

UNC Workgroup 0761 Minutes
Arrangements for Interconnectors with additional Storage capability
Tuesday 07 September 2021
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adam Bates	(AB)	South Hook
Alex Nield	(AN)	Storengy
Amber Talbot	(AT)	Storengy
Andrew Blair	(ABI)	Interconnector
Andrew Pearce	(AP)	BP (0705, 0761)
Anna Shrigley	(ASh)	Eni
Anna Stankiewicz	(AS)	National Grid
Ashley Adams	(AA)	National Grid
Ben Hanley	(BH)	NGN
Bethan Winter	(BW)	Wales & West Utilities
Carlos Aguirre	(CA)	Pavilion
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(DH)	National Grid
David Mitchell	(DM)	SGN
Davide Rubini	(DR)	Vitol
Hannah Reddy	(HR)	Corella
Henk Kreuze	(HK)	Vermillion
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Joseph Leyon	(JL)	SGN
Julie Cox	(JCx)	Energy UK
Lauren Jauss	(LJ)	RWE
Malcolm Montgomery	(MM)	National Grid
Max Lambert	(ML)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Nik Cole	(NC)	Shell
Pavanjit Dhesi	(PD)	Interconnector
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Richard Fairholme	(RF)	Uniper
Richard Hewitt	(RH)	Hewitt Home and Energy Solutions
Samual Dunn	(SM)	Interconnector
Sarah Cooper	(SC)	Interconnector
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0761/070921>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 October 2021.

1. Introduction and Status Review

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

1.1. Approval of minutes (05 August 2021)

The minutes from the last meeting were approved.

1.2. Approval of Late Papers

EF advised that there was one late paper for consideration at the meeting.

1.3. Review of Outstanding Actions

0701: Ofgem (HS) to provide a formal view on whether a licenced Interconnector is prohibited from undertaking the role of a Gas Storage facility, as defined under the Gas Act and associated Exemption Orders.

Update: See item 2.0 below. EF advised that some views had been shared in correspondence and that the presentation published for this meeting covered the same topic. It was proposed this action should be carried forward for the time being. **Carried Forward**

0801: National Grid (MM) to provide a response to the Transmission Workgroup regarding the operation of competing auctions at a combined Exit Point at Bacton.

Update: Phil Lucas (PL) confirmed this will be covered in item 2.0 below. **Closed.**

0802: *Reference Emergency Storage Provisions* – National Grid (PL) to look to clarify how gas withdrawn from Interconnector Storage in an emergency would subsequently be allocated to Users

Update: PL confirmed that clarity had been provided last month and reflected in latest draft version of the Modification proposal, he clarified that no specific changes will be made to emergency arrangements as a consequence of the proposal. Julie Cox (JCx) enquired about emergency situations, believing the Network Emergency Coordinator (NEC) can instruct maximum flows of storage. PL explained, in relation to emergency arrangements, the Interconnector will be treated as an Interconnector, Pavanjit Dhesi (PD) clarified in a security of supply emergency, the Interconnector can be mandated to flow at maximum available capacity. JCx enquired about the hierarchy of event triggers and the sequence of directions from the NEC. **Closed.**

<p>New Action 0901: National Grid (PL) to confirm, within stage 2 of a Gas Deficit Emergency (GDE) what the sequencing of the direction is, from the Network Emergency Coordinator NEC to direct supplies from storage compared to supplies from Interconnector input.</p>

0803: National Grid (PL) to liaise with the CDSP to finalise the supporting ROM (in light of the changes to the Proposal) in time for consideration at the next Workgroup meeting.

Update: PL asked for this update to be deferred until next month. He confirmed that the existing work is being checked to ensure the recent changes are reflected within cost estimate. PL clarified that the cost of change will be met by National Grid. **Carried Forward.**

2. Consideration of Amended Modification

Sarah Cooper (SC) provided a presentation on the Storage Services, summarising the views on the compliance issues raised. For full details please refer to the presentation published at: <https://www.gasgovernance.co.uk/0761/070921>.

SC explained that the areas to be address are the definitions of the Interconnector and Storage facilities, Interconnector Licence and Gas Act Exemptions and having a level playing field with existing GB Storage Operators.

SC provided an overview of the Gas Interconnector definitions (see page 4 of powerpoint). Julie Cox (JCx) referred to the Gas Act definition and wished to note that she believes that the prevailing definition is that in the Gas Act, rather than the definition of 'Interconnector' in the Gas Regulation. JC obtained this view from BEIS and challenged the view provided within the Interconnector presentation.

Eric Fowler (EF) believed that both definitions clarify that an Interconnector is not prohibited from undertaking activities in addition to Transportation. JCo expressed concern that the Workgroup should be clear on which legislation applies. It was believed the question around storage was a separate consideration. It was noted that the Interconnector does not require the exclusive use of the storage facility for carrying out its business so can make it available to third parties.

Richard Fairholme (RF) did not follow the rationale presented behind a Gas Regulation prevailing over the Gas Act. Pavanjit Dhesi (PD) suggested if there is a differing view from other parties on the prevailing arrangements, if the source and legal clarification can be shared with the Workgroup to allow this to be considered. Phil Lucas (PL) recognised the definitions are principally the same.

The Workgroup considered the issue of setting a level playing field for other GB Storage operators and the use of Interconnector Storage Services. SC explained that the provision of the storage service would be offered under the same regulatory framework as other GB Storage Facilities and INT will hold a one-month stakeholder consultation in its Storage Services Agreement. SC emphasised that the framework would ensure that the INT Storage Service will be offered by objective, non-discriminatory and transparent mechanisms.

Nick Wye (NW) believed the flexibility was a bi-product of the Interconnector Service because of the dependency of the traditional transportation services and not necessarily a traditional Storage Facility. NW observed this was not comparable with a traditional storage facility. PD explained this was an innovation and offering Storage Services could be a benefit to the GB market.

SC addressed the concerns regarding Market Access Discounts and that the mechanism proposed ensures that only capacity which is used against storage is eligible for a discount. Existing Contracts on the NTS which have been booked as transportation capacity are not able to be utilised for storage at an IP as they were procured for the sole purpose of transportation. The storage agreement will ensure that discounts are applied correctly and where appropriate.

SC noted there was one area where it is not possible to be on a level playing field in relation to the Safety obligations. SC clarified it is not possible because INT is already providing a role in its capacity as an Interconnector.

Davide Rubini (DR) asked how the storage facility would work physically as he saw this more as a flexibility service, rather than a traditional service and enquired how long gas could be stored. SC explained gas would be marketed as short-term capacity storage on a day ahead/within day basis and will advertise the maximum capacity. SC clarified the withdrawal rates would need to be considered, and the service would be offering operationally rapid injection and withdrawal. SC explained the injection and storage would be for a specific period and would be combined in the service agreement. DR suggested an illustration of how the service will work would be useful.

Dan Hisgett (DH) provided a presentation on the potential impact on Transportation Charging and the Reserve Price impact Analysis. DH explained analysis has been run using the models used on production for the current and indicative charge published in May 2021 and recalculated the rates. DH provided an overview of the Reserve Price impacts and how this affects the entry and exit rates. DH concluded there is an impact but not a significant impact on reserve prices.

RF enquired about capturing the views expressed today within the Workgroup Report, to ensure counter points are captured. See item 4.0.

The Workgroup reviewed the Amended Modification following consideration of the Interconnector Presentation. PL provided an overview of the changes. EF confirmed that a marked-up draft had been provided as Workgroup paper. PL confirmed that the Modification can be formally processed as an Amendment and can be published.

3. Consideration of Amended Legal Text

Phil Lucas (PL) provided an overview of the Legal text changes and confirmed these matched the intent of the draft update to the Modification proposal. PL confirmed a further update is required to Section Q paragraph 1.1.6.C.

4. Completion of Workgroup Report

It was suggested that the Amended Modification is formally processed, and today’s discussions are captured in the Workgroup Report offline. It will then be considered if an additional meeting is required ahead of the 07 October Transmission Workgroup meeting.

5. Next Steps

EF confirmed that a draft Workgroup Report will be provided, and consideration given to having an additional meeting before 07 October to ensure the Workgroup Report can be submitted to the October UNC Modification Panel.

6. Any Other Business

None.

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 October 2021	Microsoft Teams	Completion of Workgroup Report

Action Table (as at 07 September 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0701	01/07/21	1.3	Ofgem (HS) to provide a formal view on whether a licenced Interconnector is prohibited from undertaking the role of a Gas Storage facility, as defined under the Gas Act and associated Exemption Orders.	Ofgem (HS)	Carried Forward due 07/10/21
0801	05/08/21	2.	<i>Reference Potential Exit Capacity IP Licence change impacts</i> – National Grid (MM) to provide a response to the Transmission Workgroup regarding the operation of competing auctions at a combined Exit Point at Bacton.	National Grid (MM)	Closed
0802	05/08/21	2.	<i>Reference Emergency Storage Provisions</i> – National Grid (PL) to look to clarify how gas withdrawn from Interconnector Storage in an emergency would subsequently be allocated to Users	National Grid (PL)	Closed
0803	05/08/21	3.	National Grid (PL) to look liaise with the CDSP to finalise the supporting ROM (in light of the changes to the Proposal) in time for consideration at the next Workgroup meeting.	National Grid (PL)	Carried Forward due 07/10/21

0901	07/09/21	1.3	National Grid (PL) to confirm, within stage 2 of a Gas Deficit Emergency (GDE) what the sequencing of the direction is, from the Network Emergency Coordinator NEC to direct supplies from storage compared to supplies from Interconnector input.		Pending due 07/10/21
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