

**UNC Workgroup 0856 Minutes
Introduction of Trials for System Management Services
Thursday 05 October 2023
via Microsoft Teams**

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Mathew Newman (Proposer)	(MN)	National Gas Transmission
Alex Nield	(AN)	Storengy UK
Amy Howarth	(AH)	Storengy UK
Andrew Blair	(AB)	Interconnector
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	South Hook Gas
Bethan Winter	(BW)	WWU
Brian McGlinchey	(BM)	Vermillion Energy
Carlos Aguirre	(CA)	Pavilion Energy
Chris Wright	(CWr)	Exxon Mobil
Christiane Sykes	(CS)	Shell
Conor McClarin	(CM)	National Gas Transmission
Corrine Brooke	(CB)	Department for Energy Security and Net Zero (DESNZ)
Ellie Rogers (11:15)	(ER)	Xoserve
Gavin Williams	(GW)	National Gas Transmission
Georgie Price (12:36)	(GP)	Ofgem
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Isabel Capp	(IC)	Department for Energy Security and Net Zero (DESNZ)
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Jonath Roche	(FR)	Department for Energy Security and Net Zero (DESNZ)
Jonathan Balls	(JB)	Ofgem
Joseph Leggett	(JL)	Interconnector
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJa)	RWE
Lona Wilson	(LW)	Department for Energy Security and Net Zero (DESNZ)
Lucy Manning	(LM)	BP
Marion Joste	(MJ)	ENI
Maryam Khan	(MK)	Ofgem
Mathew Chandy	(MC)	Ofgem
Matthew Atkinson	(MA)	SEFE Energy
Niamh Holden	(NH)	Joint Office
Nick King	(NK)	CNG Services
Nick Wye	(NW)	Waters Wye Associates
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission

Phil Lucas	(PL)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home Energy Solutions
Shiv Singh	(SS)	Cadent
Stephen Huang	(SH)	Castel Commodities UK
Steve Mulinganie	(SM)	SEFE Energy

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 November 2023

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0856/051023>

1.0 Outline of Modification

Matthew Newman (MN) introduced the Modification and explained the intention to create a framework to enable National Gas Transmission (NGT) to explore innovative solutions through the means of limited trials which can support the effective balancing of the whole gas system and enhance pre-emergency tools which are funded by the Energy Balancing Neutrality mechanism.

MN provided a summary of the Modification which will include the production of a unique Specification Document, to include conditions, payment terms, duration, success, criteria, size and scale, estimated costs and a post-event report. MN clarified the Specification Documents will be subject to consultation and Authority approval before National Gas Transmission (NGT) can proceed.

A suggested Workgroup schedule was provided and a delivery plan to conclude the Workgroup Report for submission to the November UNC Modification Panel, to allow the consultation to occur and for a Final Modification Report to be available for December. Recognising timeframes are tight NGT is hoping to obtain an Ofgem Decision by early January.

Steve Mulinganie (SM) asked if there is an alternative approach and as a compromise that similar to a Derogation, new Specifications have to be introduced via a Modification analogous to Derogations and how new Use Cases are achieved.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

1. Could this concept be suitable for accommodation under the Derogation process/with another Use Case?

NGT do not believe it is suitable to use the Derogation Process even with a new Use Case, as NGT require the Trials to be funded via the Energy Balancing Neutrality Mechanisms, not an exemption (disapplication) from having to comply with a UNC obligation.

Richard Fairholme (RF) expressed a concern on the ability for NGT to draw on Energy Balancing Neutrality with no guarantees. MN reassured the Workgroup the level of exposure would be limited and this would not be an open ability to draw on funding. It would be subject to Ofgem approval.

RF questioned the ability of placing an obligation on Ofgem within the UNC.

Mayann Khan (MK) noted the trial basis, the timebound element of the process and subsequent to the trial in order to take forward any permanent change the normal UNC Modification process would be followed.

Christiane Sykes (CS) enquired on the options for funding and what alternatives have been considered. MN explained the rationale for using the Energy Balancing Neutrality Mechanism.

SM expressed concern on having a never-ending funding route for Shippers to fund industry development activities, challenging where there is a check and balance and what justification would be considered. SM was concerned this Modification would enable a 'blank-cheque' for NGT to obtain funding for developing industry initiatives, not measured against the Transporter's relevant objectives, noting that UNC Modifications are measured against the relevant objectives.

RF suggested a different approach to ringfence trials, suggesting a Modification for each project landscape (outside of DSR) rather than an open-scoped approach.

Corinne Brooke (CB) in support of a flexible tool recognised the concerns being raised and if the Workgroup should consider capping the funding to alleviate concerns.

SM urged for due diligence, appropriate ratification, and governance considering the future potential use of this framework.

MN welcomed feedback/suggestions on the Governance, scrutiny, rigour and the rules around the specification. SM urged for more detail.

RF noted that innovation by networks is already funded by the network innovation fund and if this would qualify.

MN clarified NGT have considered other areas for funding including the network innovation fund, this was discounted as an option. The Energy Balancing Neutrality Mechanism was considered the most appropriate option.

2. Will this precipitate demand reduction or demand transfer?

NGT recognising the potential impacts to the electricity market wanted to learn more about this. NGT believe this can be explored through the means of a limited trial to better understand the extent of the risk. Learnings from the trial will contribute to longer-term thinking on the suitability of ensuring NDM DSR products.

RF challenged if the cross-code impacts have been considered and whether this change would need to be highlighted to CUSC and BSC.

SM also expressed concern about the risks to customers being requested to reduce consumption. MN explained it would be clear the request would be to turn thermostats down not to completely stop using gas. SM was concerned about vulnerable customers not fully understanding the request and placing them at risk.

3. Can the Workgroup complete a Workgroup Report in the timescales proposed?

The Workgroup considered its ability to conclude the Workgroup Report with such a wide scope, within the timetable provided.

SM suggested as a compromise to ringfence this Modification to a limited scope for the NDM DSR trial only with an option to consider a broader scope Modification after a limited scope trial has been undertaken.

2.2. Initial Representations

None received.

2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at www.gasgovernance.co.uk/0856

3.0 Next Steps – Problem Statement

MN provided a Problem Statement to expand and explore how to incentivise Non-Daily Metered (NDM) consumers to reduce consumption.

MN provided information on the optimal number of participants being 10,000 for a NDM DSR trial with smart meters, in Class 3 and 4. System changes were not envisaged.

The aim of the trial would be to gain insight into price incentives required for Consumers and Shipper/Suppliers to participate and contribute towards a longer-term thinking on the viability of an enduring product and to better understand the risks to domestic demand estimation, especially on vulnerable customers.

SM suggested advanced and smart meters could be in scope.

RF referring to an article already speculating that Domestic Customers will be asked to turn down/off their heating, expressed concern this has already triggered calls from customers concerned about this prospect.

Shiv Singh (SS) referred to the Transporter PSR register and suggested the Workgroup may want to consider this.

The Workgroup concluded discussions for NGT to consider its approach for further debate on Monday 16 October 2023.

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	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Monday 16 October 2023	5 pm Friday 06 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Additional October meeting. Short notice papers• Development of Workgroup Report
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	<ul style="list-style-type: none">• Conclusion of Workgroup Report