

UNC Workgroup 0714 Minutes
Amendment to Network Entry Provision at Perenco Bacton terminal
Thursday 02 April 2020
Via Teleconference

Attendees		
Lorraine O'Shaughnessy Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Alan Raper	(AR)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Neild	(AN)	Storengy
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
David Adlam	(DA)	Cadent
Debra Hawkin	(DH)	TPA Solutions
Emma Buckton	(EB)	Northern Gas Networks
Hilary Chapman	(HC)	SGN
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KN)	ESB
Kamla Rhodes	(KR)	Conoco Phillips
Lea Slokar	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid
Ritchard Hewitt	(RH)	BBLC
Steven Britton	(SB)	Cornwall Energy
Terry Burke	(TB)	Equinor
Tracy Brogan	(TBr)	Neptune Energy
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0714/020420

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2020.

1.0 Introduction and Status Review

1.1. Approval of Minutes (05 March 2020)

The minutes from the previous meeting were accepted.

2.0 Amended Modification

Loraine O'Shaughnessy (LOS) invited Tracey Brogan (TBr) to provide an update of the amended Modification V3. She advised the change is due to it being a temporary time-limiting arrangement.

The Modification was previously assessed as requiring Authority Direction due to potential competition impacts as, subject to HSE approved exemption to GS(M)R being granted, gas with Wobbe Index below the existing lower limit could flow to all downstream connected parties. The effect of this amended Modification on competition is no longer deemed material due to the restricted time period it applies for, and, that non-compliant gas will also not reach consumers or downstream connected parties.

Nick Wye (NW) asked if the changes are being made to the point at which the measurement of the quality of gas is taken. PH confirmed that the proposal does not change the point at which gas quality measurements are taken. TBr advised under normal circumstances this would be above 47.2 MJ/m³, the gas can still flow to the National Grid terminal, the pipework is suitable enough that other gas streams can come in at the earliest opportunity. National Grid will only allow this if they have sufficient gas to blend it with.

Phil Hobbins (PH) added, from National Grid's point of view, they are trying to design a solution in conjunction with Neptune and Perenco, of which there are three possible scenarios:

1. Gas within 47.2 MJ/m³ and 50 MJ/m³ normal rules apply
2. Below 46.5 MJ/m³ subject to Perenco process as usual
3. Input from 46.5 MJ/m³ and 47.2 MJ/m³ for a 40 days period proposing gas will be accepted by National Grid provided that National Grid are confident there is other gas entering at Bacton at that time so that it can be blended within the National Grid terminal, and that there is no increased risk of National Grid customers receiving non-Gas Safety (Management) Regulations (GS(M)R) compliant Gas.
 - a. For this scenario, there would be a need to establish a detailed operational arrangement with Perenco, which could be setup in advance, which operational teams at Bacton could refer to.

NW asked a question relating to the blending, PH explained that the blending of the gas up to the GS(M)R limit would be completed within the National Grid terminal rather than up stream, the point of GS(M)R compliance is therefore moving further into the National Grid terminal.

Ritchard Hewitt (RH) stated that the difference between the current situation and that proposed in the modification is that currently, National Grid seeks to act to curtail gas flows into its terminal before any non-GS(M)R gas enters in any part of its network. In the case of the change proposed, non-GS(M)R gas would be allowed to enter the National Grid terminal were NG considers that such gas can be successfully blended with other gases to meet GS(M)R standards before such blended gas is delivered to customers or leaves NG's terminal. He added that, therefore under the proposed changes, if gas is not successfully blended, National Grid will have already accepted delivery of the non-compliant gas in the hope it will be blended. RH then asked the following questions, where does the non-GS(M)R related risk sit? Whose obligation is it and if the risk is not successfully managed who pays the subsequent costs?

PH clarified the obligation to deliver GS(M)R gas to customers remains with National Grid, there is no change in this obligation and what the process is currently and how it could be going forward:

Current

If National Grid identify an off-spec reading from gas quality measurement, they will instigate a Terminal Flow Advise (TFA) process for that gas to be curtailed, the frequency of measurement is every 3-4 minutes. Today it is possible that non-GS(M)R gas will get into the terminal before National Grid knows about it, but as soon as

National Grid are aware of it, they take action to mitigate the effect of that getting on to the network.

Now

Enable a solution where National Grid can facilitate the acceptance of gas below 47.2 MJ/m³, National Grid will still invoke the TFA procedure if they feel the gas cannot be blended.

RH added that part of his concern is that it needs to be clear where the obligation sits if the new arrangements fall aside, National Grid has the compensatory obligation and he does not feel this can be Self-Governance, it should be Authority Direction.

(LOS) advised that as this is an enabling Modification no UNC TPD changes are required to Legal Text. Details of this will be captured in the Workgroup Report.

Bill Reed (BR) concurred with the comments already made by RH and others and added RWE do not want gas delivered to them that is outside of GS(M)R.

LOS confirmed that all discussions will be captured in the Workgroup Report.

3.0 Development of Workgroup Report

LOS invited Alan Raper (AR) to provide an overview of the current version of the Workgroup Report and confirmed it is in line with the recently amended version of the Modification. He explained that he will update it with any suggested amendments post meeting.

RH clarified that the Modification should not be a Self-Governance Modification as the National Grid risk profile is changed by it, and their Safety Case may need amending as a result of the Modification. He suggested that the Relevant Objectives used by the Authority to judge the merits of the proposal would need to be widened as a result of the potential involvement of the HSE and any requirement for alignment between changes to NG's safety case and the implementation of the Proposal.

PH clarified that the point at which National Grid is aware of the gas quality has not changed, the difference is how National Grid operate its terminal in terms of routing flows, it is just an operational process change that is required. In terms of the Safety Case, National Grid's initial view is that the proposed changes will need HSE approval for a derogation from the current safety case, in relation to the way that National Grid manages their obligation for GS(M)R and National Grid certainly will need to inform Health and Safety Executive (HSE) about how they propose to operate during this new process. When asked when such a derogation might be in place PH confirmed that the discussion with HSE will be concluded before August.

Workgroup participants agreed that confirmation that the HSE needs to be involved reinforces that this Modification needs to be Authority Direction.

AR proceeded to provide a review of the current version of the Workgroup Report.

BR raised a concern regarding the impact on customers, he said that, if non-compliant gas gets on to the NTS the industry does not know how National Grid looks at the gas within the terminal, that is a risk.

NW suggested it would be helpful if a diagram showing where monitoring of gas quality by National Grid takes place could be included in the Workgroup Report. AR advised that this had been included in the Workgroup Report.

BR wanted to know what specific mitigations National Grid are putting in place at the Exit Points within the National Grid terminal, to ensure that the gas has been blended. PH advised that he would provide a description of what these mitigations will be.

New Action 0401: *What specific mitigations National Grid are putting in place at the Exit Point of the terminal, after the gas has been blended.* PH to provide a description of what these mitigations will be.

RH requested that legal text for the proposal should include details of the processes / procedures that NG are proposing to put in place to ensure that this gas is blended since the delivery of compliant gas to customers will be dependent on these processes.

PH confirmed the service that National Grid will provide, in order for this Modification to be supported, does not need to be captured in UNC as it is only a temporary arrangement.

It was agreed the Workgroup Report should incorporate the operational arrangements National Grid are considering putting in place, PH advised that this will be a bi-lateral agreement between National Grid and Perenco.

Workgroup agreed that a 1-month extension should be requested at the April UNC Panel in order to review outstanding actions.

AR asked if anyone had any fundamental disagreement with how National Grid are responding to this particular request.

Anna Shrigley (AS) sought clarity as to whether National Grid's approach would involve any significant contractual changes with Shippers. PH confirmed that no changes contractually with Shippers would be required. On those grounds AS supports the approach.

BR also supported the approach, however, raised that he would be concerned if the proposed arrangements became an enduring service and the costs that this might subsequently be incurred.

New Action 0402: National Grid (PH) to Confirm how HSE discussions are progressing

4.0 Review of outstanding actions

Action 1203: Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.

Update: This action has been ratified with the production of the amended Modification. **Closed**

Action 0203: Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.

Update: This has been ratified by the production of the amended Modification. **Closed**

Action 0204: Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion within the Workgroup Report.

Update: The resolution of this action was completed during agenda item discussions. **Closed**

Action 0205: National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.

Update: PH advised this action can be closed; National Grid are in touch with all Stakeholders in respect of this proposal. **Closed**

5.0 Next Steps

LOS summarised the next steps:

- Request a one-month extensions at the April UNC Panel meeting.
- Finalise the Workgroup Report

6.0 Any Other Business

None.

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	Venue	Workgroup Programme
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Action Table (as at 02 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1203	05/12/19	1.3.4	Neptune Energy/Centrica (TB) to contact Ofgem to ascertain if there was a requirement for them to undertake an Impact Assessment.	Neptune Energy/Centrica (TB)	Closed
0203	06/02/20	1.0	Neptune Energy/Centrica (TB) to provide a proposed solution to cover the outage period.	Neptune Energy/Centrica (TB)	Closed
0204	06/02/20	2.1.2	Joint Office (AR) and National Grid (PH) to clarify the nature & extent of conversations between the affected parties for inclusion within the Workgroup Report.	Joint Office (AR) & National Grid (PH)	Closed
0205	06/02/20	2.1.2	National Grid (PH) to contact IUK and BBL, from a commercial Stakeholder perspective, regarding the potential impacts of the proposed change at the Bacton Terminal.	National Grid (PH)	Closed
0401	02/04/20	3.0	<i>What specific mitigations National Grid are putting in place at the Exit Point of the terminal, after the gas has been blended.</i> PH to provide a description of what these mitigations will be.	National Grid (PH)	Pending
0402	02/04/20	3.0	National Grid (PH) to Confirm how HSE discussions are progressing	National Grid (PH)	Pending