

# Gas Industry Change Plan

## Discussion of concept



July 2018

# Background

---



- The *Gas Industry Change Plan* seeks to take the next step in our future of gas programme, by establishing a long term, stakeholder backed programme of strategic change
- The *Gas Industry Change Plan* is about more than just regulatory change. It could be driven by a number of future developments such as UNC or licence changes, major consultations, new industry processes or frameworks, policy developments ...
- The plan is not a firm view of our work programme. It will include triggers and interdependencies and is designed to facilitate an open discussion about the future.
- For this reason it is foreseen to be a “living plan”, managed and changed collaboratively with stakeholders

# Draft Gas Industry Change Plan Topics (1/2)

*(Example ideas for discussion shown for illustrative purposes only)*

Potential change project	Future of Gas Theme	By When?	Potential Triggers
<b>EU REGULATORY CHANGE</b> New gas package - the EC is currently studying the gas market in advance of potential new EU gas market rules which could come into force from 2020		2020-2025	New EU regulations
<b>GAS QUALITY SPECIFICATION CHANGES</b> Modifications to the current gas quality arrangements in response to the changing nature of NTS gas supplies	A) Decarbonisation of Heat B) Decarbonisation of Transport C) Decarbonisation of Industry D) Future Networks & Markets E) Whole Energy System	2020-2022	Market developments / signals
<b>HYDROGEN (incl. Carbon Capture Utilisation and Storage)</b> How a hydrogen market would operate, required regulatory framework, role of National Grid and what infrastructure would be required. This could include 100% hydrogen, NTS blends or no change for the NTS		2023-2029	Policy decision
<b>PROJECT CLOCC /FUTURE CONNECTIONS</b> Understand future evolution of Project CLoCC and how we will enable diverse sources of gas and gas demand to connect to the NTS	A) Decarbonisation of Heat B) Decarbonisation of Transport C) Decarbonisation of Industry D) Future Networks & Markets	2021-2029	Potential for shale to be seen on NTS in 2021 Customer signals Innovation funding
<b>NETWORK INVESTMENT AND PLANNING</b> Understanding the best way to invest to maintain network capability, including how we potentially re-use/decommission parts of the NTS if flow patterns change in future. This could include CCUS, hydrogen or other new technologies	A) Decarbonisation of Heat D) Future Networks & Markets E) Whole Energy System	2021-2023	Legislation. Successful technology innovation
<b>WHOLE ENERGY SYSTEM</b> Developing services which develop the gas, electricity, transmission and distribution systems in a mutually beneficial manner, considering the interactions and dependencies between them, e.g. power to gas, reverse flow, NTS as an energy store	A) Decarbonisation of Heat D) Future Networks & Markets	2023-2029	Gov/Ofgem policy
<b>NATURAL GAS VEHICLES</b> refuelling stations connected to NTS and incremental gas flow implications from both NTS- and DN-connected refuelling stations.	B) Decarbonisation of Transport D) Future Networks & Markets	2021-2029	Ofgem approval Market research
<b>COMPRESSORS</b> Assessment of options to deliver changes to the way we use our compressors e.g.: 1) ensure we meet the requirements of the Industrial Emissions Directive (IED) 2) provide future operational flexibility 3) enable effective decommissioning	D) Future Networks & Markets E) Whole Energy System	By 2023	Legislation GFOP - ability to manage the system effectively
<b>WITHIN DAY SUPPLY AND DEMAND VOLATILITY</b> Options to address operational issues associated with this, including a potential review of the balancing regime if ability to balance declines		2022-2025	GFOP - ability to meet contractual pressures in a range of scenarios by 2025

# Draft Gas Industry Change Plan Topics (2/2)

*(Example ideas for discussion shown for illustrative purposes only)*

Potential change project	Future of Gas Theme	By When?	Potential triggers
<b>GAS QUALITY INFORMATION</b> Explore opportunity to provide new or additional within-day gas quality information at entry points, exit points, compressor stations or zonally	D) Future Networks & Markets	2021-2029	Customer signals
<b>GAS QUALITY BLENDING</b> Explore opportunities to support customer gas flows through the provision of blending services. This could take place at entry, exit or within the network, either commercially or physically		By 2022	Customer feedback/signals OGA reports FOG commitment
<b>ENTRY CAPACITY</b> Ensure that the capacity arrangements are able to optimise existing capacity and rules. In the future this could include modified concepts such as zonal or point to point arrangements, new non CAM products.		By 2024	Market and regulatory signals
<b>CAPACITY BASELINES</b> Ensuring that capacity baselines arrangements are fit for purpose and do not create inefficient investment costs. In the future this could include a review to ensure that the arrangements are compatible with new arrangements such as hydrogen production		2021-2024	Market and regulatory signals
<b>CHARGING</b> Continue to evolve the gas charging framework to ensure that it allows the market to function and is suitable for how the network is expected to be used. This may include a review of the 50/50 split or charging based solely on entry or exit capacity, review of commodity charges etc.		2021-2029	Ofgem impact assessment and decision on current charging review
<b>FUTURE OF GEMINI</b> Review the requirements of a future Gemini system and deliver new products and services fit for the future of the gas market, including innovative solutions.		2022-2024	Technology shifts
<b>SIMPLIFICATION OF MARKET FRAMEWORKS</b> Seek to simplify the market arrangements so they are not a barrier to entry, and change can be introduced in an agile way		2021-2029	Customer feedback
<b>BREXIT</b> Change driven by the UK's exit from the EU		2020-2023	UK law
<b>PRESSURE SERVICES</b> Explore potential for pressure services entry and exit - this could include a review of the role of NTS linepack, reverse flows, inter seasonal storage and new tools to manage pressure fluctuations in normal or abnormal circumstances		2021-2029	Customer feedback/signals
<b>DIGITAL SERVICES</b> Exploration of how we can digitally transform our services		2021-2029	Customer feedback Technology development

# Potential framework options for discussion

## Joint Office: Industry Review Group

- Joint office led engagement shipper focussed, how to engage wider stakeholders?

## Joint Office: Transmission Workgroup

- Joint office led engagement shipper focused, how to engage wider stakeholders?
- Requirement for longer term strategy focus

## Energy Networks Association: Gas Futures Group

- Potential to include DN strategic change - manageable?
- Requirement for new stakeholder advisory group or representation?

## National Grid: Future of Gas Stakeholder Panel

- Potential for informal stakeholder advisory group
- Could add various layers of formality to support transparency/process?
  - Published on nationalgrid.com?

# Initial Stakeholder Feedback

---

## Support

- Positive feedback on the concept
- Key support bodies willing to play a role
- Stakeholders keen to get their organisations involved
- Suggestion that Ofgem and BEIS should be involved
- Involvement of consumer reps would be a positive development

## Challenges

- No obvious discussion forum exists today
- Different views regarding scope
- How to ensure not wrongly interpreted as a “firm” plan
- Could be a “blocker” for stakeholders who disagree
- How to involve electricity in “whole system” element

national**grid**