

UNC Transmission Workgroup Minutes
Thursday 03 December 2020
via Microsoft Teams

Attendees		
Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	AFRY
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(Dhi)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
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	(KM)	ESB
Lea Sloker	(LS)	Ofgem (agenda item 3.3 only)
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Nigel Bradbury	(NB)	EIUG
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales and West Utilities
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Terry Burke	(TB)	Equinor
Tim Davis	(TD)	Barrow Shipping (agenda item 3.1)
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/tx/031220

1. Introduction and Status Review

Lorraine O'Shaughnessy (LOS) welcomed all parties to the meeting.

1.1. Approval of minutes (05 November 2020)

LOS advised that some amendments had been received for the minutes published for Modification 0705R and confirmed the minutes have been updated and re-published.

The Transmission Workgroup minutes from the 05 November were approved.

1.2. Approval of Late Papers

LOS advised the Workgroup that the Industry Update from Ofgem had been provided late. Workgroup agreed to consider the late paper.

1.3. Review of Outstanding Actions

Action 1001: National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.

Update: Malcolm Montgomery (MM) updated Workgroup and advised there was no progress since the last meeting in November. He advised a modification on this topic will not be raised until Brexit has been resolved. It was agreed to close the action and raise a modification as and when required. **Closed**

1.4. Ofgem Industry Update

Max Lambert (ML) sent his apologies in advance of the meeting that he could not attend the meeting

LOS advised that the Ofgem update provided by ML was published on the [meeting page](#). ML provided his email contact details should Workgroup have any questions they wish to raise. max.lambert@ofgem.gov.uk.

The update covered the following areas:

a. Certification decision on Gas Networks Ireland Limited

On 9 March 2020, Gas Network Ireland's (GNI) submitted an application for certification under the ownership unbundling requirements pursuant to section 8H of the Gas Act. The letter, published below on 30 November 2020, sets out the Authority's final decision.

<https://www.ofgem.gov.uk/publications-and-updates/certification-decision-gas-networks-ireland-limited>

b. Approval of Bilateral Agreements under the Gas Interconnector Licence (PTL)

On 21 October 2020, Premier Transport Limited submitted the Stranraer Interoperator Agreement to the Authority for approval pursuant to Standard Licence Condition 3 of its Gas Interconnector Licence. The letter, published below on 30 November 2020, sets out the Authority's decision to approve the Agreement.

<https://www.ofgem.gov.uk/publications-and-updates/approval-bilateral-agreements-under-gas-interconnector-licence-ptl-0>

c. Decision on the Stakeholder Engagement Incentive 2019-20: Transmission and Gas

The Stakeholder Engagement Incentive drives network companies to engage effectively with stakeholders to inform how they plan and run their businesses.

The letter below sets out the Authority's decision on the gas and electricity Transmission Operators and Gas Distribution Networks' Stakeholder Engagement Incentive in respect of the 2019-20 Regulatory Year.

<https://www.ofgem.gov.uk/publications-and-updates/decision-stakeholder-engagement-incentive-2019-20-transmission-and-gas>

d. Ofgem response to the Prime Minister's Ten Point Plan for a Green Industrial Revolution

On 18 November 2020, the Prime Minister announced the government's ten point plan for a green industrial revolution.

Jonathan Brearley, chief executive of Ofgem, said in response: “Ofgem welcomes the Prime Minister’s ten point plan for a green industrial revolution and will continue to work closely with government, the industry and wider stakeholders to play our part in its delivery. In particular, the Authority will work to put in place the market arrangements and network regulation that support these plans and the wider transition to net zero at the lowest cost to consumers.

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-response-prime-minister-s-ten-point-plan-green-industrial-revolution>

e. RIIO-2 Open Meetings

Following the publication of the Draft Determinations, Ofgem hosted a series of nine Open Meetings to discuss company (Gas Distribution, Transmission and Energy System Operator) responses to the Draft Determinations consultation, strategically discuss key areas of contention and raise areas for clarification ahead of Ofgem’s Final Determinations. You can access the recordings and transcripts for all meetings at the link below.

<https://www.ofgem.gov.uk/publications-and-updates/riio-2-open-meetings>

1.5. Pre-Modification discussions

1.5.1. Capacity Assignments

Daniel Hisgett (DHi) advised that as a result of Request Workgroup 0705R discussions, participants expressed a desire for an Entry Assignment product for enhancements to be made to the Exit Assignment arrangements. He advised the governance arrangements for each modification would be Authority Direction and clarified that if both modifications progress well, Industry could expect an Ofgem decision around May 2021.

DHi proceeded to provide an overview of each modification which covered the following points:

Introduction of Entry Assignments

DHi advised that this modification proposes to introduce the concept of Entry Capacity Assignments where the liability moves between Shippers along with the capacity. This modification will provide Users with another tool to enhance profiling their capacity portfolio and reduction in risks associated with holding liability for long-term capacity, thus providing National Grid with signals earlier in the process.

DHi advised that National Grid are proposing that this modification is used as a sustained, long-term adjustment which will enable the Assignment of Quarterly and Monthly purchased capacity only, but not for within Day or Day Ahead.

DHi confirmed that capacity will be able to be assigned in partial volumes, but must be for the full auction period and provided the example of:

1,000 kWh purchased for the month of October. 1 kWh can be assigned to another User, but must be for the full month rather than a single or selected days.

The Capacity assigned under this modification will be assigned at the floating price. This is in line with current UNC definitions of Existing Available & Registered Holdings and enables capacity to be assigned and reassigned over and over without the need for tagging and tracing of capacity in Gemini.

Workgroup Discussion

Nick Wye (NW) asked, in relation to the last paragraph made by DHi and with regards to Article 35 in relation to Assignments, if this is based on a legal opinion. DHi clarified this is National Grid’s commercial opinion based on a legal opinion, to which NW suggested that the whole point of raising this modification is to have Entry Assignments to existing contracts.

Richard Fairholme (RF) agreed with NW’s comments and added, that this modification would not enable the assignment of existing contracts, and if National Grid does not change its position, he would be raising an alternative modification.

DHi provided clarification that this modification would provide another option should Users wish to use it.

RF requested confirmation if this modification would apply to all entry capacity including interconnectors, DHi confirmed this modification would exclude bundled capacity.

Pavanjit Dhesi (PD) requested confirmation if unbundled capacity at Interconnection Points would be covered by this modification, DHi confirmed it would.

NW said he was intrigued by this modification and stated that there needs to be a better understanding regarding why National Grid have taken this position.

Jennifer Randal (JR) added, it is recognised how vague Article 35 is in relation to this and advised there is very little legal analysis that can be done.

LOS confirmed with DHi when the modification will be raised, DHi confirmed it was already drafted, but would review and include the National Grid position.

JR advised that National Grid recognise there may be alternative modifications raised following the discussion, to this modification if that is deemed appropriate by industry.

Bill Reed (BR) asked, JR to confirm, if the modification will be proposing that Users can assign the liabilities, not benefits of the existing contracts, would they remain when the capacity is assigned.

DHi explained for an Existing Contract owned by Shipper A, Code defines that Shipper, as part of the definition of an Existing Contract. If the Capacity is moved to Shipper B, that would be at the prevailing price.

Julie Cox (JCx) expressed her agreement with Workgroup comments so far, she offered the explanation that an Assignment is a legal process that applies to other things outside code and is the simple transfer of rights and benefits from one party to another.

Sinead Obeng (SO) also agreed with all points raised adding that Gazprom are the only TSO that does not have assignment capabilities and that this should only be an administrative change in Code. SO advised Gazprom will be looking to raise an Alternative and suggested that National Grid look at what other TSOs do.

LOS asked DHi if National Grid will be raising the modification as is currently being suggested and if they will be considering the questions raised by Workgroup. In conclusion, DHi said that good points had been raised which he will take away and consider for the final draft of the modification.

MM provided clarity on the terminology being used and explained that other TSOs have industry contracts which National Grid do not have; National Grid have Uniform Network Code. This modification will not change the contract, the definition of Existing Contracts in Code refers to it being called an Assignment, but it could be called anything.

Richard Fairholme (RF) disagreed and said this is not an Existing Contract as the prices would change.

In terms of Network Code being *the* Contract, JCx advised it is a framework for contracts held within it and there can be multiple levels of contracts.

Enhancement of Exit Assignments

DHi provided a short explanation of this modification advising it is much simpler than the Entry Assignments with less complexity.

Bethan Winter (BW) asked if this modification would apply to their offtakes, DHi confirmed this would apply to DNs as well as Shippers.

DHi went on to explain that this modification is a refresh of *Modification 0276 - Alternative User Pays approach to enabling the assignment of Partial Quantity of Registered NTS Exit (Flat) Capacity*, which was raised as an alternative approach *Modification 0263 - Enabling the Assignment of a Partial Quantity of Registered NTS Exit (Flat) Capacity*. Both of these modifications proposed a mechanism to allow assignor Users to assign all or part of their

registered enduring annual (flat) capacity and annual exit (flat) capacity, and the relevant portion of any outstanding user commitment associated with the assigned capacity.

JCx asked what would this modification provide, that Modification 0276 did not. DHi confirmed this modification will do the same as Modification 0276 and clarified that Modification 0276 was approved by Ofgem as being the preferred approach, however, it was never implemented and added that there is a note in the Assignment section of Code that refers to Legal Text which will be inserted at a point in the future.

When Workgroup asked the reason why Modification 0276 was not implemented, DHi suggested it was because of vies on User Pays. In order to provide a better understanding, LOS agreed to review the reasoning for not implementation.

New Action 1201: Joint Office (LOS) to review why Modification 0276 was not implemented.

DHi highlighted that this modification is being raised with the caveat that it does not slow down the new Introductory of Entry Assignments modification. DHi advised this modification enables partial volume assignment of annual and enduring capacity at the floating price, Enduring Capacity would be assigned permanently, and Annual Capacity could be assigned for a single or multiple years.

DHi advised that it is anticipated that the Exit solution will have a lower level of complexity and a decreased likelihood of alternatives, therefore it could be implemented quicker as a stand-alone modification. Should this be the case, a system design and build project could be set up to progress the Exit Enhancements and later incorporate the Entry requirements.

Timelines

DHi advised that Spring 2022 will be the likely implementation. In order to achieve this, National Grid had hoped to use Modification 0276 as the basis to kick off an Exit based project, making use of the overlap in the system solutions to expedite the Entry solution. National Grid believe they can still use the work done previously, (during Modification 0276 development) to speed up delivery.

When John Costa (JCo) asked if this refers to annual and enduring capacity, DHi confirmed.

JCo sought clarification that if a User assigns capacity, currently do they have to use the PARCA process and then they would be committed (User Commitment) for 4 years, and asked if this modification would override that?

JR provided clarification that in Modification 0276 User Commitment would transfer as part of the Assignment, she is unsure if the User Commitment resets to 4 years or transfers at the time that the current User Commitment is.

When JCo asked if capacity can be assigned back to National Grid, JR confirmed the Surrender process would be used in that scenario.

RF expressed his disappointment that implementation cannot still aim for October 2021 and is concerned National Grid does not require the tagging of capacity in Gemini. He added that National Grid pays for any changes to Gemini, with no contribution from Industry, and suggested that the cheaper solutions are being progressed.

In response JR confirmed national Grid will try to push for an October 2021 implementation, however, Xoserve advised they would need a defined scope by end of October 2020 in order to meet that date, unfortunately, National Grid did not have this, hence the Spring 2022 date.

In terms of cheapest solution, JR rebutted the comment made by RF and confirmed that these Modification will go to Ofgem who will decide which solution is best to implement with consumer interests in mind.

In conclusion it was confirmed that National Grid have captured the comments raised and will review the concerns when drafting the modification.

2. European Codes Update

Phil Hobbins (PH) provided a brief update on the following areas:

Data Exchange Workshop

The ENTSOG data exchange Workshop was held on Tuesday 01 December where an update was received on the functionality issue that Equinor and ENGIE raised – to amend the mandatory data exchange solution for capacity booking. At the moment the obligation is for platform operators to offer a data exchange solution, this is currently by way of an interactive web browser, the suggestion is to change to a document based data exchange.

This has concluded its consultation and the majority of responders agreed with the recommendation, however, there are some processes that are not suited to a document based data exchange.

ENTSOG and ACER are now proposing the heavy processes move to document based and lighter processes stay as interactive web browser.

EU gas quality

PH updated the WG on the current status of incorporating Wobbe Index into the EU CEN gas quality standard.

A CEN report is being finalised proposing an entry range of 46.44 - 54.00 MJ/m³ and a classification system at exit points whereby Transporters would need to estimate the probability of the gas offtakes exceeding a defined range within the entry range.

PH reported that discussions on a regulatory framework that would oblige parties to implement the classification system are expected to take place within the ENTSOG 'Prime Movers' group next year.

Referring to the ENTSOG prime movers group on gas quality and hydrogen handling JCx advised initial information can be found here: www.entsog.eu/prime-movers-group-gas-quality-and-hydrogen-handling#welcome. The working documents are in a separate SharePoint site that is only accessible to participants.

3. Workgroups

3.1. 0738 - Incremental NTS Entry Capacity Surrender

(Report to Panel 21 January 2020)

www.gasgovernance.co.uk/0738

3.2. 0739 - Aggregate overrun regime for Original Capacity held at the Bacton ASEPs

(Report to Panel 21 January 2021)

<http://www.gasgovernance.co.uk/0739>

3.3. 0743S - Revisions to User Termination Provisions

(Report to Panel 18 February 2021)

<http://www.gasgovernance.co.uk/0743>

3.4. 0745 - Mandatory Setting of Auction Bid Parameters

(Report to Panel 18 February 2021)

<http://www.gasgovernance.co.uk/0745>

4. **GS(M)R Review**

PH provided an update on the GS(M)R Review and confirmed that although this will be a standard agenda item at this Workgroup, there will be very little in terms of an update for the next few months.

PH advised the IGEM Gas Quality Workgroup Group has not completed its review of all consultation comments in respect of the draft IGEM gas quality standard and confirmed the draft standard will remain as-is whilst awaiting the HSE impact assessment and consultation to conclude. Once this consultation has concluded, in Spring 2022, the draft standard then will become the formal IGEM Standard.

JCx added that the HSE are compiling a questionnaire, in order to acquire more information for its impact assessment, the timeline for this is unknown.

Gas Quality

PH thanked participants for their responses to the gas quality blending services consultation and confirmed National Grid are now working through the (13) responses received. He advised that once the consultation report has been completed it will be published on the National Grid website, Joint Office will issue a communication to Industry to let Users know it is there.

PH confirmed that whereas this is not currently a UNC matter, there could be UNC change that comes out of it, but the engagement will be dedicated webinars going forward.

5. **Issues**

No issues were raised.

6. **Any Other Business**

6.1. Methodology Statements Review

Anna Stankiewicz (ASt) provided an update on the Methodology Statements Review and advised that the Licence sets out obligations to produce Methodology Statements and that each statement must be consulted on at least once every 2 years. The current statement is effective as of July 2019 with the next review being due Summer 2021.

ASt went on to show Workgroup the Indicative Timetable which shows engagement with Industry at the beginning of next year with a formal consultation in March 2021.

6.2. Gas Market Change Team

Following a request from Industry, ASt provided an overview of the structure of the Gas Market Change Team and advised that for the latest information on what projects are being worked on, please visit the National Grid webpage here: www.nationalgrid.com/uk/gas-transmission/data-and-operations/transmission-operational-data/commercial-regulatory-change.

The team contact details are provided in the presentation published on the Joint Office [meeting page](#).

6.3. Gemini Operational Issues

JR advised Workgroup that there has recently been operational issues experienced with Gemini and that she has been approached by one Stakeholder, that has raised a concern around the operational issues as the Industry is heading into the Winter months.

JR asked Workgroup if this is a general worry across the Industry, if it is, would Users benefit from a a Webinar to discuss and would they find this useful?

Workgroup participants agreed this would be useful, JR confirmed that Josh Bates who runs the Gas Ops Forum will be running this webinar, all communications will be issued to those that are on the communications listing for the Gas Ops Forums.

6.4. Review Group 0705R – Capacity Access Review

LOS clarified that the Review Group 0705R which was originally included in the Transmission Workgroup is taking place on Tuesday 03 December 2020, and requested participants to confirm their attendance ahead of the meeting.

6.5. Pre-modifications

LOS confirmed that the two 2 pre-modifications discussed as part of agenda item 1.5.1, if raised will be going to the December UNC Panel for assignment to Workgroup.

It is recommended that, due to Review Group 0705R now being a separate Workgroup, and that these two modifications are being raised as a result of these discussions within previous 0705R Review Group meetings, the proposal is to hold future discussions as part of Review Group 0705R. RP advised that this is normal practice for Modifications to sit with the review group.

7. **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 07 January 2021	Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 04 February 2021	Microsoft Teams	Standard Transmission Workgroup Agenda

Action Table (as at 03 December 2020)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1001	01/10/20	2.0	National Grid (MM) to provide confirmation of what UNC change is needed to address infraction notice in the context of the Security of Gas Supply (EU) Regulation including the timetable for the change.	National Grid (MM)	Closed
1201	03/12/20	1.5.1	Joint Office (LOS) to review why Modification 0276 was not implemented	Joint Office (LOS)	Pending