

UNC Workgroup 0848S Minutes Alignment of Entry and Exit Capacity Constraint Management Provisions

Thursday 06 July 2023

via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	SEFE Energy
Alex Nield	(AN)	Storengy
Alison Tann	(AT)	National Gas Transmission
Andrew Blair	(ABI)	Observer
Anna Shrigley	(AS)	ENI
Carlos Aguirre	(CA)	Pavilion Energy
Edd Green	(EG)	E.ON
Emma Buckton	(EB)	Northern Gas Networks
Hannah Reddy	(HR)	Xoserve
James Lomax	(JL)	Cornwall Insight
Jeff Chandler	(JCh)	SSE
Joseph Leggett	(JLe)	Interconnector
Joshua Bates	(JB)	National Gas Transmission
Julie Cox	(JCs)	Energy UK
Kirsty Appleby	(KA)	National Gas Transmission
Lauren Jauss	(LJa)	RWE
Marion Joste	(MJ)	ENI
Mariachiara Zennaro	(MZ)	Centrica
Nick King	(NK)	CNG Services
Nick Wye	(NW)	Waters Wye Associates
Ofordi Nabokei	(ON)	National Gas Transmission
Paul O'Toole	(PO)	Northern Gas Networks
Phil Hobbins	(PH)	National Gas Transmission
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy
Terry Burke	(TB)	Equinor
Tim Davis	(TD)	TD Energy
<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: https://www.gasgovernance.co.uk/0844/010623.</i></p>		

1.0 Introduction and Status Review

1.1. Approval of Minutes (01 June 2023)

The minutes were approved.

1.2. Approval of Late Papers

There were no late papers.

1.3. Review of Outstanding Actions

None to review

2.0 Amended Modification

In the absence of the Proposer (Phil Lucas), Phil Hobbins(PH) provided an overview of the minor amendments to the language used throughout the Modification which are clearly marked in the Draft Amendments for Workgroup Review document published on the meeting page here: www.gasgovernance.co.uk/0848/060723.

Legal Text

PH explained a new paragraph will be added to TPD Section B – System Use and Capacity 3.8.8 which will clarify that NGT shall be able to apply and take such steps as are in accordance with the System Management Principles Statement to manage an exit capacity constraint similar to the provisions relating to an entry capacity constraint.

This will mirror the existing rules for Exit.

3.0 Development of Workgroup Report

Referring to the commentary provided for inclusion in the Workgroup Report, Julie Cox (JCx) noted that much of the subject matter has been discussed at previous meetings and the principle of the hierarchy of governance is that the higher document in the hierarchy prevails.

JCx advised that one of the challenges being made here is in relation to the apparent inconsistencies in the Licence, for example, where there are requirements and obligations for NGT to release capacity but also an obligation to establish a capacity release methodology.

The other challenge is in relation to the principles of governance. This Modification, in particular, refers to documents that sit below the UNC (in terms of hierarchy), but because they are also called up in the Licence there is no mechanism for Shippers to propose changes so in effect, they sit at a higher level than UNC.

It was noted that, historically when Shippers have wanted to change the Exit Capacity Release methodology, a Modification has had to be raised.

Nick Wye NW agreed with the comments made by JCx and noted that the UNC is the principal contract, the conflict with a supporting document is that it should be referring to the UNC rather than the other way around.

Workgroup provided positive support to the points made by JCx.

EF proposed to include the wording (of the published note) in its entirety in the Workgroup Report noting this is a feature that is broader across the governance regime.

In undertaking a detailed onscreen review of the draft Workgroup Report, EF noted amendments in-line with the feedback provided by those Workgroup participants in attendance.

Section 6 – Impacts & Other Considerations:

Impact of the change on Consumer Benefit Areas

JCx advised there is commentary addressing this section in her published document and noted that *the Impact of the change on Consumer Benefit Areas* is at best uncertain in respect of the improved quality of service. A counter to the proposer's positive view of withholding capacity for sale at the day-ahead stage is that it may be identified later on as a bad decision. It may result in overrun revenue because not selling capacity does not stop Users from flowing so the effect on consumers' bills may not be positive.

Lauren Jauss (LJa) noted that restricting capacity release is set out in the System Management Principles Statement as the right thing to do as it should encourage the right behaviours, however, she does not believe it is the right thing to do because it may result in more inefficient arrangements.

PH advised that the *Lower bills than would otherwise be the case* section suggests this MAY result in additional costs of System Operation and recognises this is a National Gas Transmission view only. If that is the expectation the consequence of releasing more capacity would mean NGT would have to buy back, at a premium.

Alison Tann (AT) reiterated comments made by PH advising, in reality, National Gas Transmission would not withhold exit capacity unless there is a very clear prospect there would be a problem, otherwise, capacity will be released. In the event that something changes operationally, National Gas Transmission would withhold capacity but only if it is forecasting that pressures in the system will not be safe.

A Workgroup Participant noted that the section *Improved Quality of Service* has been listed as positive but National Gas Transmission has earlier said this Modification will not change anything and the narrative in the Modification should therefore be neutral.

Relevant Objectives

JCx suggested that certain parts of her commentary can be set against this section and Workgroup can then agree or disagree with the comments.

Steve Mulinganie (SM) noted that Relevant Objective f) has not been set as positive by the proposer. JCx suggested this Relevant Objective should be listed as negative as this Modification is undermining Code so cannot be positive. It is saying that Code is a lesser document than we all thought it was.

When SM asked the Proposer to provide some narrative for Relevant Objective f), PH noted it is for Workgroup participants to identify any Relevant Objective impacts, whether they are positive or negative. EF proposed to insert the Workgroup commentary even if the Proposer had not specifically identified this relevant objective in the Modification justification.

4.0 Next Steps

- Proposer to formally submit an amended Modification.
- Chair to amend, in line with discussions, and publish the draft Workgroup Report for Workgroup to review ahead of the next 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	Programme
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10:00 Thursday 03 August 2023	<i>5 pm Wednesday 26 July 2023</i>	Microsoft Teams	Review of Legal Text Completion of Workgroup Report
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0848S Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
No outstanding actions						