

UNC Transmission Workgroup Minutes
Thursday 03 August 2023
via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Nield	(AN)	Storengy
Amy Howarth	(AH)	Storengy UK
Angus Paxton	(AP)	AFRY
Anna Shrigley	(AS)	ENI
Antony Miller	(AM)	South Hook Gas
Carlos Aguirre	(CA)	Pavilion Energy
Christiane Sykes	(CS)	Shell
Chris Wright	(CW _r)	Exxon Mobil
James Lomax	(JL)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Jonathan Balls	(JB)	Ofgem
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJa)	RWE
Maduka Chimaobi	(MC)	Observer (Organisation not confirmed)
Marion Joste	(MJ)	ENI
Maryam Khan	(MK)	Ofgem
Mathew Newman	(MN)	National Gas Transmission
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Nicolas Webb	(NWe)	PTUK
Ofordi Nabokei	(ON)	National Gas Transmission
Ore Ogundipe	(OO)	Interconnector
Paul O'Toole	(PO)	Northern Gas Networks
Phil Lucas	(PL)	National Gas Transmission
Rebecca Stevenson	(RS)	Department for Energy Security and Net Zero
Richard Fairholme	(RF)	Uniper
Ricky Hill	(RH)	Centrica
Rob Westwood	(RW)	Corella on behalf of Xoserve
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy
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1. Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting.

1.1. Approval of minutes (06 July 2023)

The minutes from the previous meeting were approved.

1.2. Approval of Late Papers

EF noted 1 late paper for item 1.5, which was approved by the Workgroup.

1.3. Review of Outstanding Actions

0502: Request to be submitted to investigate apparent inconsistencies between the System Management Principles (SMPs), Licence and UNC outlining the hierarchy of the regulatory frameworks and how they should work together, with the principle being that if there is something in a lower hierarchical document that disagrees with something in a higher hierarchical document, the higher document prevails.

Update: Eric Fowler (EF) advised this action related to the broader debate of governance hierarchy, which the Transmission Workgroup may not be best placed to resolve. EF has notified JO colleagues that this issue may be referred to Panel. It was agreed by the Workgroup this action could be closed and that the UNC Modification Panel would be approached to consider the appropriate route of review. SM agreed to convey the question to the Panel. **Closed**

0601: Joint Office (EF) to investigate if is within the remit of Workgroup to request Legal Advice for clarification.

Update: EF explained that there no explicit prohibition on a Workgroup procuring Legal advice. However, there is an absence of having a route to access such advice which would need to take into account cost sharing arrangements. EF confirmed that the Joint Office rely on the Gas Transporters legal resources for the provision of Legal Text and legal advice. It was noted that some Code governance bodies have access to legal support and that future arrangements may provide an access route through the Code reform. On this basis, it was agreed to close this action. **Closed**

0701: Tim Davis (TD), rather than raising a Modification, to have offline discussions with National Gas Transmission and report back to Transmission Workgroup in September 2023.

Update: Update due from Tim Davis, Barrow Shipping in September with regards to the [Notice of statutory consultation on a proposal to modify the standard conditions of the Gas Transporter licence that we are minded to grant to CNG Services Ltd.](#) **Carried Forward**

0702: Lauren Jauss (LJa) to present pre-Modification, *Remove the UNC text in Section J regarding Offtake rights and obligations associated with capacity holding* to Distribution Workgroup for feedback and provide an update to Transmission Workgroup.

Update: Lauren Jauss (LJa) confirmed a presentation had been provided to the Distribution Workgroup with no specific feedback to relay to Transmission. LJa confirmed the intention to submit a Modification to the September UNC Modification Panel and welcomed any further input from industry stakeholders. **Closed**

1.4. Industry Update from Ofgem

Eric Fowler (EF) referred to the Ofgem Expected publication dates timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>) dated 05 July 2023 noting the most recent updates (see below table).

EF also informed the Workgroup that Modifications 0844 and 0845 had been considered at the July UNC Modification Panel and referred to Ofgem for decision.

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	29 September 2023

0761 - Arrangements for Interconnectors with additional Storage capability	In the final review stages. EDD TBC
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0813 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Trigger	Rejected 20 July 2023

1.5. Pre-Modification discussions

1.5.1. Extension of ‘Virtual Last Resort User’ and ‘Contingent Procurement of Supplier Demand’ Triggers

Phil Lucas (PL) provided a presentation to confirm the intention of raising a Modification to address the imbalance risk associated with a Shipper User which is subject to sanctions by the UK Government, and therefore unable to transact in the UK.

Solution will be provided for:

- National Gas Transmission (NGT) to issue of a notice to cease a sanctioned Shipper User’s Supply Point Registrations, in order to trigger SoLR obligations; and
- availability of the VLRU and CPSD mechanisms for impacted portfolio to enable efficient procurement of gas to meet associated consumer demand (SoLR would not be delivering gas to the Total System)

NGT continues to believe there remains a gap in the UNC arrangements i.e., an imbalance risk associated with a Shipper User being subject to sanctions by the UK Government.

PL confirmed that NGT’s proposal to issue a cessation notice, the User Premised Termination Notice (UPTN), had been rejected by Ofgem, under Modification 0813 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Trigger, as it was outside their vires of Ofgem.

NGT intends to raise a further Proposal with a solution to reflect that contained in 0813. The Modification will look to provide a proposal for the Authority to have a role in the disapproval.

Steve Mulinganie (SM) noting Ofgem are not in a position to make a determination, questioned the management of erroneous sanctions. PL confirmed that NGT would consider the suitability of sanctions before a decision is made. SM expressed the need to ensure binary decision are controlled to ensure there is no detriment.

Richard Fairholme (RF) questioned the level of risk and with the nonexistence of Russian supply, whether this Modification was needed. PL believed as there is a deficiency in the UNC, there is benefit in addressing this. It was noted that if the issue arose again an Urgent Modification could be raised to address the situation.

2. Overrun Update

Ofordi Nabokei (ON) provided an update on the Entry Overruns from October 2022 to February 2023. A graph illustrating the Entry Overruns was provided noting there has not been a large increase in Overruns and that Exit Overruns had fallen.

For full details please refer to the slides published.

Nick Wye (NW) noting that the volumes were fairly consistent with no change in behaviours in terms of quantity but that the penalty had increased due to the impact of prices. NW observed that the level of the penalty is extremely high compared to the overrun and questioned proportions.

SM highlighted a 17-fold increase in cost when the quantity had not fluctuated significantly, challenging if this needed to be addressed.

The Workgroup considered the events in December at the Bacton IP and that the overruns arising at that time occurred with some unusual circumstances and premium prices for exit capacity.

It was agreed to monitor this for the next winter and if exceptional months occur again a review would be triggered.

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

No update for this month.

4. **Transmission Horizon Plan**

Kirsty Appleby (KA) took the Workgroup through the National Gas Transmission Change Horizon plan, noting three key items:

- The inflight Gemini Sustain Plus program due to be implemented September/October 2024.
- The implementation programme to Support Modification 0761, awaiting an Ofgem decision.
- Modification 0823 expected decision towards the end of this year.

Gemini Sustain Plus

KA confirmed that dedicated focus groups will commence in September. The first focus group meeting taking place on Monday 25th September. This will be a virtual meeting with the links to be issued soon.

KA provided the Workgroup with two reference Links:

- Gemini sustain plus website: <https://www.xoserve.com/change/investment-change/gemini-changes-overview/gemini-sustain-plus>
- Launch video: [Sustain+ Introduction Video \(Colour\) \(brightcove.net\)](#)

HA advised that future updates for the Transmission Workgroup will be pitched at a high-level. However more detail can be provided with input from the Workgroup on any questions or topics. These can be submitted to: kirsty.appleby@nationalgas.com

5. **Workgroups**

The following Workgroup meetings took place:

5.1. 0848 - Alignment of Entry and Exit Capacity Constraint Management Provisions

(Report to Panel 17 August 2023)

<https://www.gasgovernance.co.uk/0848>

6. **Issues**

No new issues have been identified.

7. **Any Other Business**

7.1. Demand Side Response (DSR)

Matt Newman (MN) wished to highlight to the Workgroup the intention to conduct a non-daily metered consumer DSR trial subject to further work being undertaken with the Department for Energy Security and Net Zero (DESNZ) and Ofgem.

MN explained that NGT is working with Ofgem and DESNZ to increase the available volumes for industrial demand reduction for winter 23/24. NGT is considering a number of aspects and hopes to run a limited trial where non-daily metered consumers will be incentivised to reduce consumption. It was anticipated that there may be a need for a UNC Modification to consider innovation trials before enduring solutions are developed.

Rebecca Steventon (RS) from DESNZ confirmed the Department has been working closely with NGT and looked forward to trialling innovations. Contacts: Matthew.Newman2@nationalgas.com and Rebecca.Steventon@energysecurity.gov.uk.

SM asked if trade associations have been engaged. MN confirmed that there had been some very limited supplier engagement but would be looking to engage with suppliers on a larger scale in due course.

EF noted that the Transmission Workgroup will be looking at the DSR learning points at the September meeting with a resurrection of Request 0835R in October.

8. Diary Planning

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

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 07 September 2023	5 pm Wednesday 30 August 2023	Microsoft Teams	Standard Transmission Workgroup Agenda DSR Progress Review
10:00 Thursday 05 October 2023	5 pm Wednesday 27 September 2023	Microsoft Teams	Standard Transmission Workgroup Agenda Including 0835R
10:00 Thursday 02 November 2023	5 pm Wednesday 25 October 2023	Microsoft Teams	Standard Transmission Workgroup Agenda
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Transmission Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0502	04/05/23	1.5.2	Request to be submitted to investigate apparent inconsistencies between the System Management Principles (SMPs), Licence and UNC.	TBC	Sponsor Required	Closed
0601	01/06/23	1.3	Joint Office (EF) to investigate if is within the remit of Workgroup to request Legal Advice for clarification	July 2023	Joint Office (EF)	Closed
0701	05/07/23	1.5.1	Tim Davis (TD), rather than raising a Modification, to have offline discussions with National Gas Transmission and report back to Transmission Workgroup in September 2023.	September 2023	Tim Davis (TD)	Carried Forward
0702	05/07/23	1.5.2	Lauren Jauss (LJa) to present pre-Modification, <i>Remove the UNC text in Section J regarding Offtake rights and obligations associated with capacity holding</i> , to Distribution Workgroup for feedback and provide an update to Transmission Workgroup	August 2023	Lauren Jauss (LJa)	Closed

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