

**UNC Transmission Workgroup Minutes**  
**Thursday 07 March 2024**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Nikita Bagga (Secretary)	(NB)	Joint Office
Aidan Lo	(AL)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Nield	(AN)	Storenergy
Amy Howarth	(AH)	Storenergy
Anna Shrigley	(AS)	ENI
Andrew Blair	(AB)	Interconnector
Ben Stodel	(BS)	Perenco
Brian McGlinchey	(BM)	Vermilion Energy Ireland
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CW)	Exxon Mobil
Conor McClarin	(CM)	National Gas Transmission (NGT)
David Mitchell	(DM)	Scotia Gas Networks
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Gavin Williams	(GW)	National Gas
Jackie Atterton	(JA)	PX Limited
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Joseph Leggott	(JL)	Interconnector
Kirsty Appleby	(KA)	National Gas Transmission
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Marion Joste	(MJ)	ENI
Matthew Brown	(MB)	Ofgem
Mathew Chandy	(MC)	Ofgem
Michael Crowley	(MCR)	Gas Networks Ireland
Nick Wye	(NW)	Waters Wye
Nicola Lond	(NL)	National Gas Transmission
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PH)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Ricky Hill	(RH)	Centrica
Samantha Wilson	(SW)	Spirit Energy
Steve Mulinganie	(SM)	SEFE Energy
Tracy Brogan	(TB)	Neptune Energy
<i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i>		

Please note these minutes do not replicate 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 papers are available at: <https://www.gasgovernance.co.uk/TX/070324>.

## 1. Introduction and Status Review

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

### 1.1. Approval of minutes (01 February 2024)

The minutes from the previous meeting were approved.

### 1.2. Approval of Late Papers

There were no late papers to record.

### 1.3. Review of Outstanding Actions

**1002:** Mercury Content - NGT (KA) to provide an update following further sampling and risk assessment.

**Update:** Kirsty Appleby (KA) provided an update, confirming that a further risk assessment has now been carried out and it has been concluded that there may be value in considering this further. Further sampling should be undertaken however part of that sampling is to take place on site with portable equipment, rather than taking the sample to a laboratory. This sample analysis is yet to be conducted as NGT are awaiting a specialist contractor to attend on site. There are currently no timescales in place and the sample is to be taken from 3 key locations. Once the sample analysis has taken place, a further enhanced risk assessment will be undertaken. It was agreed that this action will remain as carried forward for the next 3 months unless KA is able to provide an update earlier. **Carried Forward.**

**0201:** NGT (PH) and Nick Wye to discuss consulting with storage facilities and obtain their views in relation to the lower Wobbe index. To provide an update at the next Transmission Workgroup.

**Update:** Phil Hobbins (PH) advised that this action had been captured in the draft Modification in the form of the letter of comfort as a mechanism to review concerns. This will be taken forward into the Workgroup and it was agreed this action would be closed. Please see paragraph 1.5 for further detail. **Closed.**

**0202:** Phil Hobbins to discuss with Tom Wilcock the process for demonstrating that customers remain within the scope of classification and how is to be actioned by Shipper Members.

**Update:** PH provided a holding response on this action, advising this would be considered in further detail at the next Transmission Workgroup. PH explained that the issue is in relation to the priority sites which have categories A, B and C and category C has rolled over from previous classifications and is therefore still categorised as priority. A fresh assessment may be required to determine if existing category C's should remain on the list. Shipper Members will need to provide information if sites should continue to be classified in this way. PH discussed with Tom who agreed the provision of this information by Shipper Members is a good idea, highlighting that this information is required by September this year. It was agreed that this action would be carried forward. **Carried Forward.**

### 1.4. Industry Update from Ofgem

Mathew Brown (MB) provided an update from the latest Ofgem Expected Decision Dates (EDD) publication timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable> (see further below for the update table).

Modification	Estimated Decision Date
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UNC0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)	Decision issued on 5 March 2024
UNC0856 - Introduction of Trials for System Management Services	TBC – Awaiting publication of a statement from NGT before this is published. MB is working with the publication department to hopefully publish the document by the end of next week.
IGT169 - Aligning the Capacity requirements for NEXA Supply Point	1 April 2024 – MB advised this is likely to published on 28 March 2024 as 1 April is a Bank Holiday.

MB further informed the Workgroup that there are 2 new Modifications currently awaiting an estimated decision date which went to Panel in February.

MB provided the following updates;

Regarding NGT’s Gas Transporter Licence:

*We previously published our stakeholder consultation on our proposal to modify NGT’s Gas Transporter Licence. Specifically, areas relating to gas Demand Side Response. Following that consultation, we are expected to publish our statutory consultation for this modification early next week and we welcome any views for it. The consultation is expected to last 30 days.*

*If any of the workgroup participants have questions regarding this, please let me know and I can revert back with a response.*

Regarding Code Governance Reform

*Ofgem have published our consultation on the implementation of Energy Code Reform. The consultation seeks feedback on our proposed approach, including potential code consolidation. The consultation is available on the Ofgem website and will remain open until 23 April 2024.*

*We will be attending the UNC modification panel meeting on 21st March to discuss the consultation and to provide panel members with the opportunity to ask questions.*

*Alongside our publication of the consultation, we are also setting up a workgroup to help us develop a code modification process that incorporates the roles and responsibilities introduced by the reforms. If you would like to volunteer to join this workgroup, please email [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk) by Monday 4 March 2024.*

*As noted last month, we are preparing to publish a joint consultation with DESNZ which will cover preferred policy options for code manager selection regulations and the code manager licence conditions, which will eventually be designated by SoS.*

*Our new Head of Industry Codes, Gavin Baillie is now in post. Gavin has extensive experience working with the industry codes.*

## 1.5. Pre-Modification Discussions

### 1.5.1. Gas Quality

PH explained that GSMR has a gas quality specification to which gas transporters must comply when conveying gas which sets boundaries on what is agreed with the parties that supply the gas. GSMR was amended in March with changes coming into effect in 2025. The most contentious change was to the Wobbe index. Following discussion and impact assessment, it was concluded that a reduction of the lower limit would be made.

The Modification will implement a change for the NTS entry points that have so far expressed an interest in it. PH recognised the potential for impact on downstream parties as a result of any changes.

PH provided an overview of the indicative timetable, advising that he will raise the Modification on 8 March, subject to any comments made during this Transmission meeting. Any later requests for entry specification changes would need to be subject to another enabling

Modification.

PH has been considering what transporters can do to help CCGT operations and any other parties who may be sensitive to the change in the Wobbe index to assist in mitigating any risks. The Modification reiterates the requirement to improve transparency.

### Governance

PH is proposing Authority Direction. PH explained that it could be argued that a regulatory impact assessment has already been done by the HSE. However, PH will seek views from Panel on whether there is a material effect, for example, if the impact on CCGT operators was known, then it could be argued there is a material impact on gas consumers.

A further consideration will be in relation to the counties which are physically interconnected and where lower Wobbe gas exported from Britain may not be acceptable. PH highlighted that this is the first time that multiple entry points are requesting to change, this is new territory which adds to the materiality argument which is why PH believes an authority direction is the appropriate route to consider.

PH encouraged those operators who do wish to change to start attending the Transmission meetings.

### Storage

This was discussed in the last meeting. PH advised that the storage connection agreements state entry specification only. If gas is made available outside of GSMR, NGT will accept that gas back in when the party wants to re-deliver it. PH therefore introduced the concept of the 'letter of comfort' which could be given to storage operators instead of changing each agreement. Whether this is an appropriate solution or not will need to be considered.

In terms of gas quality transparency, consideration needs to be given to what can be done to assist exit stakeholders and to manage the potential impacts of this change.

### Solution

For each of the terminals that have indicated that they want to change, PH presented the present position and the new position with the amended Wobbe index limit. A separate table was provided for interconnectors as the Workgroup are considering both entry and exit.

### Impacts and Considerations

PH has taken relevant quotations from HSE and summarised the position. PH acknowledges the benefit to the UK in addition to the impact that may be caused to some parties. Currently there are no EU codes which state or prescribe the limits on gas quality parameters, therefore there are no impacts from a European Codes point of view.

There are no impacts on Gemini or the Xoserve process however there will be operational systems that will need to be amended.

EF asked if the requirement for greater transparency will be codified or drafted into the legal text. PH advised he had not considered this but there is a possibility.

Ritchard Hewitt (RH) commented that it would be good to have greater visibility of gas quality in the network to give consumers some prewarning about how gas will flow through the system.

PH explained that a small number of terminals want to move ahead with the change and they have indicated that the need is likely only for 'upset' conditions and not significant volumes of gas at the lower Wobbe. RH raised his concern around the fact that once the change has been made, an entry terminal would be permitted to flow 100% at the lower limit. Notwithstanding the contractual limit, PH explained it would be helpful to make a distinction between the gas quality specification and the likely quality of gas to be delivered. NGT will consider what is reasonable and proportionate in terms of a solution.

In relation to managing risks, RH asked who should be involved because consideration will need to be given to what their involvement is and how their position is codified. RH asked whether the Modification should start to codify some of the risk management activities of National Gas. PH explained that he does not believe additional text would be required in the UNC as operation management (of gas quality) would be between operators rather than Transporters and Shippers. Some analysis has already been conducted in this area and PH will bring the findings to the Workgroup to explain why NGT believe there is a low risk and to consider what a proportionate solution could be.

There were no further questions. EF advised that when this Modification comes back to the Workgroup for further discussion, the Joint Office will consider putting this as the first agenda item so that those who are interested know when to expect the discussion on this topic.

## **2. Overrun Update**

Conor McClarin (CM) provided an update on Overrun to the Workgroup.

CM advised that entry overruns for November and December were slightly higher than average. When comparing the overruns during the first quarter, similar trends were seen when compared to other years. NGT had not noted anything out of the ordinary.

In relation to exit overruns in the first quarter, it was noted that in October there were fewer overruns and less quantity. The charge quantity as a whole was noted as being lower compared to the last few years.

Please refer to the [presentation](#) slides published for further information.

## **3. Transmission Change Horizon Plan**

KA provided an update. Modification 0846 will be dropping off the plan this month and Modification 0823 will be removed following Ofgem's decision to reject it.

The main programme of work is the Gemini Sustain Plus Programme which has been scheduled for implementation in September. The key point to note is the next focus group which has been scheduled for 18 March and KA encouraged any users of Gemini to attend and participate in the focus group. Market trials and onboarding are the focus areas and KA informed the Workgroup of the importance of attending the focus group as the way Gemini is being accessed will be changing. The focus group will provide further information and assistance on this. The training content will be in a modular learning style which will allow participants to access as and when they need to.

Please refer to the [presentation](#) slides published for further information.

## **4. Request Workgroup Report Approval: 0835R – Review of Gas Demand Side Response Arrangements**

EF provided an overview of the published Workgroup Report. There was no further feedback from the Workgroup and it was agreed that it should be presented to the Panel in March.

### **Workgroups**

#### **4.1. 0860S – Clarify impact of exit capacity holdings on offtake rights**

(Report to Panel 18 April 2024)

<https://www.gasgovernance.co.uk/0860>

This Workgroup was deferred as the Proposer was not present for the meeting. EF agreed to refer to the Modification Panel and seek an additional month for completion of the Workgroup Report.

The following Workgroup meetings took place:

#### **4.2. 0866S – Amendments to Demand Side Response (DSR) Arrangements**

(Report to Panel 18 April 2024)

<https://www.gasgovernance.co.uk/0866>

**4.3. 0867 – Gas Demand Side Responses (DSR) Aggregation Arrangements**

(Report to Panel 19 September 2024)

<https://www.gasgovernance.co.uk/0867>

**5. Issues**

None.

**6. Any Other Business**

EF proposed to the Workgroup the option of having a Transmission meeting in person at the Joint Office in Solihull. EF advised that this is likely to take place for the meeting in May. EF advised that further details will be provided but he will need to see how much interest there is for this.

In relation to the next Transmission meeting in April, EF drew attention to the fact that it comes soon after Easter when some may be on leave.

CM advised that the exit capacity methodology is out for consultation and the documents are currently on the NGT website for anyone who wishes to consider them. CM noted that this will be open until 27 March.

**7. Diary Planning**

Transmission meetings are listed at: <https://www.gasgovernance.co.uk/TX>

All other Joint Office events are available via: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 04 April 2024	5 pm Wednesday 27 March 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 May 2024	5 pm Wednesday 24 April 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 06 June 2024	5 pm Wednesday 29 May 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 04 July 2024	5 pm Wednesday 26 June 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 01 August 2024	5 pm Wednesday 24 July 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 September 2024	5 pm Wednesday August 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 02 October 2024	5 pm Wednesday 24 September 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 07 November 2024	5 pm Wednesday 30 October 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda
10:00 Thursday 05 December 2024	5 pm Wednesday 27 November 2024	Solihull/ Microsoft Teams	Standard Transmission Workgroup Agenda

<b>Transmission Workgroup Action Table</b>						
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Reporting Month</b>	<b>Owner</b>	<b>Status Update</b>
1002	05/10/23	5.1	<i>Mercury Content</i> - NGT (KA) to provide an update following further sampling and risk assessment	March 2024	NGT (KA)	<b>Carried Forward</b>
0201	01/02/24	1.5.1	NGT (PH) and Nick Wye to discuss consulting with storage facilities and obtain their views in relation to the lower Wobbe index. To provide an update at the next Transmission Workgroup.	March 2024	NGT (PH)	<b>Closed</b>
0202	01/02/24	6	Phil Hobbins to discuss with Tom Wilcock the process for demonstrating that customers remain within the scope of classification and how this is to be actioned by Shipper Members.	March 2024	NGT (PH)	<b>Carried Forward</b>

**UNC Workgroup 0866 Minutes**  
**Amendments to Demand Side Response (DSR) Arrangements**  
**Thursday 07 March 2024**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Nikita Bagga (Secretary)	(NB)	Joint Office
Aidan Lo	(AL)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Nield	(AN)	Storenergy
Amy Howarth	(AH)	Storenergy
Anna Shrigley	(AS)	ENI
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CWr)	Exxon Mobil
Conor McClarin	(CM)	National Gas Transmission (NGT)
David Mitchell	(DM)	Scotia Gas Networks
Ellie Rogers	(ER)	Xoserve
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Gaby Bezzubovaite	(GB)	Department for Energy for Security
Gavin Williams	(GW)	National Gas
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Joseph Leggott	(JL)	Interconnector
Josie Lewis	(JLe)	Xoserve
Hannah Swindell	(HS)	Energy Security
Kirsty Appleby	(KA)	National Gas Transmission
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Marion Joste	(MJ)	ENI
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye
Nicola Lond	(NL)	National Gas Transmission
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PH)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Steve Mulinganie	(SM)	SEFE Energy
<p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 18 April 2024.</i></p> <p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate 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 papers are available at: <a href="https://www.gasgovernance.co.uk/0866/070324">https://www.gasgovernance.co.uk/0866/070324</a>.</i></p>		

## 1. Introduction and Status Review

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

### 1.1 Approval of Minutes (01 February 2024)

The minutes from the previous meeting were approved.

### 1.2 Approval of Late Papers

There were no late papers to approve.

## 2. Workgroup Discussion

Phil Hobbins (PH) provided an update on the proposed amended Modification and Business Rules, advising that there was an accompanying PowerPoint to provide illustrative examples of some of the Business Rules in relation to the outstanding action.

PH further advised in relation to the Solution paragraph that the amendment involves the removal of the square brackets. The intention is to mitigate the risks identified with a process, post-tender closure, particularly for Consumer DSRs.

### Business Rule 2

PH advised that if a large number of tender options are obtained, there will be more time to assess the bids. NGT has added a clause to inform those who have submitted offers of what the assessment period is.

### Business Rule 3

This Business Rule has been amended to now relate to both Shipper and Consumers.

### Business Rule 4

Further to the discussions in the last meeting, PH explained that currently the Code states that when assessing the DSR options, they are put into a 'stack' ranking on price. The amended rule will give priority to Within-Day Options over D-1 and D-5. PH explained that NGT may also give priority to greater volumes which would be of more operational value.

### Old Business Rule 4

PH advised that this had been removed as there had been no offers.

Steve Mulinganie (SM) advised that he prefers this Business Rule remaining. SM highlighted that customers may need to invest in infrastructure and the customer's ability to recover over a number of years is material in relation to their ability to bid.

SM asked how a customer would receive feedback in the event their offer has been rejected explaining that as the offer will have been rejected, there would be no contract with NGT to oblige it to provide feedback. In response, PH suggested that there are a few ways this could be done; one way could be to stay silent in terms of what is drafted in UNC and the customer can contact NGT directly to obtain this feedback. Another option could be to make consequential changes to the consumer contract if the Modification is approved. PH advised that it may be appropriate to capture this in the Workgroup Report.

### Business Rule 5

There is currently an obligation to supply certain information post-tender and the proposed amendment intends to expand on the current list. PH advised that in the first draft, reference had only been made to Consumer DSR but this will need to be extended to Shipper DSR if any offers are obtained from Shippers. There are ongoing discussions about what are appropriate measures regarding the weight average option. Provided at least 3 suitable offers have been obtained, the proposal is to include the newly listed information in the public report. The proposal now states the minimum record to be disclosed, although more information can be shared.

#### Business Rule 7

The purpose of this amendment was to add clarity. In principle, this Business Rule has remained the same. PH explained that he is in parallel conversations with Consumers to inform them of the ongoing discussions at the UNC Workgroups and to obtain their feedback and proposals.

#### Business Rule 8

This Business Rule remains unchanged apart from the addition of brackets.

#### Business Rule 9

PH explained that the amendment to this Business Rule is attempting to specify that the minimum Option Quantity for DSR is 100,000kWh. This is worked out by the counterparty providing their DSR 'reduce-to' capacity in the tender. This reduction is obtained from the Winter Demand Average (WAD). PH explained that the Option Quantity is the difference between the WAD and the DSR Reduced Quantity. PH presented a worked example to the Workgroup using the accompanying presentation, demonstrating how the formulae work. Further details can be found on slides 2 and 3.

PH advised that he had realised that for the Within-Day Option, by definition, some gas days may have already passed. For this Option, NGT would want a higher Option Quantity due to being part way through the gas year.

PH added that the customer should know what their WAD value is as this is an obligation specified in the Code.

#### New Business Rule 10

Sets out the timetable for pre-tender communications subjected to Business Rule 2.

#### Old Business Rule 11

This original Business Rule had been struck out. PH explained that he considered whether there is a more accurate measure to use when considering the historical daily demand rather than the WAD, PH considered whether this would be looking at the last 7 days.

Further to the last Transmission meeting, PH was given the action to provide actual numbers as a worked example. The use of a cut-off date is to assist in reducing outliers.

Please refer to slide 4 of the presentation. Slide 5 provides the outcomes for the 2 comparison exercises (the 7-day option and the WAD option). Based on the data set, the 7-day option appears to be a slightly better correlation however it is not sufficiently material to warrant a change in the current approach. This was the reason for removing the old Business Rule 11. The proposal is to stick with the WAD approach or substitute the forecast approach.

#### Business Rule 18

This was debated during this last Transmission meeting. At present, if a consumer is called on a particular day and has failed to deliver on their option quantity obligation, the customer will be expected to pay back 110%. The view from the Workgroup is that there should be no tolerance on the quantity as consumers should build a tolerance into their offer. EF suggested that the customer may want some idea about the potential variability of their CV to ensure that the volumetric control achieves the required energy reduction.

#### Business Rule 11

PH explained that this is a new Business Rule including the term 'DSR Participant' which has been defined to cover both users and consumers.

PH explained that the participant has the option to request their WAD for a particular site. NGT will use reasonable endeavours to provide this WAD to the participant prior to the cut-off date for the tender. Previously, NGT has been able to action these requests quickly with the assistance of Xoserve due to Xoserve providing reports containing the data.

### Business Rule 12

This is a simplification of the old BR 7. This amendment derived from Consumers advising that, for example, what was done last winter may not be a true reflection of what they will do this winter. NGT are looking at obtaining a longer period of history in an attempt to smooth out any anomalies that may appear, for example, if maintenance was required for one year.

If there is a new site which is unable to provide a longer period of history, NGT will consider the data they have for that site. The current position is to consider 1 year however the proposal is to amend to 3 years.

### Business Rule 13 and Business Rule 14

In the event a customer is considering giving an offer but believes their WAD is not a true reflection of the daily demand, these Business Rules offer alternative options such as utilising a forecast and explaining why their historic WAD is not accurate. Without judgment, NGT will then substitute the forecast for what would have been the 3-year demand history however, it is recognised that there will need to be an exercise to determine the accuracy of the forecast after the event. PH advised that the proposed approach is to make monthly instalments for the first 3 months out of the 6 and retain the remaining 50%, pending the outcome of the post-winter assessment (Business Rule 14(b)).

Business Rule 14(c) provides for a 10% tolerance to be applied in relation to over forecasting, PH explained that he understands the customer may not be able to provide 100% accurate results. The remaining 50% will then be paid as a single transaction if the post-winter assessment is within the 10% tolerance. Where the forecast is beyond the 10% tolerance, no further payments will be made.

SM questioned why 50% should be given. In his opinion, the principle should be that they do not receive anything up-front. It has already been recognised that this facility is open to gaming as the reliance will be placed on the assumption provided by the customer. SM advised that a better approach would be to advise the customer that no payments will be made until after the winter, where evidence has been obtained to prove the requirements have been met. Even in the event a credit arrangement is provided, there is no guarantee that money will be paid back.

Louise Hellyer (LH) agreed that 50% is too large of a figure. 0% may be a safer option to be used and if the customer can provide proof in the first month, incremental payments could be made. The Workgroup consider that 50% is too large and 0% may be too harsh.

PH advised that he is due to have a call with the consumers next week and will obtain their views based on the views expressed during this Transmission meeting.

In relation to the parties that provide a forecast, Ellie Rogers (ER) queried whether there is a restriction on who or how many customers can utilise this option over the demand history Option. PH advised that he will raise this as well at the next consumer call.

### Business Rule 17

PH explained that class 2 daily metered sites will be able to bid.

### Business Rule 19 and Business Rule 20

PH explained that when an offer is received, a credit check will be carried out on the consumer. If they pass then they can proceed, if they fail, then the offer will be accepted on the basis that credit support is put in place. Consumers have advised that this could be a barrier, explaining that this could require time and money to put in place and it may not be possible to put in place before the option starts.

The purpose of the amendment to BR 19 is to protect Shippers funding neutrality. Where there is an offer and a failed credit check, the DSR contract and standard terms and conditions would

be amended to provide the option of the consumer choosing to elect to receive the payment after the winter.

Business Rule 20 encompasses the option to be paid after the event where the consumer chooses not to utilise the credit option.

The extra complexity is relevant here in addition to Business Rule 14 (the 50% debate) as neutrality will need to be balanced taking into account the months in which gas has flowed and payments are made. PH advised that he will need support from Xoserve to be able to balance the neutrality and the outcome will need to be reflected in the Business Rules so this is something that is yet to come.

Elsewhere in the drafting of the modification PH advised that under the Central Systems Impacted section, he had initially noted that there would be no impacts due to no changes to Gemini however, this section will need to be amended to capture the impacts to CDSP processes. Text will need to be agreed with Xoserve which will be included in the next version. PH explained that there are no changes to Gemini or the central systems but as CDSP are responsible for the invoicing for consumer DSR's and the eligibility is being expanded to Class 2 consumers, this may result in an increase to counterparties. CDSP have advised that no changes to processes will be required for up to 30 however anything beyond this will require an amended process and the impacts will need to be considered.

In relation to Business Rule 14 and Business Rule 20 where there is the potential of holding back payments, after a tender and the allocation process has finished, payment details are shared with Xoserve. Given the amendments made to the Business Rules, there will be an added step of informing Xoserve to make payments.

### **Next Steps**

PH advised that he will take the points raised in the meeting today to the consumer meeting next week and intends to produce an amended version of the Modification and Business Rules by the end of next week. Any additional points can then be considered during the meeting on 25 April. PH advised he will be unable to attend that meeting but Phil Lucas (PL) will be stepping in as an alternate.

The intention will be for the Workgroup to review the revised Modification and consider drafting the legal text ahead of taking the Modification to Panel in April. The Workgroup may also wish to consider the Workgroup Report in the next meeting.

### **3. Any Other Business**

SM highlighted that this Modification is proposed for self-governance. SM drew reference to Modification 0852 which was also submitted as self-governance however it was called in by Ofgem on the basis that it was considered material due to additional work being required.

SM therefore compared this Modification against Modification 0852 and advised that if the intention is to extend to Class 2, by definition this would involve increasing the workload in the same way as Modification 0852. Therefore, the Workgroup may have to consider whether it is appropriate for this Modification (0866) to also be submitted as self-governance. This is something that will be raised at Panel. SM advised that he is not intending to delay the matter but wanted to bring attention to and ensure that this point was captured in the minutes.

### **4. Diary Planning**

0866 meetings are listed at: <https://www.gasgovernance.co.uk/0866/070324>

All other Joint Office events are available via: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

<b>Time / Date</b>	<b>Paper Publication Deadline</b>	<b>Venue</b>	<b>Workgroup Programme</b>
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10:00 Thursday 04 April 2024	5 pm Wednesday 27 March 2024	Solihull/ Microsoft Teams	ADD Agenda items to inform Tech Team what needs to be on Agenda
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Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0201	01/02/2024	3.0	Phil Hobbins to obtain anonymous real data and examples to present to the Workgroup at the next meeting as a demonstration of the Business Rules and Modification.	March 2024	NGT (PH)	Closed

**UNC Workgroup 0867 Minutes  
Gas Demand Side Response (DSR) Aggregation Arrangements  
Thursday 07 March 2024  
via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Nikita Bagga (Secretary)	(NB)	Joint Office
Aidan Lo	(AL)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Nield	(AN)	Storenergy
Amy Howarth	(AH)	Storenergy
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CWr)	Exxon Mobil
Conor McClarin	(CM)	National Gas Transmission (NGT)
David Mitchell	(DM)	Scotia Gas Networks
Gaby Bezzubovaite	(GB)	Department for Energy for Security
Gavin Williams	(GW)	National Gas
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Hannah Swindell	(HS)	Energy Security
James Lomax	(JLo)	Cornwall Insight
Jeff Chandler	(JC)	SSE
Joseph Leggott	(JL)	Interconnector
Josie Lewis	(JLe)	Xoserve
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mathew Chandy	(MC)	Ofgem
Nick Wye	(NW)	Waters Wye
Ofordi Nabokei	(ON)	National Gas Transmission
Phil Hobbins	(PH)	National Gas Transmission
Phil Lucas	(PH)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Seema Bosor	(SB)	Ofgem
Steve Mulinganie	(SM)	SEFE Energy
<p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 19 September 2024.</i></p> <p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate 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 papers are available at: <a href="https://www.gasgovernance.co.uk/0867/070324">https://www.gasgovernance.co.uk/0867/070324</a>.</i></p>		

**1.0 Outline of Modification**

Phil Lucas (PL) explaining that NGT have been working on a number of reforms to the current DSR arrangements. The idea is to extend the scope for which the DSR option is available.

This Modification is linked to Modification 0844 and Modification 0845 in which NGT are looking to expand further and have considered the new role of an Aggregator. The role will involve aggregating daily volumes of less than 100,000kWh into groups.

NGT have recognised there will be new contractual arrangements between NGT and the Aggregator and then between the Aggregator and the sites in the chosen portfolio. The Aggregator will act as a 'post box' to allocate payments to the consumers.

The preparatory work has been undertaken to engage with entities who may be willing to act as an Aggregator. 16 entities have been identified of which 6 expressed no interest. Of the remaining 10, 3 have expressed an interest in future involvement, 3 have not responded and 3 do not wish to be involved but would like to be kept informed. This indicates a limited level of interest.

Consumers are being engaged to understand the level of DSR response if an Aggregator was introduced. It is recognised that this would not be a small task with a cost of implementation involved so there needs to be a realistic prospect of uptake to warrant progressing further. NGT are currently liaising with sectors such as EIUG, paper and ceramics which appear to be the sectors expressing the most interest.

Steve Mulinganie (SM) asked whether NGT is interested whether the demand reduction is locational or distributed across the country. PL responded that the purpose of this Modification is based on avoidance of a gas emergency nationally and not locally.

In relation to the issue about being able to deliver a minimum 100,000kWh reduction, this will come down to defining the evidence that is required to validate performance by the aggregated meter supply points.

SM raised that the Terms and Conditions will need to be considered. SM further asked if it will be possible to act as both a Shipper and an Aggregator and whether this would be covered by way of a bilateral agreement. PL confirmed the ability to act as both a Shipper and an Aggregator are possible as NGT are not seeking to limit who can be an Aggregator. PL suggested that this will be a new form of agreement although the current NGT-consumer bilateral agreements may be used as a basis. SM advised that if a new agreement is required, this is something that should be considered early on in the process due to the amount of work that will be involved.

EF queried the terminology of 'Consumer' in the context of what sort of party could be an Aggregator. For example, Sainsburys might be an Aggregator representing their entire portfolio of sites. PL confirmed this is possible.

Please refer to the [presentation](#) slides published for further information.

## **2.0 Initial Discussion**

### **2.1. Issues and Questions from Panel**

#### **2.1.1 Consider the interaction with Modification 0852.**

This is in relation to the communication and dissemination of change to Offtake.

SM advised that Modification 0852 required limited communication so that parties understand what is going on. An Aggregator with a direct contract with the customer would introduce a new party and an extra step in the chain for information to be passed to the Shipper. EF discussed making DNs aware of interrupted sites as they may have the same interest however it was noted that no DNs were in attendance at this meeting.

In creating the role of an Aggregator, there needs to be an understanding of the extent to which all parties should be informed about what is happening. If this Modification is implemented, there could be 100's of sites involved which reinforces the need to ensure all parties are informed. This may be something to consider further by the Workgroup.

#### **2.1.2 Consider any precedent associated with the introduction of an Aggregator role**

EF advised that given this Modification involves a new type of party, PL will need to consider what sort of precedent exists for introducing a new role into the Code arrangements. EF advised that this point would remain on the agenda for further discussion at the next meeting.

**2.2. Initial Representations**

None

**2.3. Terms of Reference**

None.

**3.0 Next Steps**

None.

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

0867 meetings are listed at: <https://www.gasgovernance.co.uk/0867>

All other Joint Office events are available via: [www.gagovernance.co.uk/events-calendar/month](http://www.gagovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 04 April 2024	5 pm Wednesday 27 March 2024	Solihull/ Microsoft Teams	To consider any precedent associated with the introduction of an Aggregator role.
10:00 Thursday 02 May 2024	5 pm Wednesday 24 April 2024	Solihull/ Microsoft Teams	TBC
10:00 Thursday 06 June 2024	5 pm Wednesday 29 May 2024	Solihull/ Microsoft Teams	TBC
10:00 Thursday 04 July 2024	5 pm Wednesday 26 June 2024	Solihull/ Microsoft Teams	TBC
10:00 Thursday 01 August 2024	5 pm Wednesday 24 July 2024	Solihull/ Microsoft Teams	TBC
10:00 Thursday 05 September 2024	5 pm Wednesday August 2024	Solihull/ Microsoft Teams	TBC