would benefit from further offline discussions with interested parties. It was suggested in support of this National Grid should arrange an offline meeting and for the Joint Office to circulate an email for parties to register their interest in joining discussions. This would then aid more information being provided at the next Workgroup meeting.

New Action 0701: National Grid (JR) to arrange an offline meeting to consider and define the scope/requirements of a within day off-peak / interruptible capacity product.

New Action 0702: National Grid (PH/JR) to consider further the concept of a within day off-peak / interruptible capacity product Modification with interested parties and provide an update at the next meeting.

New Action 0703: Joint Office (LOS) to circulate an email inviting interested parties to engage with National Grid in the development of a within day off-peak / interruptible capacity product.

Post Meeting Note: Action 0703 complete. Email issued on 03 July 2020.

2. European Codes Update

2.1. National Grid update (PH)

Phil Hobbins (PH) provided an EU Gas Quality Update confirming that the European Committee for Standardisation (CEN) is continuing to work on including a Wobbe Index range within the harmonised gas quality standard EN 16726:2015.

PH confirmed that the CEN taskforce (Taskforce 1) had produced a report which captures its previous three years' work. This report has been circulated for comment to members of the taskforce which National Grid has seen via European Network of Transmission System Operators for Gas (ENTSOG).

The key proposals which have not changed are:

- A 'wide' EU entry range of 46.44 MJ/m³ to 54.00 MJ/m³ (15/15 reference conditions)
- To establish a 'classification' system for exit points

PL explained that the report summarises the work which has been done and what the proposals are, there was nothing new to note, however feedback was requested before moving to the next stage. PH provided a table of formulas for the Exit Classification System and confirmed that some work has been undertaken on looking at past index ranges.

PH explained that the next step will be to review the CEN report to enable CEN to provide a submission to the Madrid Forum in October. PH reported that this is likely to remain within CEN governance for the rest of 2020 and National Grid do not expect a formal CEN vote to adopt the proposals into the standard, until there is clarity on the regulatory framework for implementation of the exit classification system. PH explained that National Grid are not intending on feeding in any comments to the report. The Taskforce will reconvene in September to look to finalise the report in October.

PH confirmed that the report is relevant in context for the Institution of Gas Engineers and Managers (IGEM) consultation which proposes changes to the UK gas quality specification and reminded the Workgroup that this IGEM consultation closes on 30 July 2020.

PH believed IGEM have organised for an GSMR Review webinar on the 09 July 2020. PH confirmed that he will provide a copy of the invite to the Joint Office for onward circulation and prior permission has been provided from IGEM to share the invite to register for the webinar.

New Action 0704: Joint Office (LOS) to circulate IGEM webinar for the 09 July 2020.

Paul Youngman (PY) referring to the governance, enquired in the absence of a wider agreement how National Grid envisage this operating. PH explained there is some uncertainty, however National Grid wish to retain access to ENTSOG. PH was not sure what this would look like going forward and couldn't provide much more information at the present time.

PH asked whether the Workgroup would like a copy of the CEN Wobbe index Report. It was agreed to publish the report as a supporting paper for today's meeting.

Post Meeting Note: CEN Wobbe index Report circulated on 02 July 2020.

¹ The Wobbe Index is a measure of the interchangeability of fuel gases and their relative ability to deliver energy. It gives an indication of whether a turbine or burner will be able to run on an alternative fuel source without tuning or physical modifications.

2.2. Consequential impacts of coronavirus

LOS confirmed that Ofgem had provided an update in item 1.2 on recent modifications raised. LOS asked PH if he would like to give an update from National Grid in respect of recent webinars being held.

PH confirmed National Grid had been providing bi-weekly COVID-19 webinars, however these have been ramped down with updates being provided by exception. PH also confirmed that National Grid have moved to a GNCC 3 hours shift pattern (from 12 hours) and are continuing to monitor activities.

3. Workgroups

3.1. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at
(Report to Panel 15 October 2020)
www.gasgovernance.co.uk/0705

3.2. 0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point
(Report to Panel 16 July 2020)
www.gasgovernance.co.uk/0720

4. Issues

No issues were raised.

5. Any Other Business

5.1. Gemini System Enhancements

PH provided a summary of the Gemini System Enhancements (GSE) project, explaining that the scope of GSE project includes a number of items that will improve the application of the Gemini system. PH confirmed that a Workshop was held 18 months ago, and work has been undertaken with Xoserve to ascertain what can be incorporated into this project.

PH reported that further Workshops will be held on various dates between 9 July and 23 July 2020, and these have been advertised within the Ops Forum and Xoserve have issued invites, however the current take-up has been low.

PH encouraged involvement and asked if anybody wishes to participate in the workshops or would like more information to contact the team or the project mailbox:
<mailto:box.Xoserve.GeminiSystemEnhancements@Xoserve.com>

6. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Venue	Workgroup Programme
10:00 Thursday 06 August 2020	Teleconference	Standard Agenda
10:00 Thursday 03 September 2020	Teleconference	Standard Agenda
10:00 Thursday 01 October 2020	TBC	Standard Agenda
10:00 Thursday 05 November 2020	TBC	Standard Agenda
10:00 Thursday 03 December 2020	TBC	Standard Agenda

Action Table (as at 02 July 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/20	1.2	<p><i>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:</i></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><i>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:</i></p> <p>With reference to the NPV Test to progress decarbonisation, Ofgem to provide clarity on the direction of travel.</p>	Ofgem	Carried Forward
0601	04/06/20		<p><i>Modification 0726 (Urgent):</i></p> <p>All Workgroup Participants to submit any questions to Jon Dixon, Ofgem. Joint Office will publish these alongside the Modification.</p>	All	Carried Forward
0701	02/07/20	1.4	National Grid (JR) to arrange an offline meeting to consider and define the scope/requirements of a within day off-peak / interruptible capacity product.	National Grid (JR)	Pending
0702	02/07/20	1.4	National Grid (PH/JR) to consider further the concept of a within day off-peak / interruptible capacity product Modification with interested parties and provide an update at the next meeting.	National Grid (PH/JR)	Pending
0703	02/07/20	1.4	Joint Office (LOS) to circulate an email inviting interested parties to engage with National Grid in the development of a within day off-peak / interruptible capacity product.	Joint Office (LOS)	Email issued 03/07/20
0704	02/07/20	2.1	Joint Office (LOS) to circulate IGEM webinar for the 09 July 2020.	Joint Office (LOS)	Pending