

Facilitating commercial and regulatory change

We will start at 09.32 to allow participants to finish previous meetings and join the call

Slido.com
#GT2

Welcome and Opening

Thank you for joining us today

Ian Radley

Director of Gas System Operations



Who will be speaking?

Chris Logue
Head of Markets



Joshua Bates
Commercial Team
Manager



Phil Hobbins
Commercial Manager



Nera Lenden
Customer &
Stakeholder Lead



Logistics



Should last for approximately about 60 min



Questions and polling via slido.com #GT2



All callers will be placed on mute



We will circulate the slides and a recording of this webinar

Agenda

1. A challenging energy landscape

2. The code change process

3. Navigating change

4. Case Studies

A challenging energy landscape



Factors Impacting Gas Market

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

By Jake Horton & Daniele Palumbo
BBC Reality Check

Russian forces launch full-scale invasion of Ukraine

Putin approves 'special military operation' as Russia launches an invasion of Ukraine by land, air and sea.

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

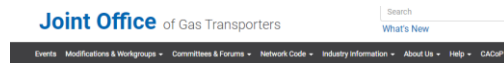


OECD Policy Responses to Coronavirus (COVID-19)

The impact of coronavirus (COVID-19) and the global oil price shock on the fiscal position of oil-exporting developing countries

30 September 2020

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



0799 - UNC arrangements for the H100 Fife project (100% hydrogen)

National Grid asks for emergency permission to pump more gas to Europe now so they can hold back sending gas this winter if Putin turns off the taps

- National Grid requests urgent increases to the Norfolk-Balgzang gas pipeline

BloombergUK

Switch Editions

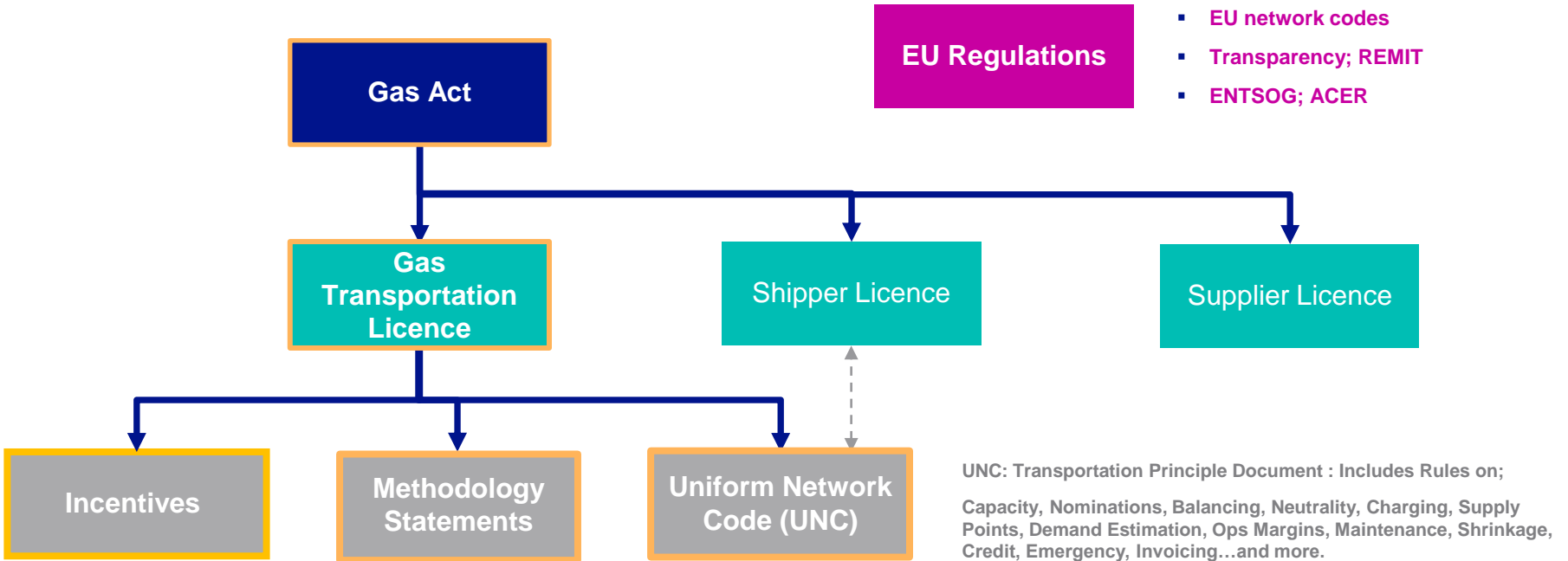
Live Now Markets Technology Politics Wealth Pursuits Opinion Businessweek Equality

Markets

European Gas Prices Ease With Inventories and Demand in Focus

- Region's fuel stockpiles are about 70% full, near average
- Benchmark futures are still near highest since early March

Where do the Market Rules sit?

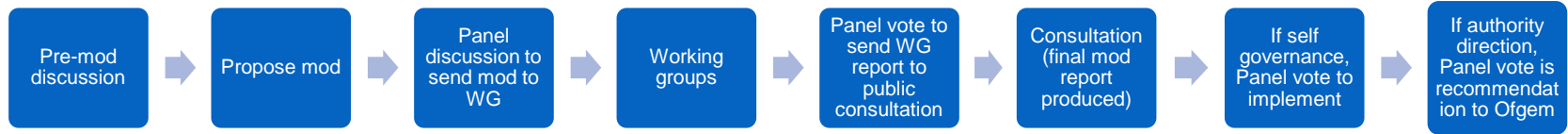


The code change process



Code change process (simplified)

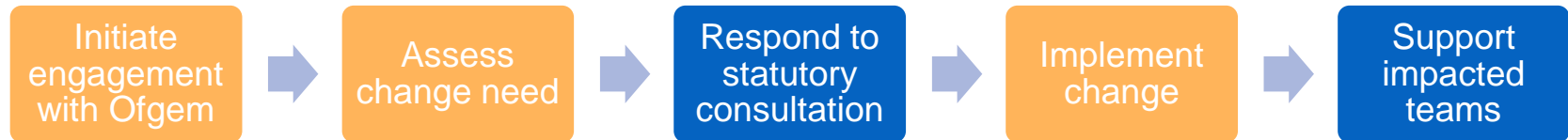
UNC Changes



Methodology Changes



License Changes (Ofgem Process)



Context – it is important to understand who our audiences are and what they want

Code Experts

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

Trade associations and user groups

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

Materially 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

Navigating Change Successfully

Start with 'why' – is there a good case for change

- Legislative or licence requirements
- Regulator's priorities
- Operational Issues
- Market issues
- Stakeholder issues/ feedback
- Gas Markets Action Plan outputs
- and more!

Robust Analysis – to underpin our proposals / responses

- **Identifying Options**
 - from small refinements to larger scale disruption
- **Evaluating Options**
 - Stakeholder impacts
 - Market impact
 - Discrimination
 - Consumer impact
 - Operational impacts
 - Incentive impacts
 - System impacts
 - Legal requirements

Stakeholder Engagement – this is key!

- Integral throughout
- Engage across all customer and stakeholder groups
- Supporting industry understanding
- Panel vote
- Urgent Modification
 - When quick changes are needed (to mitigate a significant risk)
 - Can be (depending on the license) exempt from consultation

July 2022 Snapshot

We are focused on achieving the right outcome for the UK, consumers and GT, with a specific drive to bring customers & stakeholders along on the journey...

What we do well / What we've already done...

- Regarded as experts and “go to” people for the industry (consistent theme from formal and informal feedback)
- Implemented inclusion of consumer benefit/impact into every code change (gas and electricity)
- Strong customer and stakeholder feedback through formal scoring.
- Strong individual relationships built over time – opportunity to utilise more effectively
- Increased engagement outside of formal meetings e.g. webinars with industry or 1:1's.

Focus areas...

- Explaining context and rationale for changes including consumer value, technical requirements and impacts, embed a process for lessons learnt
- Exec summary of all proposed code-modification, intended for all audiences
- Consider and articulate consumer, customer and stakeholder perspective
- Simplify the nature of proposed code modifications including timeline restrictions
- Targeting of communications, tailoring to specific audiences.

We will build on previous improvements to support customers & stakeholders in an unprecedented time of change

Quick Poll

If there is one thing you would ask Gas Transmission to focus on in the Market Change space, what would it be?

On the horizon

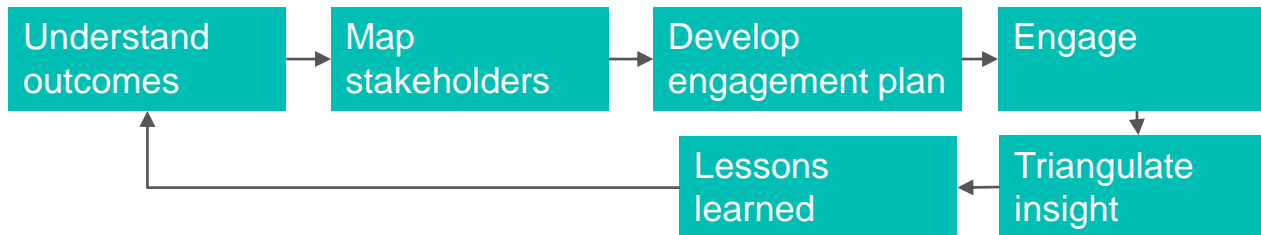
We have an extensive forward looking programme:

- DSR MkII
- Non-Tx charging (UAG charges)
- Mod 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)

We will continue to follow our C&S engagement strategy and 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

We will continue to follow our outcomes focused engagement approach:



Case Study 1: Gas Quality Review



Case Study 1 – Gas Quality Review

The GS(M)R Review proposes to widen the UK quality specification

Some terminal operators
& other upstream parties
would benefit

Power station operators
expressed concern about
the need to adapt plant

How do we respond to be a fair partner to all?



Case Study 1 – Gas Quality Review

You said...

...We did

Implement only at entry points that need it

Aligned our implementation plans to be consistent with this approach

Where on the network might different gas quality arise?

Conducted network penetration analysis under different flow scenarios and presented to industry

Improve data transparency

Initiated a project to examine how more gas quality data can be made available to industry

Continental impacts should not be a barrier to implementation

Engaged with EU TSOs and interconnector operators to understand change requirements and form a plan

Case Study 2: Gas DSR



Case Study 2: Gas Demand Side Response (DSR)

We continually review the mix of **tools and notifications** we have to balance the network if supplies become tight

Gas DSR can be beneficial in this context

DSR enables **large consumers** to offer to reduce their demand via their shipper/supplier during the build up to a gas supply emergency, in return for a **payment which they define**

No offers were received during the 'Beast from the East' in 2018 but the **market context** was different

Ahead of this winter, **industry agreed** that **reforms were needed** to stimulate this market

Gas Transmission



DSR Reform: Engagement Approach

	June-22	July-22	August-22	September-22	October-22	November-22
Engagement activities	Bilaterals with I&C shippers and large consumer associations to explore problem statement	Extra Transmission Workgroups and consumer sessions to inform proposals	DSR questionnaire completed	Sessions with large industrial consumers and associations to explain reform proposals	Presentation to Major Energy Users Council to explain proposals	Industry webinar to explain reform implementation proposals and next steps
Key milestones				★ UNC Mod launch	★ Ofgem approval	★ Consultation closed ★ Implementation activities →

How can you get involved?

- Industry change on a page

- Purpose | Background | impacted parties | governance | sponsors | dates | GT lead | further details | monthly

- <https://datacommunity.nationalgridgas.com/key-documents/gas-ops-forum-2019/oct-22-forum>

- Gas Markets Newsletter

- Team updates | mod updates | key engagements | market strategy | code change | charging | Gemini | quarterly

- Ashley.adams@nationalgrid.com


- Joint Office formal consultations

- enquiries@gasgovernance.co.uk

- ENA distribution lists

- regulation@energynetworks.org

IP	Proposed	Background & Rationale	Impacted Parties	Responsible	Project ID	Expected Implementation	Public Consultation
00000001	00000001	The purpose of this proposal is to provide a mechanism for the allocation of capacity at interconnection points (IPs) in order to ensure that the capacity is used in a way that is most beneficial to the system. The proposal is to introduce a new capacity allocation mechanism that will be based on a first-come, first-served basis. This will ensure that capacity is allocated to those who need it most and that the system remains stable and secure.	Gas Shippers, Gas Suppliers, Gas Distributors, Gas Consumers	Gas Shippers, Gas Suppliers, Gas Distributors, Gas Consumers	00000001	00000001	00000001
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nationalgrid
Gas Markets Newsletter

No.12
July 2022

Exec Summary | 08X Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs

Agenda Item	Key Messages
Purpose of modification	<ul style="list-style-type: none"> When there is high demand for capacity at interconnection points, it is vital that the large price step is set at an appropriate level in order to minimise the length of the auction process and ensure auctions have time to close out before the next auction for capacity over the same period is scheduled to begin, thus ensuring that capacity can be allocated if it has been bid for. The purpose of this modification is to improve Ascending Clock Auctions for IP Capacity by providing additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate to do so.
Impacted parties	<ul style="list-style-type: none"> High: None Low: Interconnector Ltd, BBL, GNI, National Grid, Shippers
How does this modification achieve its purpose and the relevant objectives?	<ul style="list-style-type: none"> This Modification seeks to maintain the current arrangements, where the NTS large price step for an auction is the greater of 5% of the reserve price or 0.0001p/kWh/d, as the default arrangement, but to also allow the percentage of the reserve price used to determine the NTS large price step to be changed, where it is deemed beneficial, in order for an Ascending Clock Auction to close out in a timely manner. (c) Facilitates effective competition between gas shippers and between gas suppliers - Positive (e) Compliance with the Regulation and any relevant legally binding decisions of the European Commission - Positive
Consumer benefit	<ul style="list-style-type: none"> Lower bills than would otherwise be the case – This Modification promotes the booking of IP Capacity according to the desired profile by reducing the risk of Shippers being unable to obtain capacity for the chosen capacity period due to auctions timing out, with the resulting benefits passed on to end consumers.
Other	<ul style="list-style-type: none"> This modification has been submitted as a self-governance Modification with the request that it be sent to NTSCMF Workgroup for 2 months for development.
Contact for more information	<ul style="list-style-type: none"> Ashley Adams Ashley.Adams@nationalgrid.com 07813996660

Questions



Future Webinars

Event Name		Date / Time	Presenters
Facilitating Commercial & Regulatory Change	Sign Up	Tuesday 29th November @ 09:30	Ian Radley, System Operations Director
Sustainable Construction	Sign Up	Wednesday 30th November @ 09:00	Mark Lissimore, Construction Director
Accessing Energy Data	Sign Up	Thursday 1st December @ 11:00	Mark Lissimore, Construction Director
Operating the Network	Sign Up	Friday 2nd December @ 13:00	Ian Radley, System Operations Director
Blending	Sign Up	Monday 5th December @ 10:00	Tony Green, Hydrogen Director
Transitioning to 100%	Sign Up	Tuesday 6th December @ 11:00	Martin Cook, Commercial Director
Hydrogen Regulatory Framework	Sign Up	Wednesday 7th December @ 12:00	Tony Nixon, Regulation Director
Monitoring and Mitigating Methane Emissions	Sign Up	Thursday 8th December @ 13:00	Steven Vallender, Asset Director
Future of Heat	Sign Up	Friday 9th December @ 13:30	Tony Green, Hydrogen Director
FutureGrid - Progress Report	Sign Up	Monday 12th December @ 14:00	Tony Green, Hydrogen Director
Innovation	Sign Up	Tuesday 13th December @ 13:00	Tony Green, Hydrogen Director
Driving a Positive Environmental & Community Impact	Sign Up	Wednesday 14th December @ 10:00	Jake Tudge, Corporate Affairs Director

What next?



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



If you have any further questions or would like to discuss anything specific please get in touch with nera.lenden@nationalgrid.com



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

Thank you for joining us





Gas

Transmission