

**UNC Workgroup 0808 Minutes
Reverse Compression
Thursday 23 June 2022
via Microsoft Teams**

Attendees		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Adrian Symons	(AS)	CNG Services Ltd
Andy Clasper	(AC)	Cadent
Ben Hanley	(BH)	Northern Gas Networks
Ben Mulcahy	(BM)	Northern Gas Networks
Claire Louise Roberts	(CLR)	ScottishPower
Clare Manning	(CM)	E.ON Energy
David Mitchell	(DM)	SGN
Hursley Moss	(HM)	Cornwall Insight
Joel Martin	(JM)	SGN
John Baldwin	(JB)	CNG Services Ltd
Kate Lancaster	(KL)	Xoserve
Louise Hellyer	(LH)	Totalenergies Gas & Power
Mark Jones	(MJ)	SSE
Oorlagh Chapman	(OC)	Centrica
Richard Pomroy	(RP)	WWU
Rhys Kealley	(RK)	British Gas
Steve Mulinganie	(SM)	Gazprom
Tim Davis	(TD)	Barrow Green Gas
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0808/230622>

The Workgroup Report is due to be presented at the UNC Modification Panel by 18 August 2022.

1.0 Introduction and Status Review

1.1. Approval of Minutes (26 May 2022)

The minutes from the previous Workgroup were approved.

1.2. Approval of Late Papers

There were no late papers to consider.

1.3. Review of Outstanding Actions

0501: DNs to provide justification for an Authority Direction Governance route based on v1.0 of the Modification

Update: Deferred to July. **Carried Forward.**

2.0 Initial Discussion

Tim Davis (TD) gave a brief overview of the status of the Modification, and confirmed that discussions have been held with Scotia Gas Networks (SGN) to assist with the production of the Legal Text, which had resulted in some subsequent questions for the Workgroup to consider.

3.0 Legal Text Questions

The Workgroup discussed each of the questions raised. The following outlines the questions raised, a summary of the areas discussed and any conclusions:

If gas exits the DNO's network for reverse-compression (i.e. it leaves the Total System) who is responsible for that (and for subsequent redelivery)?

TD clarified that if gas exits the DNO network to supply the compressor it will reverse back into the system. The party responsible for this is not the DNO; it would be the owner/operator of the compressor facility. It was noted that the gas going back into the system could be metered if necessary, and this could be captured within the Modification. John Baldwin (JB) assured the Workgroup that gas going out and back in again would be monitored.

Who decides when the Reverse Compression Facility (RCF) is operational and the quantities to be subject to reverse-compression (and what are the timescales for that)?

TD clarified this would be captured within the operating procedures.

The Workgroup considered the connection obligations and if there would be a need for a GT Licence and consideration of CSEP arrangements. TD confirmed there would be no other connections, therefore there would be no need for a GT licence for the network. JB explained that a Biomethane plant needs to connect to the grid but a biomethane plant has no specific need to be linked to this reverse compression facility.

Tracey Saunders (TS) enquired about the likely number of sites and about the ability to use the facility for storage. TD confirmed there will be around 20 sites and JB clarified that it is not feasible to use the facility for storage as it would need to be long-term storage.

How is a third party owned RCF classified for the purposes of TPD Sections I and J?

The Workgroup considered the reverse compression facility (RCF) classification.

The Workgroup considered the associated CDSP arrangements, TD clarified the classifications would be captured within an operational document.

It was anticipated the 3rd party RCF would not be classified as a supply point so the arrangement would not be included within TPD Sections I and/or J.

Ben Hanley (BH) understood if the RCF transfers to 3rd party ownership this would be classified as an exit and entry. It was clarified that the assumption is that the 3rd party continues to both own and operate the facility.

The Workgroup considered the option of pipeline adoption and managing the process applying exit and entry point charges. However, TD expressed the seeking of a level playing field with an ability for 3rd parties to have access to Reverse Compression in the same manner as the DNOs currently have.

Richard Pomroy (RP) explained that there are Gas Act obligations to measure the Calorific Value (CV), if gas is leaving and entering the system. It was noted that if Ofgem direct that the CV needs to be measured then this will be managed by the developer/owner of the Reverse Compression Facility.

What arrangements (e.g. operational, information flows) are needed between the DNO and the owner of the RCF? Where will these be set out of the available options?

TD clarified this would be captured within the operational document. The type of arrangements will be set out in the ancillary agreement to capture the information flows between the DNO and the operator/owner.

JB stressed that if, for example, a DNO requirement would be to have a meter, then because the RCF can only go ahead with an agreement, a meter would then be needed.

JB also confirmed the Entry Forum will be engaged with the process.

It was noted by JB that for Reverse Compressions Facilities to work the GDNs/DNOs will have to want to be involved. If agreements with the DNO cannot be reached (managing the proposed arrangements by ancillary agreements/network entry agreements), the operators/owners will not want to invest in the required set up. JB wanted to work with GDNs to agree/manage Reverse Compression Facilities with no specific licence obligation to promote biomethane.

The Workgroup debated the need to promote successful biomethane markets, achieving net zero and the need to assess the ability to manage Reverse Compression Flows to contribute to industry development. It was agreed the assessment should focus on whether the Modification was implementable rather than evaluating views if it's a good idea or not.

The Workgroup noted the current relevant objectives do not include net zero, but that net zero should fit into all relevant objectives as it is an overarching goal.

The Workgroup considered the potential for leakage and how this would be treated. The GDN Shrinkage model and Unidentified Gas were both considered.

Following further consideration on the potential need for a GT licence, it was deemed that a GT licence was not required. It was agreed there were no GT licence conditions as they were not relevant. However RP suggested the Workgroup should consider for the combined entry/exit agreement, if the service takes on another connection, the arrangement would be terminated.

The Workgroup considered how to address any concerns relating to a breach of the Gas Act, License Conditions / Safety Aspects. It was agreed that any breach would simply result in a termination of the agreement as an arrangement cannot be permitted if it would lead to a contravention.

How is any gas consumed by the RCF treated?

TD clarified this would be captured within the defined documents.

Are there any GT licence considerations?

TD clarified this would be captured within the defined documents.

The agreement envisaged between the GDN and the owner of the transportation recompression asset is an obligatory document for operators of the transportation recompression asset to execute, and must be executed before development works are commenced.

The Workgroup considered the management of the process using Connection Agreements and Operating Procedures and signing agreements before physical gas flow.

Asset obsolescence risk sits with the transportation recompression asset owner; no requirement on GTs for the existence of the transportation recompression assets to determine their approach to network planning, network operation, network development etc activities.

No response required.

Any potential billing and finance impacts should be discussed by the workgroup and included in the solution for clarity as necessary.

TD confirmed there will be no billing or financial impacts.

The Workgroup considered what parameters should be in the agreement documents and the operating procedures. It was recognised that the rules are in the UNC of what must be in the NExA and that the NExA is a bilateral agreement between the DNO and operator.

It was agreed that the DNOs should provide a list of what is likely to be needed in the agreement documents.

New Action 0601: DNOs to supply list of mandatory items for ancillary agreements and items which that may be in an ancillary agreement.

Governance

The Workgroup considered whether the Modification should be treated as a Self-Governance Modification or Authority Direction. Some Workgroup Participants believed Authority Direction should be sought. However, TD explained that as the charging concept for charging net flow is already in the code, that this could be treated as a Self-Governance Modification.

4.0 Next Steps

It was anticipated that the Modification would need to be amended to capture the mandatory requirements for the RCF within the UNC, and the text would need to be updated to reflect this.

It was suggested based on discussions that it would be feasible to draft the legal text and insert a suitable table of the mandatory requirements which would allow the Workgroup to be concluded at the July meeting.

The agreed next steps were for:

- DNOs to supply list of mandatory items for ancillary agreements and items which that may be in the list
- TD to provide an Amended Modification
- SGN to produce Legal Text for review at the July meeting.

5.0 Any Other Business

None raised.

6.0 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
Thursday 10:00 28 July 2022	5pm 19 July 2022	Microsoft Teams	Review of Legal Text Conclusion of Workgroup Report

Action Table (as at 23 June 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	26/05/22	3.0	DNOs to provide justification for an Authority Direction Governance route based on v1.0 of the Modification	DNOs	Pending
0601	23/06/22	3.0	DNOs to supply list of <u>mandatory</u> items for ancillary agreements and items which that <u>may</u> be in an ancillary agreement.	DNOs	Pending