

**Record of Determinations: Panel Meeting 15 May 2014**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Representative	Determination Sought	
		AB	AG	AM	PB	RF	CW	EM	JF	JE	RH	CA		
0473A - Project Nexus – Allocation of Unidentified Gas)	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0473 - with 10 vote in favour and 1 against	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0473
	Workgroup to report by the September 2014 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the September 2014 Panel
0492S - Governance change - update to Mod Rules following Consumers' Representative's name change	Is a Fast Track Modification - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification meets fast Track Criteria
	Implemented - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0499 - Amendment to TPD Section G1.6.13(e)(iv)	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is a Self-Governance Modification - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification should follow Self-Governance Procedures
	Is a Fast Track Modification - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification meets fast Track Criteria
	Implemented - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
	Not related to the Significant Code Review - unanimous vote against	NP	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review

0500 – EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures	Is not a Self-Governance Modification - unanimous vote against	NP	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0500 - unanimous vote in favour	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0500
	Workgroup to report by the November 2014 Panel - unanimous vote in favour	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the November 2014 Panel
0501 – Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0501 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0501
	Workgroup to report by the November 2014 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the November 2014 Panel
0502 – Amendment to Gas quality NTS Entry Specification at the px Teesside System Entry Point	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0502 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0502
	Workgroups 0498 and 0502 to produce a combined report - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroups 0498 and 0502 to produce a combined report
0475S - Update to Section G, Annex G3 (Prospective Erroneous Large AQ Calculation Proforma)	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 06 June - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extended consultation

0482S – Proposed Changes to Mod 81 Reports to be effective from 01/7/14	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 30 May - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Shortened consultation
0488S - Additional Changes to the Mod 81 Reports	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 30 May - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Shortened consultation
	Special Panel meeting to be arranged on 06 June to consider Final Modification Reports 0482S and 0488S - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
0469S - Transporter Gas Safety Visit Reporting	Workgroup to report by August 2014 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to August 2014 Panel
0472 - Restricting the number of registration attempts by a supplier	Workgroup to report by August 2014 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to August 2014 Panel
0466 - Daily Meter Reading Simplification	Legal Text Requested - Unanimous Vote in Favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To request Legal Text
0485 - Introduction of Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures	Legal Text Requested - Unanimous Vote in Favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To request Legal Text

0454 - Introduction of a Long Term Non Firm Capacity Product	Not issued to consultation - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Issue to Consultation
	Final Modification Report returned to Ofgem - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return Final Modification report to Ofgem
0458 – Seasonal LDZ System Capacity Rights.	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to recommend implementation
0474S – Inclusion of the guidelines relating to the "Customer Settlement Error Claims Process" within UNC governance and introduction of the User Pays charges associated with such claims	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - Unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement

KEY	In favour	Not in Favour	No Vote Cast	Not Present
	✓	X	NV	NP

**UNC Modification Panel**

**Minutes of the 159<sup>th</sup> Meeting held on Thursday 15 May 2014 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representative</b>
A Barnes (AM), Gazprom* A Green (AG), Total; A Margan (AM), British Gas P Broom (PB), GDF Suez R Fairholme (RF), E.ON UK	C Warner (CW), National Grid Distribution E Melen (EM), Scotia Gas Networks J Edwards (JE), Wales & West Utilities* J Ferguson (JF), Northern Gas Networks R Hewitt (RH), National Grid NTS	Chris Alexander (CA), Consumer Futures

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>
L Jenkins (LJ), Joint Office	A Rooney (ARo), Ofgem

**Also in Attendance:**

A Heppel (AH), TGPP Ltd; A Raper (AR), National Grid Distribution; C Harrison (CH), Energy 24; F Cottam (FC), Xoserve; H Chapman (HC), Xoserve; K Elliott-Smith (KES), Cornwall Energy, R Fletcher (RF), Secretary.

*\* by teleconference.*

## Record of Discussions

### 159.1 Note of any alternates attending meeting

A Margan for C Wright (British Gas)

E Melen for A Musgrave (Scotia Gas Networks)

J Edwards for S Edwards (Wales & West Utilities)

### 159.2 Record of Apologies for absence

A Musgrave, C Wright and S Edwards.

### 159.3 Minutes and Actions of the Last Meeting(s)

CA requested that the Panel minutes should be amended include that he had requested the publication of a timeline with the Final Modification Report for Modification 0477.

AH requested that the Panel minutes should be amended to include that he had asked members to note that both BP Teesside and px Teesside receive the same gas at their terminals, so they both should be treated the same.

The minutes of the previous meeting (17 April) were then accepted.

### 159.4 Consider New, Non-Urgent Modifications

#### a) Modification 0473A - Project Nexus – Allocation of Unidentified Gas

AM introduced the modification and its aims. LJ provided an overview of Modifications 0473 and 0473A to help members understand the aims of each.

FC explained that Modification 0473A appoints an expert that provides a view of factors/weightings based on actual information. However, until the information is available and has been analysed, it uses a factor of 1 for year 1. Modification 0473 is similar but includes an interim table for year 1 due to time constraints in contracting with AUGÉ and developing the required methodology in advance of Project Nexus go live.

AB was concerned that this alternative has been raised late in the day and that it prevents the timely development of Modification 0473. The delay creates a situation where interim values are likely should the modification be subsequently implemented.

RH wanted to know whether both modifications could be implemented or not. JF advised that in their view one would overwrite the other in terms of the legal text, therefore they should be considered as alternatives.

AG asked if DM supply points are excluded. FC clarified that DM is included with appropriate factors. AM advised that the intention is to collect data during year 1 and then consider if factors should be applied or changed. AG was concerned that DM will be picking up a share of unallocated gas for a period of up to 2 years under these arrangements.

AG asked if the Workgroup could consider the impacts of unallocated gas on DM Supply Points for the 1<sup>st</sup> and 2<sup>nd</sup> years of operation for both modifications.

FC presented a timeline of events in terms of the procurement of AUG services for both Modifications 0473 and 0473A. PB asked if the proposed interim table reflected the current AUGE split. FC confirmed it attempts to do so but cannot reflect the complexity of the methodology. However, the interim table allows more time to procure the services proposed in Modification 0473.

For Modification 0473(A), Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition or consumers;
- The modification be issued to Workgroup 0473 for assessment with a report presented by the September 2014 Panel.

b) Modification 0492S - Governance change - update to Mod Rules following Consumers' Representative's name change

RH advised that the legal text had been amended following deferral of the modification at the last Panel meeting.

For Modification 0492S, Members determined:

- The criteria for Fast Track Self-Governance are met as this modification is properly a housekeeping modification required as a result of some error or factual change;.
- That Modification 0492FT should be implemented.

c) Modification 0499 – Amendment to TPD Section G1.6.13(e)(iv)

CW provided a presentation and introduced the modification and its aims.

For Modification 0499, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition or consumers;
- The criteria for Fast Track Self-Governance are met as this modification is properly a housekeeping modification required as a result of some error or factual change;
- That Modification 0499FT should be implemented.

d) Modification 0500 - EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures

RH provided a presentation and introduced the modification and its aims.

CA asked how the changes had been developed prior to this modification being raised. RH explained that the changes are being driven by EU regulations and the development of CAM code – Members states have an obligation to put these requirements in place.

LJ explained that a draft of this modification had been presented at the European Workgroup meeting on 01 May 2014 with no comments received.

JF delegated her vote to EM as alternative for the remainder of the meeting.

For Modification 0500, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition or consumers;
- The modification be issued to Workgroup 0500 for assessment with a report presented by the November 2014 Panel.

e) Modification 0501 - Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations

RH provided a presentation and introduced the modification and its aims.

For Modification 0501, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition or consumers;
- The modification be issued to Workgroup 0501 for assessment with a report presented by the November 2014 Panel.

f) Modification 0502 - Amendment to Gas Quality NTS Entry Specification at the px Teesside System Entry Point

CH provided a presentation and introduced the modification and its aims. It was stressed that plant and equipment at px Teesside process the same gas as that delivered to the CATs terminal and therefore this modification is required for the same reasons.

PB asked when the change of specification is likely to happen. CH was

unsure about the total impact but the situation is degrading at this time and becomes critical by 2019. AH advised that at previous meetings it has been highlighted that there were existing issues with CO2 content, mainly around summer maintenance periods.

RH confirmed that National Grid NTS were reviewing the impacts on the network and hoped to identify those customers who were directly impacted. PB advised that a number of customers were concerned about impacts on turbine warranties due to changes in gas specification.

RH asked parties to bring forward any issues they may have identified over and above those which impact the network so that these can feed into the report.

AR asked that members are mindful of the issues contained in Workgroup reports and their timing. Ofgem would not want to have to consider discriminations issues due to the receipt of one report earlier than another.

For Modification 0502, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition or consumers;
- The modification be issued to Workgroup 0502 for assessment with a report presented by the November 2014 Panel;
- Workgroups 0498 and 0502 to produce a combined report.

## **159.5 Consider Workgroup Issues**

### **Workgroup Reports for Consideration**

- a) Modification 0475S - Update to Section G, Annex G3 (Prospective Erroneous Large AQ Calculation Proforma)

Members accepted the recommendations in the Workgroup Report:

- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 06 June 2014.

- b) Modification 0482S – Proposed Changes to Mod 81 Reports to be effective from 01/7/14

Members accepted the recommendations in the Workgroup Report:

- It should be considered at short notice;
- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 30 May 2014;
- To consider the Final Modification Report at a special Panel meeting on 06 June.

c) Modification 0488S - Additional Changes to the Mod 81 Reports

Members accepted the recommendations in the Workgroup Report:

- It should be considered at short notice;
- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 30 May 2014;
- To consider the Final Modification Report at a special Panel meeting on 06 June.

d) Issue ISS 0063 - 0451V 0451AV: Individual Settlements For Pre-Payment & Smart Meters

Members accepted the recommendations in the Workgroup Report and agreed that no further consideration was required.

**Consideration of Workgroup Reporting Dates and Legal Text Requests:**

Members determined unanimously to extend the following Workgroup reporting dates:

<b>Workgroup</b>	<b>Reporting Date</b>
0472 – Restricting the number of registration attempts by a supplier	August 2014
0469S – Transporter Gas Safety Visit Reporting	August 2014

Members determined unanimously to request Legal text for the following modifications:

<b>Modification</b>
0466 - Daily Meter Reading Simplification
0485 - Introduction of Long-term use-it-or-lose-it mechanism to facilitate compliance with EU Congestion Management Procedures

#### **159.6 Final Modification Reports**

- a) Modification 0454 - Introduction of a Long Term Non Firm Capacity Product

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0454](http://www.gasgovernance.co.uk/0454)

Members agreed with the Workgroup recommendation that the additional information was supplemental and further consultation was not required.

Members determined unanimously to recommend that Modification 0454 should be returned to Ofgem including the supplemental information provided by the Workgroup.

- b) Modification 0458 – Seasonal LDZ System Capacity Rights.

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0458](http://www.gasgovernance.co.uk/0458)

Members determined there were no new issues raised in consultation responses.

Members determined unanimously to recommend implementation of Modification 0458.

- c) Modification 0474S – Inclusion of the guidelines relating to the "Customer Settlement Error Claims Process" within UNC governance and introduction of the User Pays charges associated with such claims

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0474](http://www.gasgovernance.co.uk/0474)

Members determined to consider the Final Modification Report at short notice.

Members determined there were no new issues raised in consultation responses.

Members determined unanimously to implement Modification 0474S.

#### **159.7 Any Other Business**

- a) Impacts of the Significant Code Review Conclusions (SCR)

RH provided a presentation on the SCR conclusions and what the next steps would be to implement the required licence changes. RH asked members for their views on whether this should be progressed as an issue in the Transmission Workgroup (TWG) or raised as a modification.

RF suggested an issue but held on a different day to TWG if the day is likely to be busy. LJ suggested that an issues group could be held on a TWG day and that European and TWG days could be separated.

RH was concerned that TWG audience may not be inclusive enough due to the DNO customer impacts.

RF thought that Ofgem would direct implementation of the SCR requirements in Code. AR agreed this was an option, which was being considered.

RH challenged that these proposals are about delivering the DSR product and not the requirements of the whole SCR.

LJ suggested that a draft modification is developed to set out the scope required. This may be accommodated within an existing group or perhaps on its own should there be enough content.

AG suggested providing a communication which explains the issue and to advertise the meeting.

RH is to consider the comments received and provide an update at a future meeting.

- b) Reforms to the change of supplier (CoS) meter read process for smart gas meters - SPAA UNC update

CW provided an update on progress and that a more comprehensive report is to be provided at the next Panel meeting, once SPAA have concluded their report.

- c) Modification Rules process clarifications

- Modification Amendments and Variations

Members reviewed the process document provided and concluded that determinations questions and responses should be set out in plain English with the result matching the intent of the Modification Rules;

That where a modification and its alternate is to be varied following consultation and then submitted to further consultation, the modifications should remain as alternates requiring the production of one combined report.

- Final Modification Report Send backs

Members reviewed the process and concluded that where

Ofgem has returned a Final Modification Report (FMR) back to Panel, variations should be allowed by the proposer without requiring the disapplication of the Modification Rules as the FMR should not be considered as being with Ofgem.

**159.8 Conclude Meeting and Agree Date of Next Meeting**

10:00 06 June 2014, by teleconference.

10:30 19 June 2014, at the ENA.