

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 24th MEETING HELD ON THURSDAY
16 MARCH 2006

Members Present:

Transporter Representatives: B Grubb (Scotia Gas Networks), R Hewitt (National Grid NTS), C Warner (National Grid UKD). R Cameron-Higgs (Northern Gas Networks) and L Spierling (Wales & West Utilities)

User Representatives: P Broom (Gaz de France), S Ladle (Total Gas and Power), C Sykes (EON UK), S Rouse (Statoil) and M Young (British Gas Trading)

Ofgem Representative: J Dixon

Consumers Representatives: None

Joint Office: T Davis (Chairman), J Majdanski (Secretary)

24.1 Note of any alternates attending meeting

S Rouse for R Cross (Statoil) and C Warner for A Raper (National Grid UKD).

24.2 Record of apologies for absence

R Cross (Statoil) and A Raper (National Grid UKD).

24.3 Record invitees to meeting

G Collins (Cornwall Energy Associates) and M Curtis E=MC²

24.4 Receive report on status of Urgent Modification Proposals

None

24.5 Consider New, Non-Urgent Modification Proposals.

Before consideration of any new Proposals, the Chairman highlighted that three new SMEs had been proposed:- R Cameron-Higgs (Northern Gas Networks), G Rogers and S Hanman (both of Wales & West Utilities).

The Panel voted UNANIMOUSLY to approve them to be added to the SME list.

- a) Proposal 0075 "Proposal to amend Annex A Part 8 of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA) by replacing the current version of the AQ Table with a revised Table to account for movements in AQ values as a result of the AQ Review 2004/05"
Following a presentation from C Warner (National Grid UKD), the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with R Cameron-Higgs as SME.
- b) Proposal 0076 "Right of Set Off under UNC"
Following a presentation from C Warner (National Grid UKD), the Panel voted UNANIMOUSLY for the Proposal to proceed to both the Distribution and Transmission Workstreams.
- c) Proposal 0077 "Notice Period for Code Credit Limit Revision (as a consequence of Credit Rating downgrade) and remedies for non-compliance with a request for provision of additional security"

Following a presentation from C Warner (National Grid UKD), the Panel voted UNANIMOUSLY for the Proposal to proceed to both the Distribution and Transmission Workstreams.

- d) Proposal 0078 "Variation/Withdrawal of a Modification Proposal" Following a presentation from C Warner (National Grid UKD), the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with A Jennings as SME.

24.6 Existing Modification Proposals for Reconsideration.

- a) Proposal 0005 (0726) "Provision of a Guarantee of Pressure for Meter Points Operating above 21 mbar by the Relevant Transporter"
The Panel voted UNANIMOUSLY to defer reconsideration for one month.

24.7 Consider New Proposals for Review.

None.

24.8 Consider Terms of Reference.

None.

24.9 Consider Workstream Monthly Reports.

- a) Distribution
- b) Transmission
- c) Governance
Proposal 0070 "Removal of the SME Role and Streamlining the Modification Rules"
Following a request from R Hewitt (National Grid NTS), the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with C Thorneywork as SME.

- d) Offtake Arrangements

24.10 Consider Review/Development Work Group Reports.

None.

24.11 Consideration of Final Modification Reports.

- a) Proposal 0053 "Extending established Uniform Network Code governance arrangements to include the Network Code Operations Reporting Manual referenced in Section V9.4"
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of '*facilitating effective competition between relevant Shippers*' and '*promotion of efficiency in the implementation and administration of the code*', whereas others considered it

would be detrimental to efficiency. The Panel then voted by Panel Majority to recommend implementation of the Proposal. The following members cast votes: - P Broom (Gaz de France), S Ladle (Total Gas and Power), C Sykes (EON UK), S Rouse (Statoil), M Young (British Gas Trading) and B Grubb (Scotia Gas Networks)

- b) Proposal 0056 "Extending established Uniform Network Code governance arrangements to include the Code Credit Rules referenced in section V3.1.2" Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of *'facilitating effective competition between relevant Shippers'* and *'promotion of efficiency in the implementation and administration of the code'*, whereas others considered it would be detrimental to efficiency. The Panel then voted by Panel Majority to recommend implementation of the Proposal. The following members cast votes: - P Broom (Gaz de France), S Ladle (Total Gas and Power), C Sykes (EON UK), S Rouse (Statoil), M Young (British Gas Trading) and B Grubb (Scotia Gas Networks)
- c) Proposal 0059 "Extending Established Uniform Network Code governance arrangements to include the Network Code Validation Rules document referenced in Section M1.5.3" Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of *'facilitating effective competition between relevant Shippers'* and *'promotion of efficiency in the implementation and administration of the code'*, whereas others considered it would be detrimental to efficiency. The Panel then voted by Panel Majority to recommend implementation of the Proposal. The following members cast votes: - P Broom (Gaz de France), S Ladle (Total Gas and Power), C Sykes (EON UK), S Rouse (Statoil), M Young (British Gas Trading) and B Grubb (Scotia Gas Networks)
- d) Proposal 0063 "Extending established Uniform Network Code governance arrangements to include the GRE Invoice Query Incentive Scheme Methodology document referenced in Section S4.6" Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of *'facilitating effective competition between relevant Shippers'* and *'promotion of efficiency in the implementation and administration of the code'*, whereas others considered it would be detrimental to efficiency. The Panel then voted and five votes were cast in favour of implementation, P Broom (Gaz de France), S Ladle (Total Gas and Power), C Sykes (EON UK), S Rouse (Statoil) and M Young (British Gas Trading). Therefore the Panel did not recommend implementation.
- e) Proposal 0064 "Extending established Uniform Network Code governance arrangements to include the CSEP Ancillary Agreement document referenced in Section J5.9" Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of *'facilitating effective*

competition between relevant Shippers’ and ‘promotion of efficiency in the implementation and administration of the code’, whereas others considered it would be detrimental to efficiency.

There was also debate as to whether the Proposal related to a single generic document or a suite of CSEP Ancillary Agreements. Therefore the Panel voted UNANIMOUSLY to defer making a recommendation for one month whilst clarity was sought.

- f) Proposal 0073 “Revision to the Notice Period regarding the implementation of changes to Transportation Charges”
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Panel Members considered that implementation of the Proposal could be expected to further the GT Licence ‘code relevant objectives’ of *‘facilitating effective competition between relevant Shippers’,* whereas others considered competition may be frustrated due to price volatility.
The Panel then voted and three votes were cast in favour of implementation, P Broom (Gaz de France), S Ladle (Total Gas and Power) and C Sykes (EON UK). Therefore the Panel did not recommend implementation.
- g) Proposal 0074 “Clarification of Requirement for Flows at DN Offtakes on Low Demand Days”
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Panel Members considered that implementation of this Modification Proposal could be expected to further the GT Licence ‘code relevant objectives’ of *‘the promotion of efficient and economic operation of the pipeline system’* and *‘the efficient discharge of the licensee’s licence obligations’* and voted UNANIMOUSLY to recommend implementation of the Proposal.

24.12 Any Other Business

- a) Draft Review Proposal and Terms of Reference with respect to Proposal 0044 “Revised Emergency Cash out and Curtailment Arrangements”
The Panel deferred discussion until a future meeting.

24.13 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next full monthly Panel meeting is due to be held at Elexon, 350 Euston Road, on 20 April 2006.