

**Agenda:** Pre-Modification Panel Briefing  
**Meeting Details:** 13:00, 16 November 2015  
**Teleconference:** 0207 950 1251, access code 21870295#  
**Documentation at:** <http://www.gasgovernance.co.uk/panel/191115>

Dear Colleague,

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at **13:00 on Monday 16 November 2015**. Discussions will be based on the Modification Panel agenda (<http://www.gasgovernance.co.uk/panel/191115>).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held on the Monday prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

### ***New Modifications***

#### **Modification 0563 - Moving the NTS Optional Commodity Charge Formula into the UNC**

Proposed by SSE

This modification proposes to relocate the existing NTS Optional Commodity Charge (ie Shorthaul) formula from the NTS Transportation Statement into Section Y of the UNC, effectively to overlay existing UNC governance on to it.

The Proposer is seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0563>

#### **Request 0564 - Review of Annual Read Meter Reading requirements**

Proposed by National Grid Distribution

This Request proposes to review the existing UNC obligations concerning the 'cyclic' reading of Annual Read Meters, including the procurement by Transporters of 'must reads' in the event such Meters are not read.

A report will be produced for Panel, which may include a draft modification should this be felt to be necessary.

<http://www.gasgovernance.co.uk/0564>

#### **Modification 0565 - Central Data Service Provider: General framework and obligations**

Proposed by National Grid Distribution

At present, Xoserve discharges Transporter UNC obligations via an Agency Services Agreement (ASA) that defines the services provided. In 2013 Ofgem published the conclusions from its Funding, Governance and Ownership (FGO) Review, which required the establishment of Xoserve as the Central Data Service Provider (CDSP) to be funded independently of the Gas Transporters (<https://www.ofgem.gov.uk/ofgem-publications/86614/xoservedecisionoct13.pdf>).

This modification identifies the framework and principal obligations / terms under which the CDSP will operate under the UNC and is expected to have an extensive impact upon the Code.

The Proposer is not seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0565>

### **Modification 0566 - UNC Modification Stakeholder Engagement and Guidelines**

Proposed by Scotia Gas Networks

This modification seeks to improve the efficiency of the modification process by improving the quality of new proposals through clear guidelines for pre-modification stakeholder engagement. It introduces a new UNC Modification Proposal Guidance Document, additional time for Code Administrator 'critical friend' activities and enhanced Panel powers in requiring further modification development

The Proposer is seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0566>

### **Modification 0567 - Amendment to reference temperature conditions within the National Grid NTS – IUK Interconnection Agreement**

Proposed by National Grid NTS

Consistent with the EU Interoperability Code and UNC Modification 0519 (Harmonisation of Reference Conditions at Interconnection Points), this enabling Modification is to facilitate a change to the contractual reference temperatures that are used by IUK for measurement as recorded within the National Grid NTS – IUK Interconnection Agreement.

The Proposer is seeking self-governance status for this enabling modification.

<http://www.gasgovernance.co.uk/0567>

### **Modification 0568 - Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer**

Proposed by ICE Endex Gas Spot Ltd

ICE Endex are the appointed (by National Grid NTS) operator of the On-the-day Commodity Market (OCM). For organisational reasons, it is intended that ICE Endex Spot Limited will soon assume the role of Trading System Clearer (TSC) for the OCM and will discharge its obligations as TSC by relying on ICE Clear Europe Limited to provide clearing and settlement services.

The UNC requires a User (including the TSC) to provide Security for their indebtedness for Energy Balancing Charges in accordance with the Energy Balancing Credit Rules (EBCR). ICE Endex will not be able to comply with the requirement to provide Security, since ICE Clear, and not ICE Endex, holds the collateral provided by members of ICE Clear. ICE Clear are not a Code party, however they are subject to wider financial regulatory provisions.

This modification proposes to clarify the TSC's Security requirements and amend the TSC's invoice payment settlement cycle to minimise the financial risk to shippers.

The Proposer is seeking self-governance status for this modification.

<http://www.gasgovernance.co.uk/0568>

## ***Implementation Recommendations***

### **Modification 0506 0506A – Gas Performance Assurance Framework and Governance Arrangements**

These modifications seek to introduce a Gas Performance Assurance Framework to be used to facilitate assurance and incentivisation of settlement accuracy post-implementation of Project Nexus. (note: this only applies to energy and supply points within LDZs (including Connected System Exit Supply Points), they do not apply to the National Transmission System and supply meter points connected to it.)

The Consultation closes on Thursday 12 November and an update on representations received will be provided on the call.

Panel members will be asked whether consultation responses have raised any further new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0506>

### **Modification 0551 – Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015/16**

This modification addresses a situation created by Modification 0428 'Single Meter Supply Points', where determining the correct split of capacity across affected meter points has not been straightforward for consumers. It proposes to suppress any ratchet charges, which apply when a consumer's daily offtake quantity exceeds their booked quantity, for the coming winter period only. From that point forward it is expected that those consumers will subsequently amend bookings in light of more accurate site data.

Of the 15 representations received, implementation was supported by 11 respondents, 2 provided qualified support and 2 had comments. Respondents generally agreed with the proposer that some form of transitional relief was appropriate for affected consumers, however some views were expressed that such parties had in fact been given adequate notice to be able to mitigate the impacts of 0428.

Panel members will be asked whether consultation responses have raised any further new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0551>

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

Following the decision taken earlier in 2015 to close the last remaining LNG Storage facility at Avonmouth, the proposers consider it is prudent to remove the associated UNC TPD obligations. This modification therefore proposes the deletion of Section Z in its' entirety and amendment of other cross-references applying to it, including provisions for any gas left in the facility during the decommissioning process.

Of the 4 representations received, implementation was supported by 3 respondents and 1 provided comments; all respondents agreed with the proposer that the Code should be updated following the closure of Avonmouth.

Panel heard at its' October meeting that views differed amongst Workgroup participants about the Self Governance Status, and asked for further views from respondents to the Consultation; 3 believed that Self Governance was appropriate. Panel will reconsider this matter at the coming meeting before making a recommendation.

Panel members will be asked whether consultation responses have raised any further new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend implementation.

<http://www.gasgovernance.co.uk/0553>

### **Modification 0560 (Urgent) – Addressing under-allocation of flows from BBL arising from misalignment of reference conditions**

Modification 0519: Harmonisation of Reference Conditions at Interconnection Points will be implemented on 01 May 2016, however BBL implemented their corresponding systems changes on 01 October 2015. This modification proposes to enable the manual correction of imbalance charges on the monthly energy balancing invoices for affected Shippers, who otherwise will lose the value of their gas as a result of misalignment of reference conditions between BBL and the NTS.

The Proposer believes that this modification should be both Urgent and include an element of retrospectivity and has used Ofgem's published criteria to explain their position.

Ofgem granted Urgent status on 21 October 2015 and, following a workgroup assessment on 05 November, a brief consultation is taking place at the moment. Respondents have been asked specifically for their views on retrospectivity. A Final Modification report will not be available until 18 November (Ofgem anticipate making a decision by 04 December 2015).

Panel members will be asked whether consultation responses have raised any further relevant issues for Ofgem's consideration (in this case, due to the Urgent timeline, referral of any issues to a workgroup is not possible) and whether they recommend implementation.

<http://www.gasgovernance.co.uk/0560>

## ***Self-Governance Implementation***

### **Modification 0561S – Amendment to the oxygen limit within the BBL / NTS Interconnection Agreement**

This modification proposes to enable a change to the Interconnection Agreement between BBL Company and National Grid NTS to accommodate a recent legislative change in the Netherlands regarding the way oxygen limits are specified. Instead of the existing instantaneous oxygen limit in parts per million (ppm), BBL are now required to operate to a daily average value (also in ppm) and compliance with this may cause gas to be rejected at Bacton. Both parties have indicated that they see little risk in this technical amendment and confirm that this is within the requirements of the UK Gas Safety (Management) Regulations.

Of the 2 representations received, implementation was unanimously supported; respondents agreed with the proposer that this modification is consistent with enhancing cooperation between TSOs.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented (which, in this case, would enable BBL and National Grid NTS to seek approval from Ofgem to amend the Interconnection Agreement).

<http://www.gasgovernance.co.uk/0561>

I hope this summary is helpful.

Regards,

Les Jenkins  
Joint Office of Gas Transporters  
Tel: 0121 288 2107  
Email: [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

UNC related documents can be accessed via our website: [www.gasgovernance.co.uk](http://www.gasgovernance.co.uk)