

Record of Determinations: Panel Meeting 23 January 2015

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Member	Determination Sought
		AG	AM	CH	PB (AG)	RF	CW	EM	JF	SE (JF)	FH		
0521 - Revision of User Admission Criteria to include Transporter verification of its ability to transact with the Applicant User	No new issues identified - with 2 votes in favour, 7 votes against and 1 abstention	NV	X	X	X	X	✓	X	X	✓	X		Did consultation raise new issues
	Implementation recommended - with 9 votes in favour		✓	✓	✓	✓	✓	✓	✓	✓	✓		Should Modification be implemented (only votes in favour recorded)

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

UNC Modification Panel

Minutes of the 171st Meeting held on Friday 23 January 2015 by Teleconference

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total and alternate for P Broom A Margan (AM), British Gas C Hill (CH), Cooperative Energy R Fairholme (RF), E.ON UK	C Warner (CW), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks and alternate for S Edwards F Healey (FH), National Grid NTS	

Non-Voting Members:

Chairman	Ofgem Representative
A Plant (AP), Chair	A Rooney (ARo), Ofgem

Also in Attendance:

A Clasper (AC), National Grid Distribution; L Jenkins (LJ), Joint Office; M Cockayne (MC), Xoserve; Phil Lucas and R Fletcher (BF) Joint Office.

Record of Discussions

170.1 Note of any alternates attending meeting

A Green for P Broom (GDF Suez)

J Ferguson for S Edwards (Wales & West Utilities)

170.2 Record of Apologies for absence

C Alexander, P Broom, S Edwards

170.3 Final Modification Reports

- a) Modification 0521 - Revision of User Admission Criteria to include Transporter verification of its ability to transact with the Applicant User

AP opened by referring to the Final Modification Report and the additional note that had been provided by National Grid NTS. Panel members confirmed that they had had the chance to consider this paper before the panel discussion. He also drew attention to the point raised in the National Grid NTS paper that the rules would apply in the same way to a new applicant as to existing entities.

CW was concerned that a representation had raised a possible alternative solution and that this would not be tested in this process unless the modification was returned to Workgroup.

CH asked for clarity that the issue is not so much the Transporters having problems processing the applicant's admission, it's the Bank refusing to transact with the applicant that creates the problem. This was confirmed. He noted an alternative solution had been proposed that the applicant could offer a bank that would transact. MC said this would be inefficient, and may not be supportable or desirable.

CH asked if other banks been approached to see if they would be able to transact? MC advised that three banks had been approached - a UK, European and an American based bank (including one suggested by the applicant). All had refused to transact with the applicant.

FH confirmed that they were not willing to amend the modification at this stage even if it were returned to Workgroup. AP asked if it is likely that another party would be willing to raise an alternative similar to what had been proposed in the representation? MC said a new process would need to be developed, as this would be a significant change to existing procedures; this includes each individual Transporter putting in place similar arrangements. CH was unsure an alternative would fix the problem unless a bank was willing to transact with the applicant.

MC confirmed the entity is not sanctioned in the UK energy market. This prevents the raising of debt.

CW was still concerned that the applicant may not be aware of the process they need to follow to get an alternative solution progressed. LJ confirmed that the governance process would not allow a direct alternative

to be raised at this stage. However, a new modification could be progressed by an eligible party.

AR advised that Ofgem would be testing the following points should they be requested to make a decision on this modification:

- i) The application process is not discriminatory;
- ii) Should Transporters consider using more than one bank for transactions;
- iii) Would the alternative suggestion set out in the representation further the relevant objectives.

AR continued that Ofgem would be seeking clarification on these points as they still have concerns. They would be contacting interested parties for supporting information prior to making a decision.

AP asked if the applicant party was aware of the governance process and their options available. LJ advised that he would contact them after the meeting to explain the process and their options.

AG asked if it wouldn't be more prudent to discuss this subject in a Workgroup to seek a view. RF asked if it is likely that any party would change their response based on further discussions at Workgroup? If not, then he saw no benefit.

Members determined by majority vote to recommend the implementation of Modification 0521.

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0521

170.7 Any Other Business

None raised.

170.9 Conclude Meeting and Agree Date of Next Meeting

10:30 19 February 2015, at the ENA.