

**UNC Workgroup 0860S Minutes**  
**Clarify impact of exit capacity holdings on offtake rights**  
**Thursday 06 June 2024**  
**via Microsoft Teams**

<b>Attendees</b>		
Eric Fowler (Chair)	(EF)	Joint Office
Niamh Holden (Secretary)	(NH)	Joint Office
Adam Bates	(AB)	SEFE Marketing & Trading
Alex Nield	(AN)	Storengy
Amy Howarth	(AH)	Storengy
Amy Rawding	(AR)	Northern Gas
Ash Adams	(AA)	National Gas Transmission (NGT)
Ben Stodel	(BS)	Perenco
Christiane Sykes	(CS)	Shell Energy
Chris Wright	(CW)	Exxon Mobil
Conor McClarin	(CM)	National Gas Transmission (NGT)
Francois Gonsior	(FG)	European Commodity Clearing AG
Gavin Williams	(GW)	National Gas Transmission (NGT)
Hannah Reddy	(HR)	Corella on behalf of Xoserve
Jackie Atterton	(JA)	PX Limited
James Lomax	(JLo)	Cornwall Insight
Jospeh Leggott	(JL)	Interconnector
Julie Cox	(JCo)	Energy UK
Lauren Jauss	(LJ)	RWE
Mariacharia Xennaro	(MX)	Centrica
Matthew Brown	(MB)	Ofgem
Michael Crowley	(MC)	Gas Networks Ireland
Malcolm Montgomery	(MM)	National Gas Transmission
Nicholas Ridley	(NR)	Ancala Midstream Acquisitions Limited
Nick King	(NK)	CNG Services
Nick Wye	(NW)	Waters Wye
Nicola Lond	(NL)	National Gas Transmission (NGT)
Nigel Sisman	(NS)	Sisman Energy Consultancy Ltd
Ofordi Nabokei	(ON)	National Gas Transmission (NGT)
Phil Lucas	(PH)	National Gas Transmission (NGT)
Ricky Hill	(RH)	Centrica
Ritchard Hewitt	(RHe)	Hewitt Home and Energy Solutions
Richard Selman	(RS)	Ancala Midstream Acquisitions Limited
Shiv Singh	(SS)	Cadent
Steve Mulinganie	(SM)	SEFE Energy
Steve Pownall	(SP)	Corella on behalf of Xoserve
Tim Gwinnell	(TG)	South Hook Gas

*The Workgroup Report is due to be presented at the UNC Modification Panel by 18 July 2024.*

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*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/0860/060624>.

## 1. Introduction and Status Review

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

### 1.1. Approval of Minutes (02 May)

EF advised that clarification had been provided in relation to the discussion within the Legal Text Review in the previous set of minutes and a change-marked set of minutes had been published on the Joint Office website. No further amendments were proposed

### 1.2. Approval of Late Papers

EF advised that the drafted Legal Text and explanatory table were late papers, noting that this was due to an administrative error in allocating the drafting.

### 1.3. Review of Outstanding Actions

**0501:** Lauren Jauss (LJ) to provide JO with an amended version of the Modification.

**Update:** LJ provided an overview of the amended Modification provided to JO and the changes made. LJ explained that the purpose of the Modification is to clarify that users who don't hold capacity, don't have increased risk of not being able to offtake gas from the system.

LJ advised that the amended Modification was now believed to be a material change and therefore has been changed from Self-Governance to Authority Direction.

There are two new Business Rules, the first one being to clarify the intention that capacity holdings should be thought of as financial instruments against overrun charges. The second clarifies that a user's entitlement to offtake gas shouldn't be affected by their exit capacity holdings.

LJ explained that there were three key elements of the amended Modification. The first was in relation to OPNs and the removal of the restriction on users which stops them from submitting an OPN where the offtake rate exceeds 1/24 of their capacity holding for a day, LJ noted that users would then rely on the Network Exit Provisions to determine to maximum permitted rate.

The second element was to clarify the circumstances in which the Transporter can instruct a user to reduce or limit their offtake of gas and whether this would only be in accordance with Section Q emergencies. LJ explained that NGT had advised that if the maximum permitted rate was determined by The Network Exit Provisions, then it is appropriate for this also to be a circumstance in which they can instruct a user to reduce their offtake.

The third element was to remove the text that relaxed the obligation on Transporters to make gas available, as this had no impact on the user.

**Action: Closed.**

## 2. Legal Text Review

Phil Lucas (PL) took the Workgroup through the drafted Legal Text, explaining that it intends to address the 4 business rules within the Modification.

### Business Rule 1 and 2

PL explained that the maximum permitted rate set out in the Code, in Section J 3.10.2, is set according to a user's capacity holding for NTS exit capacity. PL explained that BR2 attempts to define the maximum permitted rate by reference to the applicable Network Exit Provisions, in order to do this paragraph 3.10.2 of Section J must be amended.

The drafted Legal Text proposes to amend 3.10.2 (b) to:

*'an NTS Supply Point or a NTS Connected System Exit Point, is the rate specified in or determined by reference to the measurement provisions contained in the Network Exit Provisions as being the maximum flow rate.'*

PL explained that as the Proposer advised that this also applies to NTS/LDZ offtakes, the intention is to also amend the text of Section J 3.10.2 (a) in the same way, so that it applies to these offtakes.

Steve Mulinganie (SM) questioned whether the Business Rules would be amended to include the clarity provided by the Legal Text. PL believed that this was the intention, noting he had a discussion with the Proposer and provided some suggested amendments to the Business Rules.

### Business Rule 3

PL advised that the UNC is clear on the requirement for OPNs to not exceed a user's permitted offtake rate discussed in BR3.

In order to address this BR, the drafted Legal Text proposes to continue to reference '*Permitted Offtake rate*' within paragraph 4.5.2 of Section J, recognising that this is the rate as amended in 3.10.2 (b). PL advised that further clarification was also required in relation to what the OPN should include, suggesting the following addition to paragraph 4.5.2: '*and represent the User's best estimate of the rates of offtake at the time the notice is given*'.

### Business Rule 4

PL explained that BR4 was in relation to the reduction or discontinuance of the offtake of gas at Exit Points, noting that this had been addressed in the Legal Text through the addition of paragraph 4.2.2 of Section J:

*'Except where permitted to do so pursuant to Section Q, a Transporter shall not be entitled to require any reduction or discontinuance in the offtake of gas by the Relevant User at a NTS Supply Point or NTS Connected System Exit Point other than in accordance with paragraph 4.2.1.'*

SM noted that the context of the BR4 is that it is reasonable to exceed the volume in the agreement but only in limited circumstances and queried whether it would only be in those circumstances that the BR would apply, querying whether LJ was comfortable with the proposed text. LJ advised that it applies to any requirement pursuant to paragraph 4, 5, 6 or 7 of the Network Exit Provisions and confirmed that she was comfortable with proposed Legal Text.

PL advised that because the Modification has now been amended to require Authority Direction, the Implementation section with the Modification would need to be revised to remove reference to the sixteen-business day implementation date following panel decision. LJ agreed that this would need to be amended.

PL noted that an avoidance of doubt statement may also needed to be added to the Business Rules to make clear that the Proposal wants this to apply to NTS/LDZ offtakes as well. LD agreed to add this to the Modification.

Please refer to the published documents for further information.

## **3. Conclusion of Workgroup Report**

EF advised the Workgroup that they were not yet at a stage to discuss the Workgroup report.

## **4. Next Steps**

- Review Version 4 of Modification
- Legal Text (if amended)
- Review of Workgroup Report

## **5. Any Other Business**

None.

## **6. Diary Planning**

0860 meetings are listed at: <https://www.gasgovernance.co.uk/0860>

All other Joint Office events are available via: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Thursday 04 July 2024	5 pm Wednesday 26 June 2024	Microsoft Teams	Review Version 4 of Modification Legal Text (if amended) Review of Workgroup Report

0860S Workgroup Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0501	02/05/24	2.0	Lauren Jauss (LJ) to provide JO with an amended version of the Modification	June 2024	LJ	Closed