

Record of Determinations: Panel Meeting 17 December 2015

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought
		AG	AM	CB	PB (AL)	SM	CW	EM	FH	JF	RP		
0560 (Urgent) – Addressing under-allocation of flows from BBL arising from misalignment of reference conditions	Subject of 0560 not to be considered further by a Workgroup - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X		Should subject of 0560 be considered further by a Workgroup
0569 - Removal of the minimum security requirement from the Energy Balancing Credit Rules	Is not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X		Modification is related to Significant Code Review
	Is a Self-Governance Modification - <i>majority vote in favour</i>	✓	✓	X	✓	✓	✓	✓	✓	✓	✓		Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0569S with a report presented by the January 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		Issue to Workgroup 0569S with a report presented by the January 2016 Panel
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X		Modification is related to Significant Code Review
	Is not a Self-Governance Modification - <i>majority vote against</i>	X	X	X	X	X	✓	X	X	✓	✓		Does Modification satisfy the Self-Governance criteria
	Not issued to Workgroup 0570, consideration deferred - <i>majority vote against (Chair used casting vote against)</i>	✓	X	✓	✓	✓	X	X	✓	X	X		Issue to Workgroup 0570 with a report presented by the March 2016 Panel
0520 0520A - Performance Assurance Reporting	Proceed to Consultation - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X		Should DMR be Issued to Consultation
	Issued to Workgroup 0520 with a report presented by the February 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		Issue to Workgroup 0520 with a report presented by the February 2016 Panel

0532 - Implementation of Non Effective Days (Project Nexus transitional modification)	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 15 January 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0532 consultation end on 15 January 2016? (and therefore be taken at short notice at January Panel)
0563S – Moving the NTS Optional Commodity Charge Formula into the UNC	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 15 January 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0563S consultation end on 15 January 2016? (and therefore be taken at short notice at January Panel)
0566S - UNC Modification Stakeholder Engagement and Guidelines	<i>To be considered at short notice - unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	<i>Consider at short notice</i>
	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 15 January 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0567S consultation end on 15 January 2016? (and therefore be taken at short notice at January Panel)

0567S - Amendment to reference temperature conditions within the National Grid NTS – IUK Interconnection Agreement	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 15 January 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0567S consultation end on 15 January 2016? (and therefore be taken at short notice at January Panel)
0526 - Identification of Supply Meter Point pressure tier	Workgroup to report by March 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to March 2016 Panel
0541A 0541B - Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 - 06:00 Gas Day etc	Workgroup to report by April 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to April 2016 Panel
0550 - Project Nexus: Incentivising Central Project Delivery	Workgroup to report by March 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to March 2016 Panel
0504 - Demand Side Response (DSR) Methodology Implementation	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 7 votes in favour</i>		✓	✓			✓	✓	✓	✓	✓		Should Modification be implemented (only votes in favour recorded)
0522S – Governance of the use of email as a valid UNC Communication	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
	Not Implemented - <i>with 5 votes in favour</i>	✓	✓	✓	✓	✓							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 184th Meeting held on Thursday 17 December 2015 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total A Margan (Am), British Gas C Baldwin (CB), E.ON UK P Broom (PB), GDF Suez 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	

Non-Voting Members:

Chairman	Ofgem Representative
A Plant (AP), Chair	R Elliott (JT)

Also in Attendance:

A Bradney (AB), Ofgem; A Love (AL), ScottishPower; C Hill* (CH), Locus Energy; F Mathieson (FM), Scotia Gas Networks; H Chapman (HC), Xoserve; K Elliott-Smith (KES), Cornwall Energy; L Jenkins (LJ), Joint Office; R Fletcher (RF), Secretary.

** via teleconference*

Record of Discussions

184.1 Note of any alternates attending meeting

A Love for P Broom (GDF Suez) from item 184.4 (a) onwards
C Baldwin for R Fairholme (E.ON UK)

184.2 Record of Apologies for absence

R Fairholme

184.3 Minutes and Actions of the Last Meeting(s)-

RP requested the following amendments to the minutes in item 183.8 (a) and these were accepted:

“Both CW and RP expressed concerns over the intention of Panel to send 0468 to consultation following a report in March if it had not been fully assessed. RP agreed that the modification had been around for too long but thought that this was poor process and Panel should be aware of the precedent it set and the potential risk.”

AL noted that the minutes relating to item 183.10 (a) Panel for Modification 0506 was incorrect and should be “recommended for implementation”. Members agreed with the proposed amendment.

Members approved the minutes from the previous meeting (19 November 2015).

184.4 Consider Urgent Modifications

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

Members determined that the subject of Modification 0560 did not require further review at Workgroup.

184.5 Consider New Non-Urgent Modifications

- a) Modification 0569 - Removal of the minimum security requirement from the Energy Balancing Credit Rules

CH introduced the modification and its aims. CW queried whether this was appropriate as a modification, or whether it should be changed through application to the UNCC. BF advised that Section X 2.1.5 appears to allow Users to raise modifications to propose amendments to Energy Balancing Credit Rules. Other Panel Members noted that it was reasonable for parties to raise issues in this way.

RP asked if there are issues within the modification that would benefit from review at Workgroup. AP mentioned that the changes as they appear to be restricted to new Users only, which did not seem right. LJ added that he felt the materiality of the change should be questioned as he felt this modification should be Self-Governance.

FH asked if there were similar provisions under DNO transporter credit arrangements. JF advised that DNO transporter credit is driven by a methodology formula only and there is no minimum level of security as this was removed when the DNO credit arrangements were reviewed in 2010.

CH highlighted that the aim of the modification is to ensure the level of upfront security required should reflect a party's actual risk to the industry. He agreed that the rules should apply to all Users equally.

For Modification 0569, Members determined:

- Is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on transportation and competition;
- That Modification 0569S is issued to Workgroup 0569S for assessment, with a report to be presented no later than the January 2016 Panel.

- b) Modification 0570 – Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum

AL gave an overview of the reasons why the modification had been raised followed by an introductory presentation explaining the modification content.

AP asked why Suppliers are currently not providing the readings they take to the Shippers for inclusion in settlement. AL advised that this is due to various reasons including there is no obligation on Suppliers to provide the read to Shippers. The change proposed in the modification would require Shippers to put these arrangements in place with Suppliers.

JF asked if this modification proposes a requirement that would apply to annual read sites only. AL advised that it is for all sites including monthly and daily read sites. CW confirmed that there are currently minimum requirements which drives the Must Read process for more frequently read sites – this modification may change those minimum provisions by overwriting with a 12 month minimum read provision and therefore degrade the existing arrangements.

CW was concerned that the topic of this modification was closely aligned to that of Request 0564R and may conflict with the optimal read volumes and frequencies being discussed and pre judge any potential conclusion in the Request group report.

CB was also concerned that this modification is placing a tougher test on Shippers than the reasonable endeavours obligation, which is currently in place for Suppliers. AL advised the intention is to mirror the licence obligation and not to exceed it so it is not achievable.

CW was concerned that a test against the Suppliers licence does not further GTs' licence obligations under the relevant objectives and this would need to be resolved. AL highlighted concerns that settlement is currently being impacted due to a lack of minimum obligations to provide meter readings, leading to sites not being settled when the "line in the sand" for settlement is reached.

AM asked if this modification is likely to deliver the same outcome as the Request Group would in its report. CW clarified as currently scoped it would deliver against one of the two main review areas of the Request. SM was concerned this modification is cutting over the work that would be established under the performance assurance framework, which would be expected to identify areas of largest risk to target first.

For Modification 0570, Members determined:

- Is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on transportation, competition or consumers;
- Not to issue to a Workgroup and defer consideration to the March Panel. As the vote was tied, AP used his casting vote to support deferring the modification.

Note: Panel asked that the Workgroup 0564R explicitly consider the issues raised in Modification 570, so that as full a picture as possible could be considered before Panel in March.

184.6 Existing Modifications for Reconsideration

- a) Modification 0565 - Central Data Service Provider: General framework and obligations (*review Terms of Reference*)

Members considered the Terms of Reference and agreed with the content.

184.7 Consider Workgroup Issues

None for discussion.

184.8 Workgroup Reports for Consideration

a) Modification 0520 0520A - Performance Assurance Reporting

RP was concerned that the cost estimates had been provided after the Workgroup had concluded the report. The timings of the Workgroup Report and cost estimate were discussed, and CB advised that the modification had progressed within reduced timescales in order to avoid any significant delays to the original (520). HC clarified that the cost estimate had been promptly provided as soon as a baselined set of requirements had been confirmed, by way of the Workgroup Report. He RP felt that it may be worth a further review at Workgroup to allow parties opportunity to review the cost impacts against each of the reports proposed. CB advised that she was not provided with the cost information prior to the report being finalised and felt that the report structure could be changed further to make the reports less expensive. CB was concerned that parties would respond to the consultation based on a potentially incorrect understanding of the costs and this could affect the consideration of the merits of each modification. HC highlighted that cost information, which specifically flagged the consequences of the proposed reporting structure on the cost estimate, had been provided to the proposer via email in advance of the report being finalised, in addition to the formal cost estimate being provided as above. She added that clarifications of the requirements had been sought via email and also within the workgroup (see Distribution Workgroup 26/11/15 minutes), and confirmed that if the reporting structure were amended in the proposed manner, the cost estimate for the report in question would likely decrease.

AL was concerned about the timing of these modifications and the likely impact on implementation of the post Nexus reports. HC AM advised that the post Nexus implementation reports ~~would~~ may not be available for some months post Nexus. ~~However, this wouldn't impact the costs.~~

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modifications 0520 0520A:

- Should be returned to Workgroup for further assessment with a report presented to the February 2016 meeting

b) Modification 0532 - Implementation of Non Effective Days (Project Nexus transitional modification)

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0532:

- 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 15 January 2016 (*and therefore be taken at short notice at January Panel*)

- c) Modification 0563S – Moving the NTS Optional Commodity Charge Formula into the UNC

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0563S:

- 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;
- Consultation should close on 15 January 2016 (*and therefore be taken at short notice at January Panel*)

- d) Modification 0566S - UNC Modification Stakeholder Engagement and Guidelines

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0566S:

- Should be considered at short notice;
- 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;
- Consultation should close on 15 January 2016 (*and therefore be taken at short notice at January Panel*)

- e) Modification 0567S - Amendment to reference temperature conditions within the National Grid NTS – IUK Interconnection Agreement

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0567S:

- 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;
- Consultation should close on 15 January 2016 (*and therefore be taken at short notice at January Panel*)

Consideration of Workgroup Reporting Dates and Legal Text Requests

Joint Office of Gas Transporters

Members determined unanimously to extend the following Workgroup reporting date(s):

Workgroup	New Reporting Date
0526 - Identification of Supply Meter Point pressure tier	March 2016
0541A 0541B - Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 - 06:00 Gas Day etc.	April 2016
0550 - Project Nexus: Incentivising Central Project Delivery	March 2016

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

Modification
None

184.9 Consideration of Variation Requests

None for discussion.

184.10 Final Modification Reports

- a) Modification 0504 - Demand Side Response (DSR) Methodology Implementation

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0504.

Members determined by majority vote to recommend implementation of Modification 0504.

- b) Modification 0522S – Governance of the use of email as a valid UNC Communication

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0522.

Members determined by not to implement Modification 0522S.

184.11 Any Other Business

a) Members' Personal Liability

AP provided an overview of the Modification Rules, Section 12.6.3 advising that Panel members could not be held liable for determinations they made where these were in line with the Modification Rules. However, as in all matters of legal interpretation this did not prevent parties taking their own legal advice.

b) Introduction to the Switching SCR

AB provided a brief presentation on the recently announced Switching SCR, explain the proposed process, content and structure of the review.

Logical view

CW asked for clarity on what is a DNO, is it electricity, gas or both. AB agreed it was both in terms of data creators. LJ suggested network owners may be a more appropriate term, however it was confirmed that NTS were excluded from this description and DNOs was the appropriate term.

SM would like an early view on what is the preferred approach when considering if DCC is going to be a thin or thick arrangement as this is fundamental to the workgroup progression when considering the commercial regime around the new arrangements. He further suggested that this could be an issue for consultation with industry more widely, given its importance. AB advised that this is still to be defined although this is not likely to be confirmed before the Summer of 2016 and that she would consider the consultation suggestion. SM was still concerned that this decision is very late in the process.

Blueprint

AP challenged where how the consumer is to be represented as some of the development is likely to be detailed and technical and may not be of interest to consumers at that level. AB advised that Citizens Advice is to represent consumer and other parties such as Which will be invited to support the process at a high level.

Governance

SM asked who would be representing the industry on a full time basis as indicated in this proposed process, as none of the usual regulatory representatives will be available on this basis. JF advised that from a Gas perspective transporter regulation teams have been requested to provide resources to support the design process.

SM was still concerned that a design team would be creating processes for parts of the industry, without his or other organisations' full participation. RP asked which code governance groups would be providing resources AB advised MRA and SPAA are likely to be involved.

JF was concerned about the lack of representation from Shippers and would encourage that they are more involved in the process as they have direct relationships with Suppliers. AB felt there was a balance to be reached to achieve a reasonable timeline while encouraging genuine participation in the process.

CB was concerned about the lack of Shipper engagement when moving to dual fuel arrangements, as the focus seems to be on Suppliers.

AB advised that the programme stakeholder group would be meeting every six months to review progress against the plan and they would consider industry participation.

RP asked how the SCR would be managed should the SCR process change following the Code Governance Review phase III outcomes. AB felt it would be able flex based on the rules in place at the time.

AB advised that there is likely to be an interim consultation once the initial proposals of the SCR are known.

AP clarified that members need to be aware that all new modifications need to be tested against the SCR to ensure they do not fall in scope and that Ofgem should be prepared to make their view known to Panel as they will be more aware of the detail of the SCR programme.

184.12 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 21 January 2016, at the Elexon.