IGT UNC 23-09 Modification Workstream Meeting

Final Minutes

Thursday, 14th September 2023 via Teleconference

Attendee	Initial	Organisation	Notes
Anne Jackson	AJ	Gemserv	Chair
Charlotte Gilbert	CG	BUUK	Present for items 5, 8, 9, 10
Cher Harris	CH	Indigo Pipelines	Present for items 5, 6, 7, 8, 9, 10
Claire Louise Roberts	CR	Scottish Power	
David Addison	DA	Xoserve	Present for items 1, 2, 3, and 4
David Mitchell	DMi	SGN	Present for items 4 and 6
David Morley	DMo	OVO	
Ellie Rogers	ER	Xoserve	
Helen Bevan	HB	Gemserv	
Jenny Rawlinson	JR	BUUK	Present for items 1, 2, 3, 4, and 6
Josie Lewis	JL	Xoserve	
Nick King	NK	Barrow Shipping	Present for items 1, 2, 3 and 4
Steve Mulinganie	SMu	SEFE Energy	Present for items 4 and 5
Stuart Monk	SMo	MUA	
Isaac Moore	IM	Gemserv	Secretariat

1. Welcome and Apologies for Absence

The Chair welcomed attendees to the meeting and no apologies were received.

2. Confirmation of Agenda

The Chair confirmed the items for discussion as outlined in the Final Agenda and asked attendees for 'Any Other Business' (AOB) items, which there were none.

3. Approval of the Previous Minutes 23-07 and 23-08

IM informed the Workgroup that comments were received on the 23-07 July Workstream minutes from CG and DMo regarding IGT165 – Independent Shrinkage Expert and Independent Shrinkage Charge. The Code Administrator presented an amended version of the minutes, which were approved as a true and accurate record of the meeting.

IM informed the Workgroup that comments were received on the 23-08 August Workstream minutes from JR and NK. NK noted an error, and the Code Administrator presented the amended version of the minutes to the Workgroup, which were approved as a true and accurate record of the meeting.

4. Outstanding Actions

IM informed the Workgroup that there were five outstanding actions as follows:

- **23/07 – 01: David Morley to provide an illustration of the shrinkage allocation calculation process for UNC0843 – Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert, in support of the IGT165 Workgroup discussion at the next Modification Workstream meeting.** The Chair noted that this action would be discussed under item 6. Action Closed.
- **23/08 – 01: Code Administrator to examine the IGT UNC to understand the way in which the concept of NExA is included in the Code.** The Chair informed the Workgroup that this would be discussed under item 8. Action Closed.
- **23/08 – 02: Stuart Monk to discuss the timetables for raising and developing an IGT UNC Modification for UNC0853 – CDSP Permissions to facilitate implementation of UNC0701 with the Code Administrator.** SMo informed the Workgroup that their Modification IGT169 was raised and presented at the August 2023 IGT UNC Panel. Action Closed
- **23/08 – 03: IGTs to consider the implications of the retrospective invoicing and to find a sponsor for Modification for UNC0836S - Resolution of Missing Messages following central Switching Service implementation and integration with REC Change R0067 and UNC0855 – Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident.** JR informed the Workgroup that they had understood that IGTs would examine their billing systems to understand if they could make retrospective adjustments. This was a manual activity which could not be paired with the automated systems. They added that it would be useful to look at the volumes involved. DA said that portfolios were sent out to the relevant Transporters. ER informed JR that the portfolios were sent on 11th August and by the Customer Experience team. The Chair asked the Workgroup if a sponsor was found for the IGT UNC Modification. DA said they expected UNC0836S to return to UNC Panel for approval under Self-Governance. They added that the Workgroup report for UNC0855 would be at September UNC Panel, with a final decision at the October UNC Panel. They added that the Authority would likely not approve this Modification until an IGT UNC Modification was raised alongside. SMu offered to sponsor the Modifications for the IGT UNC if they could work with an IGT. DA mentioned that there was no exception for IGT MPRNs from the process. JR offered to help support the development of these Modifications from an IGT perspective. The Chair asked DA to confirm if any IGT sites were included in the scope of this Modification. DA informed the Chair that since UNC0836S is a prospective Modification, it is possible that these scenarios will occur in the future. Action Closed.
- **23/08 – 04: Nick King to consult with the legal team on the need for a IGT UNC Modification to incorporate UNC0808 - Reverse Compression.** NK told the Workgroup that UNC0808 concerns gas already in the Total System, which is transported by an IGT. They added that no Shippers are involved in the process. NK then specified some differences between UNC0808 and UNC0842, which will allow gas to be put directly into a gas transporter system. These Modifications will allow the same service done by a DN to be

performed by an IGT. DMi confirmed that they and NK had spoken to the relevant legal experts. The Chair asked to confirm if the issue of risk and title was resolved. NK confirmed that DMi's legal team did not indicate that a IGT Modification was necessary. This issue was resolved. JR asked if the IGT input into the system would require a Shipper to be involved. NK said that the gas that moves under UNC0808 does not belong to a specific Shipper. DMi clarified that in the case of UNC0808, there was no need to include an IGT UNC Modification as the gas is already in the system. NK added that there is no link between the introduction of gas in the system and the action of Reverse Compression. This confirmed that an IGT UNC Modification for UNC0808 would not be necessary. The Chair asked about the plans for the next steps of the Modification. DMi said that they were in the process of developing legal drafting for UNC0842. This would hopefully be published in time for the September Distribution Workgroup. NK said they would like to have the two UNC Modifications ready to be implemented together. However, there is no deadline for the IGT UNC Modification. NK agreed to a timeline where the IGT UNC Modification would be ready to discuss at the 2023 October Workstream and presented at the IGT UNC October Panel. Action Closed.

Code Matters Arising

MODIFICATIONS

5. UNC0850 – Amendments to Allocation of Unidentified Gas Expert (AUGE) arrangements to introduce a new Residual Upstream contributor

SMi presented their slides on this Modification and reminded the Panel of the timelines of UNC0831 and UNC0831A, which would be presented at the following September 2023 UNC Modification Panel.

They noted that the conclusion from REC analysis is that Gas Theft volumes have been seriously overestimated in the past. The analysis concluded that Theft is estimated at 1.2 GWh, as opposed to 6.8GWh identified by the AUGE.

SMu informed the Workgroup of their proposal to introduce a "residual upstream contributor". CH asked if the calculation process involved in the AUGE had been examined and if there were any questions of methodology. SMu said that this was a good point and that perhaps the calculation process should be revisited. They added that there has always been a "perception of theft", without much real evidence. As theft has been considered the primary component of UIG, the theft volume has become the balancing factor.

SMu added that this Modification is seeking to challenge the standard Theft calculation procedures, as all the downstream contributors have been accounted for. Therefore, SMu plans to introduce the "upstream contributor" as a way to designate missing gas more accurately.

6. IGT165– Independent Shrinkage Expert and Independent Shrinkage Charge

Summary

DMo informed the Workgroup that there had not been substantial changes to the Modification text in IGT165 and UNC0843 – Establishing the Independent Shrinkage Charge and Independent Shrinkage Expert. They presented their slide on the payment process in response to their action.

Discussion

JR asked how an IGT would engage with the Shipper in this situation. DMi said that they were drafting the legal text for UNC0843, and they would provide an answer to the Pipeline User and Pipeline Operator relationship. ER added that they have drafted the XRN which includes both Modifications. They mentioned that they would share the ROM response with the Workgroup once it was available.

SMo asked about the additional requirements for Shippers as IGTs work at all levels of the Local Distribution Zone (LDZ). DMo said that charges would need to happen for each individual LDZ as they would have different Shippers. JR asked to clarify if two charges were being applied: to pay the Shrinkage and the Independent Shrinkage Expert (ISE). ER said that the costs of running the ISE would be handled separately. ER reminded the Workgroup that DNs cannot purchase Shrinkage for IGTs.

DMi asked if there had been any enquiries about license changes in this area. Dmo said that they had identified a change to allow GDNs to purchase gas to cover the Independent Shrinkage Charge (ISC). They added that the Authority had been informed of the need for this change if UNC0843 were to be approved.

DMo clarified the difference between Shrinkage, Un-Identified Gas (UIG) and the Independent Shrinkage Charge (ISC). All three of these would account for missing gas. The Chair asked DMo where the “Independent Shrinkage” would come from. DMo said that it would come out of UIG. SMo asked DMo where the gas was being lost from to account for the ISC. DMo said that the amount was calculated through the Shrinkage Model Error, which would be charged back to GDNs and IGTs. This charge would shrink the UIG. DMo added that the UNC ISE would have jurisdiction over the IGTs and the sites.

The Chair asked DMi how an IGT could be compelled to purchase gas to be put into the Network, and if this would be a matter under the UNC. DMo said that this would be included in the IGTAD. The Chair added that there was no visibility for compliance from the IGTs, and any shortage of gas would have to be noticed under the UNC, rather than the IGT UNC.

DMi invited IGTs to attend the UNC0843 Workgroup to have any questions answered, with the next Workgroup on 27th September 2023. DMi reminded the Workgroup of an action by the UNC0843 Workgroup to collect feedback from IGTs at the IGT UNC Workstream meeting.

The Chair said that the most important question was how the governance of the ISE and the ISC should be structured between the UNC and the IGT UNC. They added that the Solution for IGT165 would need further development in conjunction with UNC0843. The Chair reminded the Workgroup that as IGTs are party to the UNC, they would need to follow the developments of UNC0843 as well.

DMo asked about the amendments that might be necessary to IGT165. The Chair said that this would be based on the legal text provided for UNC0843. JR said that having the detail for the Shrinkage in the UNC Modification would still require more information and detail to be placed in the IGT UNC Code. They added that there are impacts which would be different between GDNs and IGTs. They agreed that this would be revisited once the legal drafting was received.

JR asked DMi if the UNC contained any text relating to the commercial arrangements on purchasing gas. They added that there could not be an obligation on IGTs to purchase from Shippers. DMo asked if National Grid performed balancing on gas to ensure that it is charged. JR said that this process was not in place for IGTs. The Chair asked DMi about what would happen in a situation in which a GDN does not purchase the gas required and trigger a shortage. DMi said that this would be a license breach for a GDN but not for an IGT.

SMo asked about engagement with the Authority on this Modification. DMo said that they had a session with the Authority, but as the Regulator they could not give a view at this time. JR asked about license changes to the IGTs to make sure that the license obligations are equivalent to ones in the UNC. They added that the Modifications could not be approved if the text mandated IGTs to purchase gas when a license change was necessary. SMo said that there is no specific license condition requiring the purchase of gas in the Codes as IGTs only transport the gas that passes through.

ER mentioned that in the UNC Section N Clause 4.1 and 4.2, there is a blueprint for placing obligations on GDNs. They added that the IGT UNC might require a similar mechanism to be drafted into the Code and to allow obligations to be placed on IGTs.

The Chair asked DMi about formulating a response to the UNC Workgroup. They mentioned that the questions were how the remedy for the identified Shrinkage could be applied in both codes going forward.

JR added that it was still unclear how the governance around the UNC and IGT UNC Modifications would play out and ensuring that the right charges for gas are attributed to the right parties. DMo said that the confidence will be given if the Authority approve UNC0843 and IGT165.

The Chair said that DMo can feed back any legal advice from the UNC Workgroup, and the assumption would be that the rules would be in the IGTAD.

Action 23/09 – 01: DMo to include drafting in UNC0843 acknowledging that an IGT might require several ISCs if they operate in several LDZs.

Action 23/09 – 02: DMo to amend UNC0843 acknowledging that the Authority might consider a license change to allow IGTs to purchase gas.

7. IGT168 - Establishing/Amending a Gas Vacant Site Process

Summary

LG gave an outline of their Modification and the connection to UNC0819 – Establishing/Amending a Gas Vacant Site Process. LG clarified that IGT sites are in the scope of the UNC0819 changes, however, LG added there are no changes to the IGT-specific Transportation charges. The Chair mentioned that the relief for vacant sites will come to Shippers through charges in the UNC. This IGT UNC Modification will put into Code the practices and procedures for a vacant site.

The Workgroup examined the Draft Modification Report (DMR) for IGT168.

Legal Text

LG reminded the Workgroup that the thinking has changed since the UNC Modification was raised, and it was discovered that an IGT UNC Modification would be required.

The Code Administrator presented the Legal Text changes for Part CI of the IGT UNC. A number sequencing error was identified in the legal drafting.

In this legal drafting, the Chair presented the legal drafting and added that a new definition for the Vacant Site Guidance Document would be added to section M. The Chair noted that the IGT UNC already points to the sections to be amended within the UNC modification, so there would not be any changes needed in the IGT UNC. Therefore, if IGT168 were to be rejected, a further IGT UNC Modification would be required to remove the intent of UNC0819 from within the Code.

LG said that the UNC Workgroup had begun the Workgroup Report drafting process and would hopefully be completed at the next Distribution Workgroup later in September 2023. The Chair suggested that the IGT UNC Workgroup revisit this Modification at the October 2023 Workstream meeting. The Workgroup agreed with this approach.

8. IGT169 – Aligning the Capacity requirements for NExA Supply Points in the UNC with Capacity requirements for LDZ CSEP Ancillary Agreement (LCAA) Supply Points under the IGT UNC (i.e. bringing Code in line UNC0701 and UNC0853)

Summary

The Chair reminded the Workgroup of the timeline of UNC0701 – Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs and UNC0853 – CDSP permissions to facilitate implementation of UNC0701. SMo gave an outline of this IGT UNC Modification. They reminded the Workgroup that UNC0701 was originally drafted as having no impact on IGTs. UNC0853 was raised to facilitate arrangements so that the CDSP could refuse Shipper requests to increase capacity outside of the allocated amounts. SMo added that it was highlighted very late in the process that an IGT UNC Modification would be necessary. The UNC Modifications would affect single MPRN CSEPs and they added that a small number of sites would be affected by these Modifications, as few IGTs have such high demand sites.

UNC0701 was approved by Ofgem and would be implemented in November 2023. ER added that a capacity reduction window had been put in place, from October 2023.

Discussion

The Chair added that the LDZ CSEP Ancillary Agreement is not a new concept in the IGT UNC. SMo outlined that the solution of the Modification would be to ensure that the CDSP is informed of an arrangement (LDZ CSEP Ancillary Agreement, LCAA) between an end user and an IGT. The CDSP would then take action on behalf of a DN or an IGT.

The Chair noted that in clause 3 of the Business Rules, the capacity constraints are in the LCAA, rather than the NExA. If the CSEP placed an additional MPRN on the site, it would be out of scope of the UNC NExA. SMo reminded the Workgroup that this Modification was only needed for single point CSEPs with only one MPRN. If additional supply points were to be added, this would fall under a separate agreement. They added that for an IGT, the LCAA would replace the role of a NExA.

SMu asked how the excess capacity is granted to a site in the past. The Chair said that this extra capacity was granted quite freely until UNC0701 was drafted. ER said that UNC0853 was set up to ensure that extra capacity cannot be taken at a level above the agreed NExA level.

ER added that nothing in the system previously prevented the CDSP from allowing the booking of capacity that is higher than the CSEP maximum. These UNC Modifications and the new IGT UNC Modification would put a cap on this. The Chair said that a CSEP total capacity should theoretically never exceed the single MPRN level. SMu said that while on paper this should be the case, there is nothing to stop the level from surpassing the MPRN maximum. The Chair reminded the Workgroup that at the 23-08 meeting, a GDN told the Workgroup that they had attempted to disconnect a CSEP because of consumption above the level agreed in the NExA.

The Chair outlined the necessary changes to the IGT UNC based on the legal provisions from UNC0701. SMu noted a discrepancy in the legal drafting in section 5.1 and 5.2. SMo suggested an “or” instead of an “and”. The Chair added that the LCAA did not have a complete definition in the IGT UNC, and that this would be added in the legal drafting.

The Code Administrator took the Workgroup through the Draft Workgroup Report and invited comments from members.

Timetable

SMo proposed that this Modification should follow the proposed timetable and be send to the Authority for decision. He also wished that the Workgroup Report be completed and that this Modification should proceed to Panel on 29th September 2023. CG and CH agreed with this approach and emphasised the importance of this Modification.

Governance

CR and CG agreed that the Modification should proceed under Authority decision. CR asked about the risk of one of the UNC Modifications not being approved. The Chair said that this was a good question as this could potentially jeopardise the approval of this Modification. They added that the

Authority has approved UNC0701 and therefore would hopefully think that IGT169 was worthy of implementation for the same reasons. Not approving this Modification could lead to issues for consumers. SMo pointed the Workgroup to a paragraph of section 3 of the Workgroup report, which outlined the consequences of not having IGT169 in place. The rest of the Workgroup agreed with this view.

The Chair noted that it was unfortunate the single MRPN CSEPs were not identified earlier in the development of UNC0701.

Solution

The Chair asked ER if they could give the specific number of sites affected by the Modification.

CR said that it would reassure parties to be able to know the exact number of sites.

ER suggested that it could be these could be written in as “exceptional” users. The Chair added that these exceptional users would be high volume sites. These consumers could potentially be granted higher capacity before finding that the increase has been denied. Therefore, the timing of this Modification was agreed as pressing.

The Workgroup agreed that the Solution would meet the purpose of the Modification and bring the IGT UNC in line with the changes from UNC0701 and UNC0853.

Impacts

The Workgroup agreed that this Modification does not impact a Significant Code Review (SCR).

Consumer impacts

The Workgroup agreed that this Modification could have a positive impact on consumer bills, by ensuring that any cost savings through capacity reductions would reduce the amount billed.

Cross-code impacts

The Workgroup agreed that the UNC would be impacted as this Modification closely follows the processes in UNC0701 and UNC0853.

Central System Impacts

ER informed the Workgroup that based on the principle of this Modification, there are major impacts for the CDSP, as new data will be added. The Chair asked ER if there would be a consequence for the CDSP if this Modification did not receive approval. ER responded that the CDSP would still create a flag for a site if a Shipper agrees. CR added that this was part of XRN5186.

Relevant objectives

SMo explained why they highlighted additional Objective (B) – Co-ordinated, efficient, and economic operation of (i) the combined pipe-line system; and/or (ii) the pipe-line system of one or more other relevant gas transporters. CH agreed that the point of the Modification is to balance the load across

the network. SMo added that with Objective (D) – Securing of effective competition was included as positive since customers could be treated differently if they were attached to IGTs or DNOs If this Modification was not approved. SMo did accept that Objective (D) could potentially be changed to none. CR agreed that it could be changed to "none". The decision was not unanimous among the Workgroup on whether there was a positive impact on objective (D).

SMu advised SMo that indicating multiple objectives as "positive" in the Modification Report could lead to issues as the Authority would have to assess each objective and whether the positive impact was accurate for this Modification.

Implementation

The Workgroup agreed that this Modification should proceed under a timeline as close as possible to UNC0701 and UNC0853, ideally to be implemented on 4th November 2023, if the Modification is approved by the Authority.

Legal Text

The Workgroup agreed that, subject to the amendments discussed, the legal text delivers what the Solution requests and the proposer's intent.

Recommendations

The Workgroup agreed that this Modification should proceed and have a standard consultation.

9. Cross Code Modification Implications Tracker

The Code Administrator took the Workgroup through the changes to the Watchlist, the IGT UNC equivalents Modifications, Live Review Groups, and IGT UNC Impact Assessments. There were no comments from the Workgroup. The Chair added that UNC0825 - Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434 and UNC0836S - Resolution of Missing Messages following central Switching Service implementation and integration with REC Change R0067 were added to the Watchlist as they had previously been missing.

Impact assessments

ER noted that DA would draft the Modification for the IGT UNC equivalent to UNC0855, for SEFE to sponsor.

No comments were added by the Workgroup on the other changes to the Impact Assessments.

10. IGT UNC Known Issues Register

The Code Administrator informed the Workgroup of the new Shipper representative, Andrew Eisenberg (E.ON NEXT) joining the IGT UNC Panel.

The Workgroup thanked CR for their time as a Shipper Representative on the Panel, the August Panel being their last scheduled Panel meeting.

The next Workgroup meeting is scheduled for Thursday 12th October 2022.

Annex 1 – Actions Table

Reference	Action	Owner	Status
23-07 / 01	*David Morley to provide an illustration of the shrinkage allocation calculation process for UNC0843, in support of the IGT165 Workgroup discussion at the next Modification Workstream meeting.*	*David Morley*	*Closed*
23/08 – 01	*Code Administrator to examine the IGT UNC to understand the way in which the concept of NExA is included in the Code.*	*Code Administrator*	*Closed*
23/08 – 02	*Stuart Monk to discuss the timetables for raising and developing an IGT UNC Modification for UNC0853 with the Code Administrator.*	*Stuart Monk*	*Closed*
23/08 – 03	*IGTs to consider the implications of the retrospective invoicing and to find sponsor for Modification for UNC0836S and UNC0855.*	*Transporters*	*Closed*
23/08 – 04	*Nick King to consult with the legal team on the need for a IGT UNC Modification to incorporate UNC 0808 - Reverse Compression.*	*Nick King*	*Closed*
23/09 – 01	**David Morley to include drafting in UNC0843 acknowledging that an IGT might require several Independent Shrinkage Charges if they operate in several LDZs.**	**David Morley**	**Open**
23/09 – 02	**David Morley to amend UNC0843 acknowledging that the Authority might consider a license change to allow IGTs to purchase gas.**	**David Morley**	**Open**