

**UNC Workgroup 0808 Minutes
Reverse Compression
Thursday 24 November 2022
via Microsoft Teams**

Attendees		
Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Andy Clasper	(AC)	Cadent
Ben Hanley	(BH)	Northern Gas Networks
Ben Mulcahy	(BM)	Northern Gas Networks
Clare Manning	(CM)	E.ON
David Addison	(DA)	CDSP
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Emma Buckton	(EB)	Northern Gas Networks
Guv Dosanjh	(GD)	Cadent
Hursley Moss	HM	Cornwall Insight
Joel Martin	(JM)	SGN
John Baldwin	(JB)	CNG Services Ltd
Kathryn Adeseye	(KA)	Xoserve
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mark Field	(MF)	Sembcorp
Mark Jones	(MJ)	SSE
Nick King	(NK)	CNG Services
Oorlagh Chapman	(OC)	Centrica
Philip Kershaw	(PK)	CNG Services
Richard Pomroy	(RP)	Wales & West Utilities
Steve Mulinganie	(SM)	SEFE Energy Limited
Tom Stuart	(TSt)	Wales & West Utilities
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0808/241122>

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 January 2023.

1.0 Introduction and Status Review

1.1. Approval of Minutes (27 October 2022)

Andy Clasper (AC) noted an amendment to the minutes for 27 October which will be processed and re-published. In particular, he noted in the minutes:

“Andy Clasper (AC), Cadent, advised Cadent are comfortable with option 3 at the moment and would like to see a transitional period included in any ancillary agreement.”

AC advised of the correct wording:

*“The Cadent position is that they are **not** supportive of option 3 as currently drafted and would prefer interim ‘time limited’ arrangements (similar to a trial) for all parties to assess the impacts of the initial connections.”*

The minutes will be amended and republished.

1.2. Approval of Late Papers

RH noted the draft Strawman submitted by SGN is considered a late paper. Workgroup agreed to consider the material.

RH also requested Workgroup permission to only consider Modifications reporting to January 2023 UNC Panel at the meeting being held on Monday 12 December 2022 noting that for this Modification in particular, Workgroup only have this meeting and the December 2022 meeting to consider the amendments needed to the Modification, Legal Text and completion of the Workgroup Report. Workgroup agreed.

1.3. Review of Outstanding Actions

0106: DNOs to supply list of mandatory items for ancillary agreements and items which that may be needed in an ancillary agreement.

Update: David Mitchell (DM) confirmed this is covered in the Strawman provided for consideration. **Closed**

0110: Proposer to make appropriate amendments to the Modification based on Workgroup discussions held 27 October 2022.

Update: It was confirmed that amendments to the Modification will be formalised once the Strawman has been reviewed by Workgroup. **Carried Forward**

0210: Networks to work collaboratively on the business rules for the ancillary agreement and the Code update.

Update: DM confirmed the Strawman has been shared with the other Distribution Networks and there has been some collaboration. Guv Dosanjh (GD) advised that Cadent provided feedback but that does not mean all Distribution Networks are endorsing or supporting the Modification. **Closed**

2.0 Amended Modification

RH provided a view of the Strawman submitted by DM (SGN) and invited DM to walk through the detail.

Where there was specific interaction regarding the document with Workgroup, this has been captured within the minutes, a full copy of which is published here: <https://www.gasgovernance.co.uk/0808/241122>.

Joel Mitchell (JM) clarified the document has been drafted on the basis it is an IGT (Independent Gas Transporter) Licence holder that is owning and operating the Reverse Compression asset and is based on Option 3 of the following previously considered options:

1. GDN (Gas Distribution Networks) provide Reverse Compression as per Cadent Doncaster which will provide capacity in an exceptionally large area that has a common 7 bar pipeline.
2. GDN provide Reverse Compression but with the Reverse Compression adopted under a self-transmission pipelines).
3. **An IGT owns and operates the Reverse Compression.**

For the Modification to progress, DM advised that 2-stages have been identified:

Stage 1 Pre connection activities (established in the GDN 4B Connection's statement):

Pre-connection activities covered under a Network Connection Agreement including a requirement for a chargeable capacity study to establish whether (a) the proposed location of the reverse compression asset is suitable and (b) whether alternate options are viable/more suitable for the project.

Workgroup Comments:

John Baldwin (JB) clarified, in terms of the Proposer, he is happy with the detail as a way forward for the Modification.

Stage 2 Enduring arrangements agreement (established in the UNC via the IGTAD (Independent Gas Transportation Arrangements Document))

Enduring arrangements between the IGT and the Gas Distribution Network (GDN) covering the operation of the reverse compression asset. This would be a UNC referenced agreement setting out baseline requirements for this agreement.

An enduring requirement for the GDN to consider the operation of the reverse compression asset in relation to the strategic development of the network including any new (additional) interacting entry connections.

DM provided a walkthrough what would be included as part of the enduring arrangements and noted there may be some overlap but felt it was important to highlight them into Stage-2. These points would be placed into the UNC and labelled as “NERA” Network Exit and Re-Entry Agreement.

Point 6

Under the Modification Proposal gas will leave the GDN network into an IGT network therefore this will need to be recognised in the UNC (IGTAD) to allow gas to exit and re-enter the network via the IGT’s pipeline. This will need to be reflected in the modification as this will discharge the title and risk for the gas passing from the GDN to the IGT party and back to the GDN.

JM confirmed, legally, it is the Network’s gas, the risk is with the Transporter whilst it is being moved, there should be no gas volume change between entry and exit. Is there likely to be any gas losses in terms of reverse compression? JB confirmed there should not be any losses under normal operation and that no gas is going to be burned off.

Richard Pomroy (RP) noted it would be IGT Shrinkage which would have to be accounted for.

JM also clarified, if it was considered there were any losses, however tiny, the AUGE (Allocation of Unidentified Gas Expert) would have to consider if it was worth including in any UIG (Unidentified Gas).

When RP noted the Licence would need to carve out any additional connections, JB clarified, in the IGT scenario there would be no connections.

Nick King (NK) suggested there should be a comparison between the operating agreement and what is currently in the IGTAD. He clarified that the IGTAD sets out what was in the old CSEP NExA and thinks it is worth confirming there are no clashes between the two documents.

New Action 0111: Proposer (TD) to confirm there is no overlap or duplication with IGTAD.

RP advised, in the Code, under NExA (Network Exit Agreement) and NEA (Network Entry Agreement) a NExA must contain and may contain various elements. JM clarified this would refer to Stage 2 and will be called a Network Exit and Re-entry Agreement (NERA).

DM confirmed he would like to see reference to Stage 1, and parts of Stage 2 put into the Modification Business Rules.

GD noted that some Panel Members suggested that a longer extension for the Modification reporting date beyond January 2023 may be more realistic, with the opportunity to report to Panel earlier, based on the IGT Licence changes applied for.

Tracey Saunders (TS) noted a question she raised at Panel: Can this Modification be finalised with Legal Text before the IGT licence can be awarded, and how is this being managed?

It was explained that each IGT Licence can be different and with this Modification being for a specific function, there needs to be a carve out in the IGTAD to facilitate this different type of IGT scenario.

TS also noted that the IGTA is written on the basis that IGTA are exit only and RH suggested that the Legal Text should reflect that.

Review of Panel Questions

- Consequential impact on upstream metering
This has been briefly covered as part of Workgroup discussions. JB confirmed there is no impact.
- Clarification of who would operate the installation and thus whether it is part of "the network"
It was confirmed this has been covered as part of the solution definition in the Modification.
- What are the charging implications?
When discussed, it was suggested there could be charges associated with the Stage 1 process (4b) where capacity study is a chargeable activity, but these charges will be covered by the 4b statement as part of the Stage 1 activities. It was agreed there are no Transportation charging implications to be included in the Modification .

3.0 Review of Legal Text

The Legal Text will be drafted once an amended Modification has been published.

4.0 Completion of Workgroup Report

The Workgroup Report will be drafted once an amended Modification has been published.

5.0 Next Steps

RH confirmed the Workgroup Report will be created once an amended Modification has been published. The amended Modification needs to be published by close of play Monday 28 November 2022.

Post Meeting Note:

Version 2.0 of the Modification has now been published.

A formal request for Legal Text will be completed at the December 2022 UNC Panel.

6.0 Any Other Business

7.0 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
Monday 10:00 12 December 2022	5pm 01 December 2022	Microsoft Teams	Standard Agenda

Action Table (as at 24 November 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0106	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	Closed
0110	27/10/22	2.0	Proposer to make appropriate amendments to the Modification based on Workgroup discussions held 27 October 2022	Proposer	Carried Forward
0210	27/10/22	2.0	Networks to work collaboratively on the business rules for the ancillary agreement and the Code update.	Networks	Closed
0111	24/11/22	2.0	Proposer (TD) to confirm there is no overlap or duplication with IGTAD.	Proposer (TD)	Pending