

Commercial Frameworks

Thursday 29th June 2023

We will start at 13.32 to allow participants to finish previous meetings and join the call

Slido.com
#NGT2



**national gas
transmission**

Welcome and Opening

Thank you for joining us today

💧 We hope you find today's session informative and enjoyable

💧 Slido.com will be used for feedback and Q&A



Ian Radley
System Operations Director

Who will be speaking?



Chris Logue
Head of Markets



Joshua Bates
Commercial Team
Manager



Reena Thethy
Customer & Stakeholder
Lead

Logistics



Should last around 60 minutes



Questions and Polls via [slido.com](https://www.slido.com) using #NGT2



All attendees on mute and cameras off



Slides and recording will be circulated

Agenda

1. Macro factors affecting the industry and projects in progress

2. The balance between progress and customer satisfaction

3. How we are accountable and how you can get involved.

4. Questions

Quick Poll



Do you feel like you have adequate opportunity to get involved with National Gas?

Yes



Not sure



No



Macro Factors affecting the Industry

Chris Logue

Last time...

Last time we spoke about:

A challenging energy landscape vs climate targets

Code Change process

Navigating Change

Case studies (GQ review and DSR)

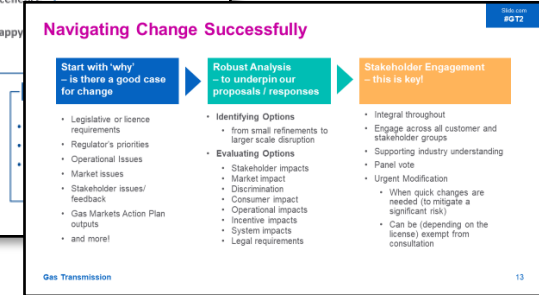
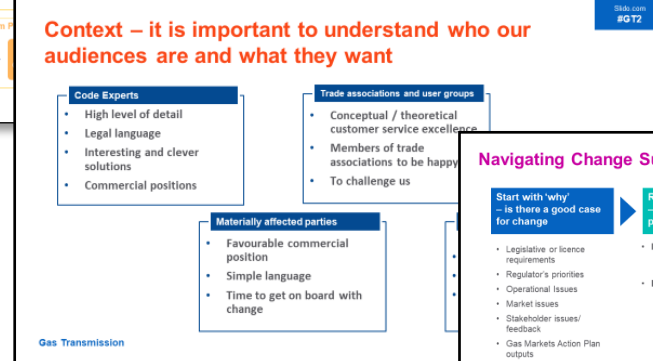
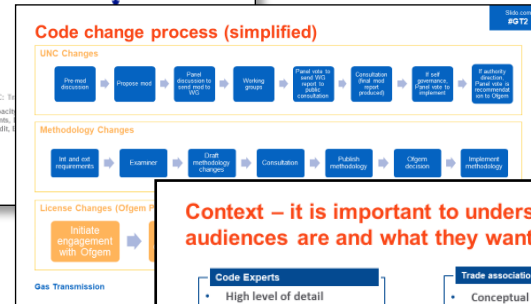
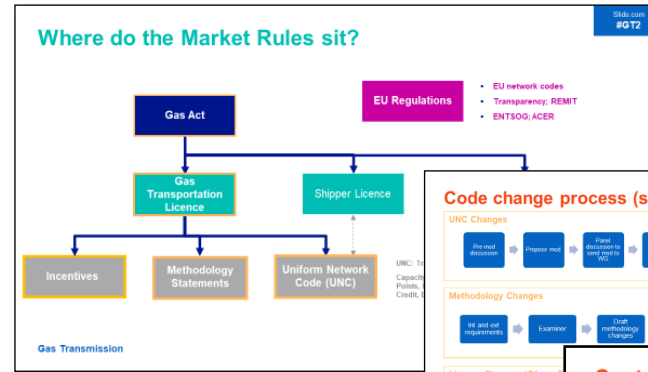
UK Grid Turns Screws on Industry to Cut Winter Gas Use

- National Grid is meeting with local gas grids on Thursday
- Plan is to try an option contract to increase participation

Russia sanctions: Can the world cope without its oil and gas?

By Jake Horton & Daniele Palumbo
BBC Reality Check

Gas market to see 'continued volatility' as UK exposed to global trends



November 2022 – what was on our mind

- DSR MkII
- Non-Tx charging (UAG charges).
- Shorthaul disruption
- Milford Haven risk management summer 2023.
- Winter 2023 – framework changes, storage, LNG.
- GSMR review landing / conclusions (uncertain timescale).
- Future of code governance (sharing best practice)
- Shaping the future webinar series

Engagement will be handled in a bespoke way but from a principled perspective we will seek to;

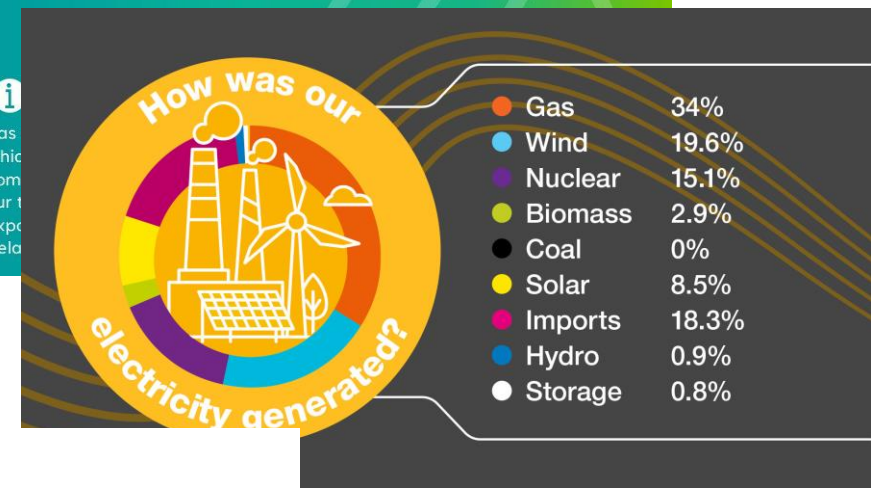
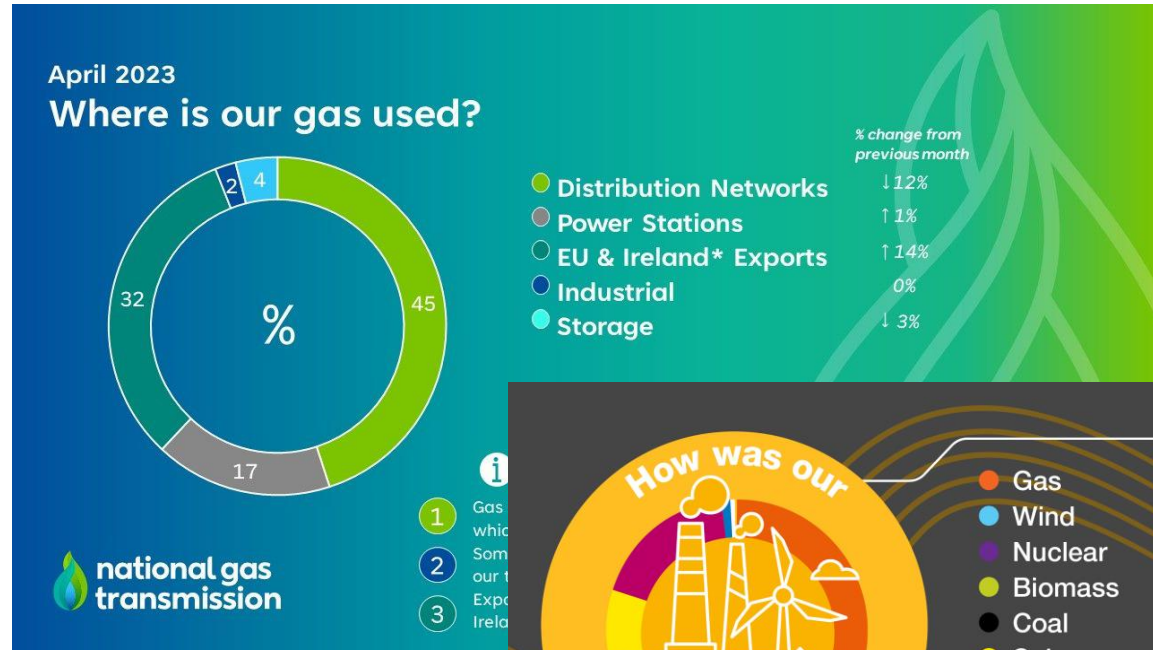
- Articulate drivers for change.
- Give industry ample opportunity to engage.
- Target specific groups if we feel they are not engaging with something that will effect them.
- Manage expectations.
- Protect the consumer whilst appreciating the commercial drivers of our customers.

Where are we now?

No longer reactionary – mid term projects

Characteristics;

- Time for development, but quick decisions needed
- Broad agreement with industry on principles
- Support from industry on code change processes
- Diverging thoughts on implementation



Demand Side Response
Rough Storage



T3 GSO Plan: Key Themes (draft)

Hydrogen:

- Market developments e.g. to facilitate blending
- Operability e.g. managing blends on the network
- Network capability e.g. initial development of Project Union

Resilience/Security of Supply:

- Enhance our capability to provide Market & Data insight
- Enhance our emergency response capability
- Framework development

Network Capability:

- Impact of Common Planning Pathway
- Impact of reliability standard
- Impact of Project Union
- Entry capacity baseline review

Deliverability:

- "Network Hotspots"
- Maintaining network access while delivering maintenance and resilience investments
- Dealing with uncertainty
- Quantifying risk

Future System Operator:

- Day 1 to Day 2 transition and enduring development of FSO capability
- Impact on enduring FSO role of the FSNR archetypes

Digitalisation:

- Greater regulatory access to data & information
- Enhance our data provision to industry
- Digital twins

Projects in progress that respond to these challenges

Chris Logue

Market Delivery: Project Summaries

Monitoring	Development	Consulting	Decision	Implementation
Rough Storage (2023 on)	0847 Minimum GNTS Price	H2 Blending	0761: Interconnector Operator Storage (28/4)	0814: Temporary Access to the Enhanced Pressure Service (...)
St Fergus Compression	0848 Alignment of Entry and Exit CCM Provisions	Gas Quality Data Provision	0823: CNCCD Apportionment	0834: Shared Site Drawings
CAM NC – FUNC issue by EFET	0849R Commercial Framework Review to Enable Hydrogen Blending	0845: D-5 DSR and process enhancements	0813: VLRU and CPSD triggers (sanctions)	0839: Mod Panel Membership cessation
UNC related/supporting documentation review following name change (0837)	NTS Specification for Oxygen for Biomethane Entry Points	0844: DSR Direct Contracting		Gemini Sustain Plus
TD76 Change in OAD	GCD13 - Future changes in Transmission Charging	NTS Specification for Mercury		
GSMR Review	Fax replacement			

Market Development: Project Summaries

Gas Markets Plan (GMAP)	Project Union	Lead- Suki Ferris This work package is a thought leadership piece, reviewing the current market framework and the potential solution options that could be implemented for a 100% hydrogen backbone.
	Future of Heat	Lead- Rosannah East This project explores which regions across England and Wales would be best suited to hydrogen for domestic heating in terms of housing stock suitability and expected hydrogen production and transmission infrastructure locations.
	Pre-emergency Mechanism	Lead- Thomas Earl This project aims to explore whether the existing pre-emergency market tools will need to be adapted, or new market tools developed, for both hydrogen blending and a full/100% hydrogen network.
	Gas/Elec Market Interactions	Lead- Ned Abbs-Brown/ Thomas Earl This work seeks to understand the resilience hydrogen could provide to the electricity market and aims to develop a suitable market mechanism that could ensure hydrogen is deployed in the most efficient manner
Future of Gas	Steer Group	The Market Change team facilitate the Future of Gas Steer Group on a bi-monthly basis to discuss, debate and explore topics concerned with the future of gas, to signpost areas of change. The cross-industry discussions/ input help to develop the Gas Market Plan programme.
Gas Goes Green	H ² Blending-Capacity Allocation	Lead- Megan Bray As part of the ENA, Gas Goes Green working programme, the gas networks are reviewing and developing a suitable capacity and connections methodology for hydrogen blending with considerations to whether a free or strategic market will be most efficient.
	H ² Blending-Regulation/UNC	Lead- Megan Bray Another ENA, Gas Goes Green working programme, led by National Gas, with the objective to review the current market regulation, legislation and licence frameworks and identify the necessary amendments required to enable hydrogen blending into the networks. UNC Review group with industry to follow.

UK Policy	Policy and Regulation Round-Up	Lead- Ned Abbs-Brown With a lot of change in the policy and regulatory space, which can affect how we operate. This document aims to provide key updates with a 'forward look' for the coming months. Shared monthly in NGT News .
	Internal Policy Meeting	Lead- Ned Abbs-Brown Held monthly, this internal meeting aims to keep NGT ahead of the curve by shaping and influencing the content of future consultations, ensuring we're prepared for upcoming consultations and developing a vision for policy plan to control risks.
	Horizon Scanning Project	Lead- Ned Abbs-Brown This tool is published on the intranet and captures all upcoming policy and regulatory developments across the industry.
	New Policy Governance	Lead- Ned Abbs-Brown Following separation from National Grid Group, NGT lost its policy governance structure and processes. Ned is working with corporate affairs and the business strategy team to create a new process to agree and socialise policy lines for the business.
EU Strategy	GIE	Lead- Ronan Haas As a member of Gas Infrastructure Europe, NGT are active in working groups and taskforces where relevant topics such as the gas package, SoS and policy frameworks are discussed with other European gas experts and stakeholders.
	ENTSOG	Lead- Ronan Haas The EU/UK gas taskforce was implemented following Brexit. The taskforce meet 3 times a year to discuss topics such as security of supply, gas networks development plans, supply Outlooks and Policy framework.
	Gas Package	Lead- Ronan Haas The European Commission has proposed a revision of the Gas Directive and Regulation. It aims to enable the market to decarbonise gas consumption and puts forward policy measures required for supporting the creation of optimum and dedicated infrastructure, as well as efficient markets.
FSO	Future System Operator	Lead- Jen Randall The establishment of a Future System Operator was included in the Energy Bill. Its purpose is to create whole system network planning across gas and electricity. Specifically for the Markets area this includes holding the responsibility for the Future of Gas Steering Group and feeding into direction of the GMAP programme.

Quick Poll



Do you think NGT have our market priorities in the right place, and are striking a good balance between immediate issues and long-term strategic deliverables?

Yes



Not sure



No



The balance between progress & customer satisfaction

Joshua Bates

National Gas Position in Industry: Types of Work

Because of our Expertise

- Gas Quality innovation
- Demand side response
- Network Emergency Management
- Gas / Electricity Interaction

Because of our Data

- Auction troubleshooting
- Sustain plus – IT replatforming
- Demand forecasting
- Market Information Provision
- Ad-hoc requests

Because of our Business Strategy

- Capacity during a constraint
- Minimum GNTS Charge Mod (to avoid negative prices)
- H2 blending UNC review group

Because we are a natural monopoly

- Government, who are not a party to the UNC, can ask us to investigate with them (DSR, Milford Haven etc).
- Businesses also ask us to raise mods on their behalf (814).
- Advisory to companies on their proposed changes

Because of our links with Europe

- Alignment to CAM code
- ENTSOG advisory
- PRISMA shareholders

Our Audience: Different Objectives & Speed of Change Required

Code Experts

- High level of detail
- Legal language
- Interesting solutions
- Commercial positions

Stakeholder User Groups

- Conceptual / theoretical customers service excellence
- Members of trade associations to be happy
- To challenge us

Affected parties

- Favourable commercial position
- Simple language
- Time to get on board with change

Public / media / others (new)

- Reassurance
- Things to talk / write about
- Information

Navigating Change: Show Me, Don't Just Tell Me

Start with why – is there a good/necessary case for change

- Legislative or Licence requirements, Regulator agenda, Operational Issues, Market Issues, Stakeholder Issues/Feedback, GMAP outputs etc.
- After establishing the why, we can build up the what and how

Robust Analysis & numbers – to underpin our decision making

- Identifying Options – from small refinements to larger scale disruption
- Evaluating Options – s/holder impacts, market impact, discrimination, consumer impact, operational impacts, incentive impacts, system impacts, legal requirements etc.
- Quantifying benefits – defining iterative process to validate hypothesis.

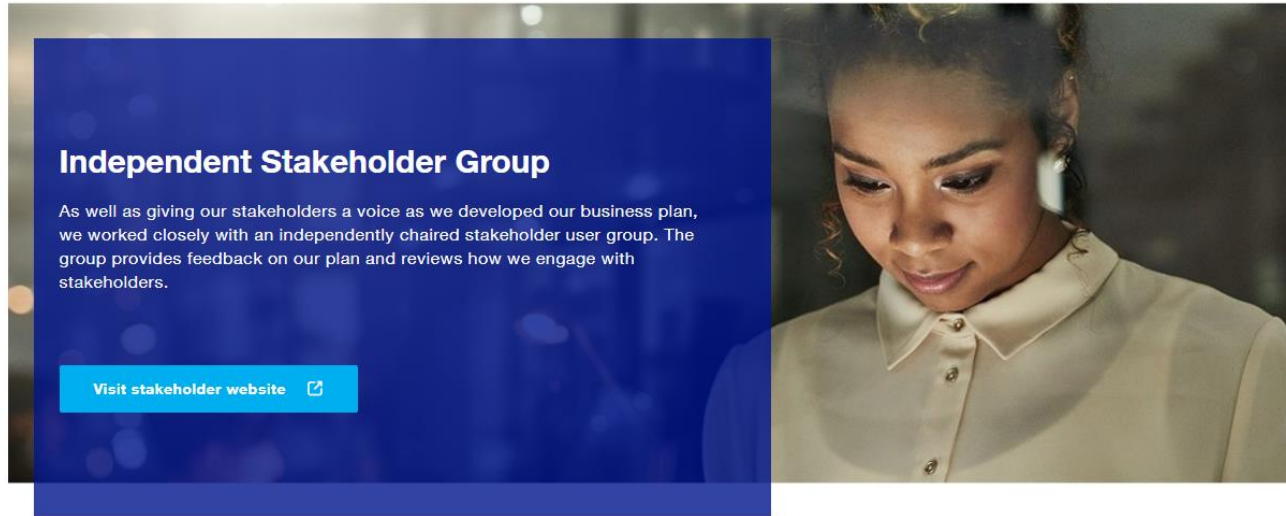
Stakeholder Engagement – this is key

- Stakeholders include Ofgem, shippers, BEIS, large consumers, Operators, Interconnectors, adjacent TSOs, consumers reps, Joint Office, internal teams, etc.
- Supporting the whole industry understand change.

How we are accountable and how to get involved

Joshua Bates

Who holds us accountable?



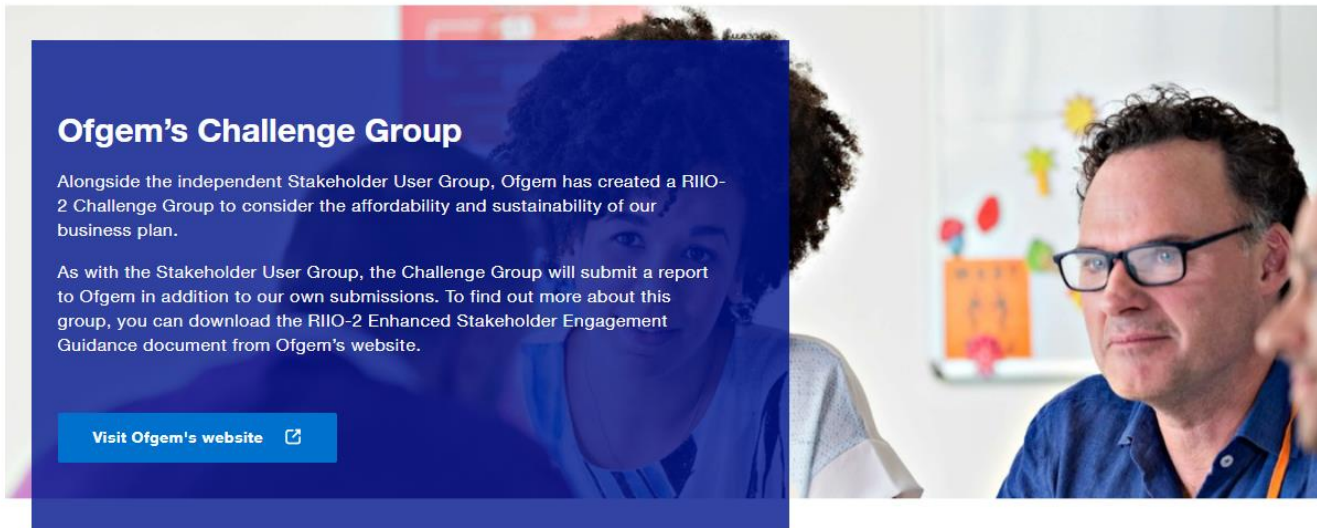
Independent Stakeholder Group

As well as giving our stakeholders a voice as we developed our business plan, we worked closely with an independently chaired stakeholder user group. The group provides feedback on our plan and reviews how we engage with stakeholders.

[Visit stakeholder website](#)

You do!

	22/23 Final Score	Responses	Revenue
Customer	8.60	113	£4.08m
Stakeholder	8.69	84	N/A



Ofgem's Challenge Group

Alongside the Independent Stakeholder User Group, Ofgem has created a RIIO-2 Challenge Group to consider the affordability and sustainability of our business plan.

As with the Stakeholder User Group, the Challenge Group will submit a report to Ofgem in addition to our own submissions. To find out more about this group, you can download the RIIO-2 Enhanced Stakeholder Engagement Guidance document from Ofgem's website.

[Visit Ofgem's website](#)

Principles of SAT

- Customer financial, stakeholder reputational
- Measured on a scale of 1 to 10, where 1 is 'very dissatisfied' and 10 is 'very satisfied', based on your experience with National Grid Gas.

Quick Poll – The results



Do you feel like you have adequate opportunity to get involved with National Gas?

How to get involved



Industry changes on a page (monthly)

Purpose and background

Impacted Parties

Governance

Sponsors

NGT Lead

Distribution List on request



Joint Office Formal Consultations

Enquiries@gasgovernance.co.uk



Gas Markets Newsletter (Quarterly)

Team and Mod updates

Key Engagements

Code Changing and charging

Gemini

Market Strategy

Kirsty.Appleby@nationalgas.com



ENA Distribution Lists

Regulation@energynetworks.org

If there is more that we can do to get you involved, please email: chris.Logue@nationalgas.com or Joshua.Bates@nationalgas.com

The background consists of a dense pattern of overlapping circles. The circles are filled with a gradient that transitions from a dark blue on the left to a bright green on the right. Each circle has a subtle, concentric line pattern, giving it a textured, metallic appearance.

Q&A

[Slido.com](https://www.slido.com)

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What next?



You will receive the recording and materials from today's session



If you have any further questions or would like to discuss anything specific please get in touch:
engage@nationalgas.com



Feedback is important to us, therefore if you have not already taken part, we would like to put you forward for a survey

Further Webinars

Event Name		Date/Time	Hosts
Keynote Speech	Catch Up	28 th June 10:00	Martin Cook, Jake Tudge
Commercial Frameworks	Current	29 th June 13:30	Ian Radley
Future of Gas	Sign Up	03 rd July 10:00	Danielle Stewart
Regulation	Sign Up	05 th July 10:30	Tony Nixon
Operating the Network	Sign Up	06 th July 10:00	Ian Radley & Craig James



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Keep up to date



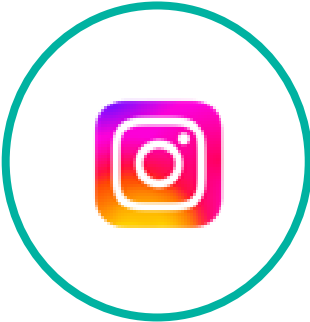
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Thank you



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