

**Record of Determinations: Panel Meeting 20 August 2015**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Member	Determination Sought
		AG	AM	PB	RF	SM	CW	EM	FH	JF	RP	CA	
0549 – Improving Arrangements for Managing Major Industry Changes	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0549 with a report presented by the March 2016 Panel - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0549 with a report presented by the March 2016 Panel
0550 – Project Nexus: Incentivising Central Project Delivery	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0550 with a report presented by the January 2016 Panel - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0550 with a report presented by the January 2016 Panel
0551 – Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0551 with a report presented by the October 2015 Panel - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0551 with a report presented by the October 2015 Panel
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation (includes a deemed request for Legal Text)

0552 – UNC Section Y Housekeeping	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 September 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 10 September 2015
0553 – Removal of National Grid LNG Storage UNC TPD Section Z obligations and associated cross references	Is not a Self-Governance Modification - <i>majority vote against</i>	X	✓	✓	✓	X	X	X	✓	X	X	✓	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0553 with a report presented by the October 2015 Panel - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0553 with a report presented by the October 2015 Panel
0506/A - Gas Performance Assurance Framework and Governance Arrangements	Returned to Workgroup 0506 with a report presented by the October 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return to Workgroup 0506 with a report presented by the October 2015 Panel
0534S - Maintaining the Efficacy of the NTS Optional Commodity ('Shorthaul') Tariff at Bacton Entry Points	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 September 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 10 September 2015
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation

0546S - Reduction of the Minimum Eligible Quantity (100,000kWh) for European IP capacity	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 September 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 10 September 2015
0547S - Corrections to the EID arising from implementation of Modifications 0493/0500	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 September 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 10 September 2015
0531 - Provision and Development of Industry Testing Prior to Nexus Go-live	Workgroup to report by November 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to November 2015 Panel
0532 - Implementation of Non Effective Days (Project Nexus transitional modification)	Workgroup to report by November 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to November 2015 Panel
0520 - Performance Assurance Reporting	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0545S - Changes to GDN MOD186 Publication dates	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0528 - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)	Variation is material - <i>majority vote in favour</i>	✓	✓	X	✓	✓	X	✓	✓	✓	✓	X	Is the Variation material

0528V - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)	Is not a Self-Governance Modification - <i>unanimous vote in against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation (includes a deemed request for Legal Text)
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 September 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 10 September 2015
0498 - Amendment to Gas Quality NTS Entry Specification at BP Teesside System Entry Point	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - <i>with a majority vote in favour</i>				✓	✓	✓	✓	✓	✓	✓		Should Modification be implemented (only votes in favour recorded)
0502 - Amendment to Gas Quality NTS Entry Specification at the px Teesside System Entry Point	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - <i>with a majority vote in favour</i>				✓	✓	✓	✓	✓	✓	✓		Should Modification be implemented (only votes in favour recorded)
0510V - Reform of Gas Allocation Regime at GB Interconnection Points	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)
0517 - Review of the Supply Matching Merit Order in Setting Capacity Charges	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation not recommended - <i>with 4 votes in favour</i>				✓				✓	✓		✓	Should Modification be implemented (only votes in favour recorded)

0517A - Review of the Supply Matching Merit Order in Setting Capacity Charges and Timing of Resultant Price Changes	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation not recommended - <i>with 2 votes in favour</i>									✓		✓	Should Modification be implemented (only votes in favour recorded)

0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges, Rolling Average to Reduce Volatility in Annual Charges	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation not recommended - <i>with 1 votes in favour</i>											✓	Should Modification be implemented (only votes in favour recorded)

	Prefer 0517				✓				✓				
	Prefer 0517A					✓		✓		✓	✓	✓	
	Prefer 0517B			✓									

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

**UNC Modification Panel**

**Minutes of the 180<sup>th</sup> Meeting held on Thursday 20 August 2015 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 Green (AG), Total A Margan (AM), British Gas P Broom* (PB), GDF Suez R Fairholme* (RF), E.ON UK S Mulinganie (SM), Gazprom	C Warner (CW), National Grid Distribution E Melen (EM), Scotia Gas Networks F Healy (FH), National Grid NTS J Ferguson (JF), Northern Gas Networks R Pomroy (RP), Wales & West Utilities	C Alexander (CA), Citizens Advice

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>
L Jenkins (LJ), Chair	A Lam

**Also in Attendance:**

A Love\* (ALo), ScottishPower; E Hunter\* (EH), Npower; H Chapman (HC), Xoserve; K Elliott-Smith (KES), Cornwall Energy; M Steven (MS), National Grid Storage and R Fletcher (RF), Secretary.

\* *via teleconference*

## **Record of Discussions**

### **180.1 Note of any alternates attending meeting**

R Pomroy for S Edwards (Wales & West Utilities)

### **180.2 Record of Apologies for absence**

A Plant and S Edwards

### **180.3 Minutes and Actions of the Last Meeting(s)-**

Members approved the minutes from the previous meetings (16 July and 05 August 2015).

### **180.4 Consider Urgent Modifications**

None

### **180.5 Consider New Non-Urgent Modifications**

- a) Modification 0549 – Improving Arrangements for Managing Major Industry Changes

SM introduced the modification and its aims, he also suggested that it may be prudent to move this modification forward quickly as it may be useful to support Nexus implementation. LJ was unsure if there was a need to push this modification forward at this time, as there may be some gaps in Nexus governance but these were not significant.

FH would like to understand how this modification would fit with other industry changes such as FGO and other cross code projects.

For Modification 0549, Members determined:

- The criteria for Self-Governance are not met as this modification is expected to have a material impact on the Modification Rules;
- That Modification 0549 is issued to Workgroup 0549 for assessment, with a report to be presented no later than the March 2016 Panel.

b) Modification 0550 – Project Nexus: Incentivising Central Project Delivery

EH introduced the modification and its aims. CW asked if the proposed development timescales were appropriate and asked for an early view from Ofgem as this modification would set significant precedents and it may be appropriate for them to issue guidance at an early stage in the process. AL advised that Ofgem were not in a position to comment.

CW asked why Modification 0440 is not within scope? EH felt this Modification was not likely to fail on its own should the other modifications be implemented.

It was agreed to issue this modification to the Governance Workgroup.

Workgroup questions:

Review previous industry precedents (electricity industry);

How will damages or losses be identified or proven.

For Modification 0550, Members determined:

- The criteria for Self-Governance are not met as this modification is expected to have a material impact on transportation and competition;
- That Modification 0550 is issued to Workgroup 0550 for assessment, with a report to be presented no later than the January 2016 Panel.

c) Modification 0551 – Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015

SM introduced the modification and its aims. CA asked if it could be made clear what a ratchet is and why it is significant to customers.

SM explained that the ratchet would only be suppressed for those sites, which were disaggregated due to Modification 0428. JF had concerns about the legal text and how the definition would clearly differentiate disaggregated sites from other sites subject to ratchets.

JF confirmed the normal ratchet process runs until May. AM asked if the ratchet invoice is part of the adhoc invoice process. JF confirmed it was listed on the commodity invoice.

Workgroup Questions:

Provide a clear (plain English) explanation of how Ratchet charges work and what they mean for consumers;

Provide a timeline for how the transitional period will work, included invoicing impacts.

For Modification 0551, Members determined:

- The criteria for Self-Governance are not met by this modification as it is expected to have a material impact on consumers;

- That Modification 0551 is issued to Workgroup 0551 for assessment, with a report to be presented no later than the October 2015 Panel.

d) Modification 0552 – UNC Section Y Housekeeping

FH introduced the modification and its aims. CA asked if this modification was due to a general review of Code or some other specific driver. FH advised that there had been a significant review of this section due to European changes it was appropriate to update this section before any other changes were effected. LJ clarified that it should be considered as an interim update to correct obvious errors, ahead of a more fundamental review. This would ensure clarity when considering the more fundamental changes that might arise in the future.

For Modification 0552, Members determined:

- The criteria for Self-Governance are met as this modification is not expected to have a material impact on transportation, competition or consumers;
- The criteria for Fast Track Self-Governance are not met as this modification is not properly a housekeeping modification required as a result of some error or factual change;
- It should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 10 September 2015 and the Final Modification Report is to be considered at short notice at the September Panel.

e) Modification 0553 – Removal of National Grid LNG Storage UNC TPD Section Z obligations and associated cross references

MS introduced the modification and its aims. AM wanted to know what would happen should alternative provisions fail to be provided in time to meet the closure of the site at Avonmouth. MS advised that the decision to close Avonmouth has been made following industry consultation and this modification is just removing the relevant sections of Code, there is no option to continue with Avonmouth.

EM suggested that this modification is sent to Workgroup to ensure that any loose ends are resolved. FH agreed that there were related issues that should be considered at a Workgroup.

AL advised that Ofgem were unconcerned at this time and felt that Self Governance was appropriate.

For Modification 0553, Members determined:

- The criteria for Self-Governance are not met by this modification as it is expected to have a material impact on the transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes;
- That Modification 0553 is issued to Workgroup 0553 for assessment, with a report to be presented no later than the October 2015 Panel;

#### **180.6 Existing Modifications for Reconsideration**

None

#### **180.7 Consider Workgroup Issues**

None for discussion.

#### **180.8 Workgroup Reports for Consideration**

- a) Modification 0506/A - Gas Performance Assurance Framework and Governance Arrangements

RP was concerned that legal text has been provided and now a late change was being proposed, this was inefficient and expensive.

AM asked if it would be appropriate to separate these modifications so that Modification 0506A could proceed as it offered an interim solution. This was not widely supported at this time, however Members would take a view should the Workgroup recommend this approach.

Members accepted the recommendation within the Workgroup Report that Modifications 0506/A:

- Should be returned to Workgroup for further assessment with a report presented to the October Panel.

- b) Modification 0534S - Maintaining the Efficacy of the NTS Optional Commodity ('Shorthaul') Tariff at Bacton Entry Points

AL asked if there should be a discussion on User Pays to ensure that the ACS matches what is proposed, particularly as this modification is Self Governance.

CW felt the modification was User Pays. However, the allocation of User Pays between Transporters and Shipper Users is the main issue.

Question for consultation:

Views are sought on the allocation of User Pays costs and whether Transporters or Shipper Users should fund these?

Members then determined that Modification 0534S:

- proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;

- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 10 September 2015 and the Final Modification Report is to be considered at short notice at the September Panel.

c) Modification 0546S - Reduction of the Minimum Eligible Quantity (100,000kWh) for European IP capacity

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0546S:

- Should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 10 September 2015 and the Final Modification Report is to be considered at short notice at the September Panel.

d) Modification 0547S - Corrections to the EID arising from implementation of Modifications 0493/0500

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0547S:

- Should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 10 September 2015 and the Final Modification Report is to be considered at short notice at the September Panel.

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

Members determined unanimously to extend the following Workgroup reporting dates:

<b>Workgroup</b>	<b>New Reporting Date</b>
0531 - Provision and Development of Industry Testing Prior to Nexus Go- live	November 2015
0532 -Implementation of Non-Effective Days (Project Nexus transitional modification)	November 2015

Members determined unanimously to request Legal text for the following modification(s):

<b>Modification</b>
0520 - Performance Assurance Reporting
0545S - Changes to GDN MOD186 Publication dates

### **180.10 Consideration of Variation Requests**

- a) Modification 0528 - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)

BF presented the supplemental report, explaining that the Workgroup recommendation was that the Variation Request for Modification 0528 should not be considered as material.

Following discussion, Members determined that the Modification 0528 Variation Request was material as it may change the view of parties who had previously opposed the modification.

Modification 0528 will therefore be deemed withdrawn and replaced by Modification 0528V.

For Modification 0528V Members determined:

- The criteria for Self-Governance are not met by this modification as it is expected to have a material impact on the transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes
- It should proceed to consultation (including a deemed request for Legal text);
- Legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 10 September 2015 and the Final Modification Report is to be considered at short notice at the September Panel.

### **180.11 Final Modification Reports**

- a) Modification 0498 and 0502 - Amendment to Gas Quality NTS Entry Specification at BP Teesside System Entry Point, etc.

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0498](http://www.gasgovernance.co.uk/0498)

Members determined by majority vote to recommend implementation of Modification 0498.

Members determined by majority vote to recommend implementation of Modification 0502.

- b) Modification 0510V - Reform of Gas Allocation Regime at GB Interconnection Points

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0510](http://www.gasgovernance.co.uk/0510)

Members determined unanimously to recommend implementation of Modification 0510V.

- c) Modification 0517/A/B - Review of the Supply Matching Merit Order in Setting Capacity Charges,

For Panel discussion see the Final Modification Report published at [www.gasgovernance.co.uk/0517](http://www.gasgovernance.co.uk/0517)

Members determined not to recommend the implementation of Modification 0517;

Members determined not to recommend the implementation of Modification 0517A;

Members determined not to recommend the implementation of Modification 0517B.

### **180.12 Any Other Business**

- a) Legal Text Guidance Document – Annual Review

LJ provided an overview of the responses received to the consultation. CW felt that transporter performance has improved over the last year. CA was of the opinion that there is too much discussion at Panel concerning the provision of text and this interferes with discussions on the content of modifications.

JF was concerned that text is requested too early in the process and too much time is spent reviewing and amending versions of text, which can be very expensive.

AM raised concerns that this is the only Code that does not have central provision of text and that the benefits of central provision have been demonstrated.

Transporters have noted the request for the central provision of text and have declined to change their approach for its provision.

It was noted that there were no changes requested to the Legal Text Guidelines and therefore the review has been completed for this year.

- b) Consent to Modify C053 - Revision to the legal text associated with the implementation of UNC Modification 0548

CW advised that a Consent to Modify had been raised following the implementation of Modification 0548. Numbering issues had been identified as the Legal Text had been based on an earlier version of Code and did not include the changes put following the implementation of Modification 0501V. Other than numbering the content of the Legal Text was the same.

AL was concerned that a Consent was being used when Fast Track Self Governance has been put in place for this sort of issue. LJ felt that the current criteria for Fast Track Self Governance would prevent this approach at this time.

RP felt that as the modification had been implemented and notified that the Fast Track process could be used as Modification 0548 was effective and the Fast Track modification would enable the number to be resolved.

CW agreed to provide a legal view on the appropriate process to use in these circumstances.

### **180.13 Conclusion of Meeting and agreed Date of Next Meeting**

10:30, Thursday 17 September 2015, at the ENA.