

UNC Transmission Workgroup Minutes
Thursday 09 January 2020
at Elexon, 350 Euston Road, London, NW1 3AW

Attendees

Alan Raper Chair	(AR)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild*	(AN)	Storengy UK
Andrew Pearce	(AP)	BP
Angela Fletcher*	(AF)	Ancala Midstream
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Ashley Adams	(AA)	National Grid
Bill Reed	(BR)	RWE
Chris Wright	(CW)	ExxonMobil
Christiane Sykes	(CS)	Shell
David Adlam	(DA)	Cadent
David Cox*	(DC)	London Energy Consulting
Debra Hawkin	(DH)	TPA Solutions
Edd Fyfe*	(EF)	SGN
Emma Buckton*	(EB)	Northern Gas Networks
Jeff Chandler*	(JC)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Paul Youngman*	(PY)	IUK
Phil Hobbins	(PH)	National Grid
Richard Fairholme*	(RF)	Uniper
Shiv Singh*	(SS)	Cadent
Steve Pownall	(SP)	Xoserve
Steven Britton*	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/tx/090120>

1. Introduction

1.1. Approval of minutes (05 December 2019)

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:

Initial impact assessment and minded-to position on arrangements for accessing Licence Baseline Exit Capacity at Bacton Interconnection Point

- On 9 December 2019 Ofgem published a draft impact assessment and a minded-to position on arrangements for accessing Licence Baseline Exit Capacity at Bacton Interconnection Point. The draft impact assessment sets out the impacts associated with three options: 'Do nothing', 'Aggregate the Bacton (IUK) and Bacton (BBL) exit point' and 'Reallocate some of the existing baseline exit capacity at Bacton (IUK) to Bacton (BBL)'. Ofgem are minded-to amend the licence in order to aggregate the two exit points. Ofgem welcome responses and evidence, (where possible), to the questions set out in the consultation document or any other relevant data, including our approach to conducting the impact assessment by the end of Monday 10 February 2020.

<https://www.ofgem.gov.uk/publications-and-updates/initial-impact-assessment-and-minded-position-arrangements-accessing-licence-baseline-exit-capacity-bacton-interconnection-point>

Call for Evidence on the Electricity Transmission, Gas Transmission, Gas Distribution and Electricity System Operator Business Plans for RIIO-2

- On 13 December 2019 Ofgem published a call for evidence which seeks stakeholder views on any aspect of the network company final Business Plans published in December 2019. Ofgem welcome views by Monday 10 February 2020 using the online pro-forma via this link. Unless clearly marked as confidential, responses will be published on our website. The call for evidence may inform the topics we raise in the Open Hearing (March 2020).

https://www.ofgem.gov.uk/system/files/docs/2020/01/call_for_evidence_final.pdf

Forward Work Programme 2020-22 consultation

- On 20 December 2019 Ofgem published a consultation document which sets out their planned Forward Work Programme for the extended period of 2020-22. The consultation document is a representation of activities that Ofgem may carry out, based on our strategic objectives and affordability, with a particular focus on how we effectively gather, store, use and share data, to deliver our regulatory remit. Your views on how we can ensure that all consumers receive fair, competitive services from the energy market are welcome by noon on Friday 21 February 2020.

https://www.ofgem.gov.uk/system/files/docs/2019/12/fwp_programme_2020_22_web.pdf

Amendments to Gas Transmission Charging Regime: minded to decision and draft impact assessment

- On 23 December 2019 Ofgem published their Gas Transmission Charging Review minded to decision and draft impact assessment. Ofgem have fully assessed all the Modifications against a series of principles, (including compliance), and concluded that 2 out of 11 Modifications are compliant with the relevant legislation (i.e. TAR NC and Gas Regulation 715/2009). Their preference is for proposal UNC678A. Ofgem are now consulting on proposed amendments to the Gas Transmission Charging Regime. Ofgem welcome responses from all interested parties by 24 February 2020. Ofgem propose that the implementation of a reformed regime should take place from 01 October 2020.
- <https://www.ofgem.gov.uk/publications-and-updates/amendments-gas-transmission-charging-regime-minded-decision-and-draft-impact-assessment>

Alan Raper (AR) asked LS whether Ofgem had any updates on the Modifications that were presently awaiting Ofgem decisions and these were:

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

0686 – Removal of the NTS Optional Commodity Tate with adequate notice

0687 – Creation of new charge to recover Last Resort Supply Payments

LS said that that she did not have any other updates at the present time regarding the Modifications currently with Ofgem.

1.3. Pre-Modification discussions

AR said that there were no new Pre-Modifications, and the previous ones that had been launched at the December would be discussed during the meeting later in the agenda.

2. European Code Update – PH

Phil Hobbins (PH) confirmed there was no EU Update.

[Press Release - ACER ENTSOG – Public Consultation – FUNC issue ‘Missing harmonisation of interfaces on capacity platforms’](#)

PH provided an overview of the recent ACER ENTSOG Press Release, and explained that this was in relation to an issue that had been raised by Equinor regarding the ENSTOG functionality platform, as there were currently 4 EU Capacity Booking Platforms and so there was no harmonisation regarding the data exchange Booking Platforms. More detail can be viewed via the links: <http://www.gasncfunc.eu/>

Consultation Responses are requested by 14 February 2020 via the link below: <https://www.surveymonkey.com/r/YHDQZR6>

[ENTSOG Roadmap 2050 for Gas Grids](#)

PH explained in December ENTSOG had published the Roadmap 2050 for Gas Grids for National Grid and that further detail could be obtained via the link below: <https://www.entsog.eu/entsog-roadmap-2050>

3. Updates

There were no new updates.

4. Workgroups

4.1. 0662 - Revenue Recovery at Combined ASEPs

(Report to Panel 16 January 2020) (awaiting an outcome on Modification 0678 from Ofgem – Modification deferred) **Malcolm Montgomery (MM) National Grid, confirmed that this Modification would be withdrawn in the near future.**

www.gasgovernance.co.uk/0662

4.2. 0705R – NTS Capacity Access Review 0671 – New Capacity Exchange process at

(Report to Panel 15 October 2020)

www.gasgovernance.co.uk/0705

4.3. 0712S – Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus plant

(Report to Panel 21 May 2020)

www.gasgovernance.co.uk/0712

4.4. 0713S – Amendments to TPD V3.1.7 Independent Assessment table

(Report to Panel 16 April 2020)

www.gasgovernance.co.uk/0713

5. Any Other Business

5.1. Stakeholder Consultation – Gas Transmission RIIO-2 Incentives (PH)

Phil Hobbins (PH) explained National Grid had now published their Business Plan and the Stakeholder Consultation was now live, and that all responses should be received by 30 January 2020.

5.2. Default Cash Out Price Issue Update (MM)

Malcolm Montgomery (MM) provided an overview of the ‘*Default System Marginal Price*’ presentation. MM explained that National Grid believed a review was required as the original arrangements were implemented in 2011 and that National Grid had entered the market with increasing frequency in recent years, so a sense check was required against the current market, regulatory and operational environment.

He said he was aware the appetite for a review was mixed, however this issue had been raised via the Operational Forum. He overviewed the increased residual balancer role along with the possible reasons for change, including the potential impacts of increased system daily imbalances.

A lengthy and protracted general discussion took place surrounding the incentive in the marketplace, together with the increased level of residual imbalances and the overall effect on the default price. The Workgroup participants said that the analysis presented did not quantify aggregate imbalances, which they would like to see to assess the scale of the issue. Consequently, there was broad support amongst participants that more detailed evidence would help identify if there was a specific issue with the present process, and whether it was directly linked to the default cash-out price.

MM then overviewed the proposed solution options which encompassed the following:

- No change,
- SMP default based on the commercial cost of providing a flexibility service.
- SMP default based on a revised estimate of National Grid operational cost of providing a flexibility service.

- SMP default based on harmonisation with neighbouring TSOs.
- Revise 'capacity element' of default SMP methodology, in line with Postage Stamp methodology.
 - Elements of the above may be combined together.
- Note: some other options such as different SMP default prices rising in line with the size of the imbalance would require system changed.

The Workgroup again reiterated that more information and detail was required to enable constructive further discussions to take place regarding the default cash out price issue. MM agreed that he would investigate this area in more depth and would provide further analysis in order to aid future Workgroup discussions.

New Action 0101: National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.

5.3. Energy Balancing Invoicing Feedback

PH provided an overview of the Energy Balancing Invoicing Feedback update and explained that National Grid and Xoserve were working together to better understand the experience of customers relating to invoicing. He said that they were beginning by looking at invoices associated with Energy Balancing – any billing or queries that relate to the nominations, measurements, allocations, reconciliations and trading processes.

He added that National Grid and Xoserve jointly would like to gather as much information as possible about the current experience of customers to ensure they understand what works well and where there may be potential to deliver improvements.

PH said that if any Workgroup participants colleagues had any involvement in the invoicing process and were willing to provide feedback, for them to please contact carrie.bury@nationalgrid.com or telephone: (07967 679326) and she will arrange a suitable time for a telephone call or meeting to talk about their experience.

6. Review of Outstanding Actions

Action 1201: National Grid (PH) to present the findings of the NTS penetration analysis at the January meeting.

Update: PH confirmed this action could now be closed as the information had now been supplied under Workgroup 0712 (*Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus SAGE plant*). **Closed**

Action 1202: National Grid (CF) to provide more information regarding the compressor analysis, to include the commercial drivers for managing marginal costs and details on interventions, for clarity.

Update: PH confirmed this action could now be closed as this information had been supplied. **Closed**

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

Update: AR proposed this action was carried forward awaiting an update from Neptune Energy. **Carried forward**

Action 1204: Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.

Update: AR confirmed this action was carried forward. **Carried forward**

7. Diary Planning

Further details of planned meetings are available at:

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

Time / Date	Venue	Workgroup Programme
10.00, Thursday 06 February 2020	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Transmission Workgroup standard Agenda plus any associated Modifications

Action Table (as at 09 January 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	05/12/19	1.3.1	National Grid (PH) to present the findings of the NTS penetration analysis at the January meeting.	National Grid (PH)	Closed
1202	05/12/19	1.3.2	National Grid (CF) to provide more information regarding the compressor analysis, to include the commercial drivers for managing marginal costs and details on interventions, for clarity.	National Grid (CF)	Closed
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
1204	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to submit the Modification to the December Panel.	Neptune Energy/Centrica (TB)	Carried forward
0101	09/01/20	5.2	National Grid (MM) to categorise the issues in relation to the Default Cash Out Price, to include information regarding the interventions in respect of the Offshore and Downstream users.	National Grid (MM)	Pending