

Record of Determinations: Panel Meeting 248 17 October 2019

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	DF	MB	MJ	RF	SM (AG)	PH	GD	DM	RP	TS	JC	JA	NB	
0703 – Correction to Modification 0698S 'Improvements to Margins Notice Arrangements'	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	Does Modification 0703 impact a Significant Code Review?
	Is a Self-Governance Modification - <i>majority vote for (12 out of 13)</i>	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Does 0703 meet the Self-Governance Criteria?
	Not a fast track Self-Governance Modification - <i>majority vote against (8 out of 13)</i>	✓	✓	X	X	✓	✓	✓	X	X	X	X	X	X	NP	Does 0703S meet the Fast Track Self-Governance Criteria?
	Modification 0703S issued to consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Modification 0703S be issued to Consultation, closing on 25 October 2019, and taken at short notice at Panel on 01 November ?
0704 – Review of Transporter Theft Reporting	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	Does Modification 0704 impact a Significant Code Review?
	Is a Self-Governance Modification - <i>unanimous vote for</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Does 0704 meet the Self-Governance Criteria?
	Modification 0704s issued to Workgroup 0704s with a report to be presented to the 16 April 2020 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Modification 0704S be issued to Workgroup 0704S with a report to be presented to the 16 April 2020 Modification Panel?
0705R - NTS Capacity Access Review	Should be considered at short notice - <i>majority vote in favour (7 out of 13)</i>	X	X	X	X	✓	X	✓	✓	X	✓	✓	✓	✓	NP	Should Modification 0705R be considered at short notice?
	Modification 0705R issued to Workgroup 0705R with a report to be presented to the 15 October 2020 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Modification 0705R be issued to Workgroup 0705R with a report to be presented to the 15 October 2020 Modification Panel?

Record of Determinations: Panel Meeting 248 17 October 2019

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	DF	MB	MJ	RF	SM (AG)	PH	GD	DM	RP	TS	JC	JA	NB	
0677R - Shipper and Supplier Theft of Gas Reporting Arrangements	Request 0677R to be remain open - majority vote against (7 out of 13)	✓	✓	✓	✓	✓	✓	X	X	X	X	X	X	X	NP	Should Request 0677R be closed?
	Request 0677R issued to Workgroup 0677R with a report to be presented to the 21 November 2020 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Request 0677R be returned to Workgroup 0677R with a report to be presented to the 21 November Panel?
0680S - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union	Consideration of Modification 0680S deferred to 01 November Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should consideration of Modification 0680S be deferred to 01 November 2019 Panel?
0695S - Obligations on Shippers to pass Transporter compensation payments on to consumers, via Suppliers	No new issues were identified during Consultation - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	Were any new issues identified during the Consultation for 0695S?
	Modification 0695S implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Modification 0696 be implemented? (Yes votes only)
0687- Creation of new charge to recover Last Resort Supply Payments	FMR 0687 and revised legal text to be sent to Ofgem - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should Final Modification Report 0687 and revised Legal Text be returned to the Authority?

In favour	Not in Favour	Not Present	No Vote Cast
-----------	---------------	-------------	--------------

**UNC Modification Panel
Minutes of Meeting 248 held on
Thursday 17 October 2019**

at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

Attendees

Voting Members

Shipper Representatives	Transporter Representatives	Consumer Representatives
A Green (AG), Total (Item 248.5 c) onwards) D Fittock (DF)*, Corona Energy M Bellman (MB), ScottishPower M Jones (MJ), SSE R Fairholme (RF)*, Uniper	D Mitchell (DM), SGN G Dosanjh (GD), Cadent J Cooper (JC)*, BUUK P Hobbins (PH), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS)*, Northern Gas Networks	J Atherton (JA), Citizen's Advice

Non-Voting Members

Chairperson	Ofgem Representative	Independent Supplier Representative
M Shurmer (MS)	L. King (LK)	

Also in Attendance:

E Rogers (ER), Xoserve; L O'Shaughnessy (LO'S), Joint Office; P Garner (PG), Joint Office; R Hailes (RH), Panel Secretary; and J Cunningham, Cornwall Insight.

**by teleconference*

Record of Discussions

Introductions

MS welcomed all attendees and then set out the order of business for the meeting.

248.1 Alternates attending meeting

D Fittock for A Green and S Mulinganie until beginning of Item 248.5 c).

A Green for S Mulinganie Item 248.5 c) onwards

D Mitchell for H Chapman

P Hobbins for D Lond

248.2 Record of apologies for absence

D Lond

H Chapman

N Bradbury

S Britton

S Mulinganie

248.3 Minutes of the last meeting(s) and consideration of Actions

RH advised Panel Members that TS and LK had reported that a sentence on page 10 regarding the BEIS/Ofgem Code governance review, was incorrectly attributed to LK rather than TS. This was corrected as follows:

~~LK~~ TS also highlighted that at the Birmingham workshop, it was noted by some participants that not all of the items from the previous code governance reviews had been fully implemented.

Upon correction of this sentence as above, Panel Members approved the minutes from 19 September 2019.

MS noted that going forward, the agenda should state that actions be considered straight after minutes from the last meeting.

Consideration of Actions.

Action PAN 01/07: Code Administrator to collate information on all Modifications at both UIG and Distribution Workgroups with views from Workgroup as to which could be prioritised, for discussion at August 2019 Panel.

Update: Despite this action being closed at the last meeting, Panel Members wished to briefly consider the material referred to at the last Panel meeting (which can be found here: <http://www.gasgovernance.co.uk/panel/171019>). This was shown on screen and briefly discussed, including the interactions of two Modifications 0700 and 0664. Urgent Modification 0700 - *Enabling large scale utilisation of Class 3 works to accommodate sites moving from Class 4 to 3* and the actions of Modification 0664 - *Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4*, will move sites out of Class 3 (and 2) to Class 4. Panel Members considered these interactions to be acceptable within the purposes of the Modifications. **Action 01/07 remains**

closed.

Action PAN 01/08: The Governance Workgroup is requested to review the current criteria for proposing alternative Modifications and provide clarity and/or recommendations for the management of alternative Modifications.

Update: RH confirmed this action was considered and discussed at Workgroup in September and will be discussed again on 04 November. **Carried Forward.**

Action PAN 01/09: Distribution Workgroup to review Modification 0700 and the Legal Text for unintended consequences which could be addressed via a new Modification (if required) with an interim update to October Panel.

To be discussed along with:

Action PAN 02/09: Xoserve to give an update to Distribution Workgroup (24/10/19) on actual Class 3 submissions/migrations.

AR (Alan Raper - Joint Office) provided an update to Panel Members, confirming an update from Xoserve had been given at Workgroup with no immediate issues identified. Workgroup had agreed to keep the topic on its agenda until Modification 0700 is fully implemented. **PAN 01/09: Carried forward. PAN 02/09: Closed**

Action PAN 03/09: Code Administrator (JO) to discuss at each Workgroup whether timescales for each modification are achievable.

PG confirmed that alongside discussions at Workgroup which are ongoing, the Joint Office is looking at rolling out MI reporting in January 2020 and will continue to review how the Joint Office can potentially use the MI data to look at timescales of Modifications, including examining the role of critical friend assessments. The Joint Office will submit actions for improvement for review by panel. RP asked if this will identify individuals putting in late papers, PG answered that despite this being a useful measure there were data privacy issues and the Joint Office is also trying to understand the root cause as to why the papers have been submitted late. Identification by proposing organisation may be a solution here. The Joint Office will review this. **Carried forward.**

248.4 Consider Urgent Modifications

MS advised there were no Urgent Modifications for consideration this month.

248.5 Consider New, Non-Urgent Modifications

- a) Modification 0703 – Correction to Modification 0698S ‘Improvements to Margins Notice Arrangements’

PH introduced the Modification, explaining the correction required to one of the calculations required as part of the new methodology for determining the contribution of LNG to Expected Available Supply. This new methodology was introduced by Modification 0698S. In Modification 0698S, ‘Usable stock’ at each LNG facility is given as the prevailing stock minus the minimum inventory. The Minimum inventory is the lowest stock in the past 3 years *reduced* by a boil off estimate. The *reduction* by the boil off amount is the error. Modification 0698S should have stated

that the boil off estimate be *added* to the lowest stock position. The change is to make this correction by changing one word from subtraction to addition. If the change is not made, it will lead to spurious outcomes to the quantity of LNG assumed to be available. He added that Transmission Workgroup had discussed the proposal and had expressed no concerns about both of the following aspects:

- a) the governance route proposed (Fast Track Self Governance)
- b) the Modification itself.

In answer to questions from Panel Members, PH confirmed that the calculation is currently being performed using the required addition, as using subtraction would lead to spurious results. RP asked and PH confirmed, that this meant the calculations were presently violating code. Panel Members explored the impact of not progressing the Modification via Fast Track procedures, given the undesirable nature of the current situation. Panel looked at the Fast Track Self-Governance Criteria, reproduced here below for information:

Fast Track Self-Governance Criteria.

The Modification:

- a. *would meet the self-governance criteria; and*
- b. *is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:*
 - i. *updating names or addresses listed in the uniform network code;*
 - ii. *correcting minor typographical errors;*
 - iii. *correcting formatting and consistency errors, such as paragraph numbering; or*
 - iv. *updating out of date references to other documents or paragraphs.*

Panel established that the criteria being suggested by the Proposer was that of an error, though not a 'minor typographical error'. MS asked if LK had any comments; he did not have any to make at that time.

MB asked if there was any commercial impact of the change. PH confirmed there was not, adding that the calculation feeds into the process of determining whether National Grid would issue a gas Margins Notice. If and/or when LNG stocks start to run low, this is when the calculations would become critical.

Panel Members considered whether sending the Modification to Workgroup would yield any benefit and subsequent discussion centred on the route of sending out for a short period of consultation instead. Panel Members agreed that implementing the change immediately, without consultation, could set an unhelpful precedent. 1 week was considered a suitable length, the Code Administrator agreed to support a fast turnaround where possible, to enable the Final Modification Report to be available for review for a reasonable period before consideration at the extraordinary panel on 01 November 2019.

For Modification 0703 Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are met as this Modification is not likely to have a

material impact on gas consumers, competition, pipeline operations, security of supply, governance procedures and does not discriminate between code parties, by majority vote (12 out of 13);

- The Modification does not meet the Fast Track Self Governance criteria, by majority vote (8 out of 13);
- That Modification 0703S be issued consultation, closing out on 25 October 2019 and short notice consideration by Panel on 01 November 2019, by unanimous vote.

b) Modification 0704 – Review of Transporter Theft Reporting

DM introduced the Modification, which had been recommended by the 0677R Joint Shipper and Supplier Theft of Gas Reporting Arrangements review Workgroup. The Modification aims to amend the current theft of gas reporting to avoid duplication by moving the reporting to reside solely in the UNC and via Transporters annual RRP return. An equivalent and related change proposal under SPAA, removes Transporter Theft reporting from SPAA Schedule 33 (Change proposed by Centrica - SCP480¹). The Transporters Theft of Gas reporting will be made available each month, this will be collated by the CDSP and provided to the Joint Office for publication.

TS asked and DM confirmed that the Modification does not conflict with licence reporting. JC highlighted that there would be a separate IGT Modification to do same as under this Modification, adding that there is currently no IGT theft of gas reporting. The IGT reporting will report at Ofgem's request whereas under Modification 0704 in the UNC, reporting will continue to be monthly. RP suggested that the IGT UNC change aligns its reporting with the current timings of the large transporter reporting.

TS requested re-wording title to remove the word review which could be confusing, and use amendment or other similar word instead, DM agreed to consider this. RH noted that this would be added to the Joint Office's Critical friend checklist.

For Modification 0704 Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are met as this Modification is not likely to have a material impact on gas consumers, competition, pipeline operations, security of supply, governance procedures and does not discriminate between code parties, by unanimous vote;
- That Modification 0704S be issued to Workgroup 0704S with a report by the 16 April 2020 Panel, by unanimous vote.

¹ The SPAA change proposal will in time be featured in the SPAA Change Proposal Register which can be found here: <https://www.spaa.co.uk/change-proposal-register/>

c) *Request 0705R - NTS Capacity Access Review*

Panel Members briefly discussed whether the Modification should be considered at short notice since submission had missed the deadline and was requesting 12 months assessment at Workgroup. Panel Members indicated they had had chance to read and consider it.

For Request Modification 0705R Members determined:

- To consider the Modification at short notice, by majority vote (7 out of 13);

PH introduced the Modification, highlighting that the current entry and exit capacity arrangements for Users to access the NTS were built on the foundations of an expanding gas transmission network. Historically, incremental capacity signals from long-term auctions would trigger investment on the NTS though this environment has now changed and the capacity signals requiring expansion of the network are not now seen. Thus, a request is being raised to review the principles of the NTS capacity access arrangements, to ensure they are aligned to future needs of customers and to allow for the optimal development of the NTS.

JA asked if there was any intention to look at benefits to consumers, PH confirmed that impacts to consumers and costs will be explored as part of the review. Panel Members agreed to two questions for Workgroup.

Panel Question for Workgroup:

- Explicit consideration of consumer impacts and costs;
- Interim report back to Panel after 4 and 8 months.

RF asked whether the review would be bound by licenses, PH confirmed that the review would not be constrained to items in the current licence and could conclude that licence changes may be required.

For Request Modification 0705R Members determined:

- That Modification 0705R be issued to Workgroup 0705R with a report by the 15 October 2020 Panel, by unanimous vote.

248.6 Existing Modifications for Reconsideration

MS advised there were no existing Modifications for reconsideration this month.

248.7 Workgroup Issues

MS advised there were no Workgroup issues for consideration this month.

248.8 Workgroup Reports for Consideration

- a) Request 0677R - Shipper and Supplier Theft of Gas Reporting Arrangements

Panel Members considered whether the Workgroup should be closed or continue to allow for the SPAA Workgroup report to be finalised. Panel Members initially determined that the Workgroup

should not be closed by majority vote (7 out of 13). After further discussion MB and MJ asked for the minutes reflect that as a result of further discussion, they would not have voted to close the Workgroup. BF (Bob Fletcher – Joint Office) confirmed that the Joint Workgroup had indicated a desire to close the Joint Workgroup by reporting to the November UNC Modification Panel, which, it is hoped, will allow enough time for the SPAA Workgroup report to be finalised.

RP noted that this request could continue as a UNC only Request Modification, without further joint work with SPAA.

For Request Modification 0677R Members determined:

- That Modification 0677R be returned to Workgroup 0677R with a report by the 21 November 2019 Panel, by unanimous vote.

248.9 Workgroup Report Dates and Legal Text Requests

Members reviewed Workgroup reporting dates and made no changes. Members reviewed Legal Text requests and made no changes.

248.10 Consider Variation Requests

MS advised there were no existing Modifications for reconsideration this month.

248.11 Final Modification Reports

- a) Modification 0680S - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union

PG confirmed that an extraordinary Panel has been convened on Friday 01 November at 10.00am to consider this Modification, noting however, that there is a requirement to wait for primary legislation to be finished.

This Modification 0680S is based on a 'no deal' outcome, and if this ensues, a variation will be required to the Modification. PG highlighted that there will be a delay in accommodating whatever outcome ensues, though this is not deliberate. If there is a deal, this Modification will be withdrawn by the Proposer as there is a transition period provided for. PG highlighted the Modification and associated Legal Text will need to change, National Grid confirmed they have plans to accommodate this in hand.

Panel Members then determined:

- That consideration of the Final Modification Report 0680S should be deferred until the 01 November 2019 Panel, by unanimous vote (13 out of 13).

PG highlighted that dependent on the outcome of the Brexit negotiations, the Joint Office will communicate any additional extraordinary Panel Meetings as required, with attendance required to ensure quoracy for this meeting in line with Modification Rules 5.5.1.

- b) Modification 0695S - Obligations on Shippers to pass Transporter compensation payments on to consumers, via Suppliers

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0695>

Panel Members then determined:

- That there were no new issues requiring a view from Workgroup, by unanimous vote (13 out of 13)
- To recommend implementation of Modification 0695S, by unanimous vote (13 out of 13).

- c) Modification 0687 – Creation of new charge to recover Last Resort Supply Payments

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0687>

Panel Members considered the process at the last Panel on 19 September 2019 and concluded that a more explicit statement should have been included in the Final Modification Report (FMR) for 0687 at the last Panel and that the FMR should have been sent on to the Authority only when the revised Legal Text had been received.

Panel Members then determined:

- To send Final Modification Report 0687 with the revised Legal Text to the Authority, by unanimous vote (13 out of 13).

248.12 Any Other Business

a) Panel Feedback

RH confirmed that 4 responses had been received, Joint Office valued the responses and was working on addressing the small number of areas highlighted for improvement. She asked Panel Members to submit feedback either through the template given or more generally at any time.

b) Panel Chair Recruitment Update

PG gave an update on the process so far, noting that an external recruiter had worked through at a 'long-list' and subsequently identified three candidates for interview. These took place in September. The interview panel consisted of AG (Panel Representative) P Rogers (Transporter representative) and PG (Code Administrator representative). Of the three short listed candidates, there was a unanimous decision to put forward one recommended candidate. Some supporting documentation including a CV and affirmation of there being no conflicting interest was sent to the Authority. The appointment is now awaiting a decision by the Authority.

Some Panel Members expressed some concern about the timescales, given the on boarding and transition processes required, beginning in November where it is planned that the new chair will

observe Panel. PG confirmed she had given dates for November and December Panel meetings to the candidate in question.

c) BEIS/Ofgem Code governance review – consultation response

LK confirmed that 60 responses had been received. Ofgem and BEIS are considering the responses and are on track to produce a summary in winter 2019. He confirmed another consultation would follow in 2020, though he could not confirm, when questioned, in which month that would be.

d) Ofgem Cross-code survey results

LK highlighted that the results were published last week.

PG noted that there had been no distinction between whether a particular body is a Code Administrator or a Code Manager. She suggested that budgets for providers could provide some useful comparison information in future. She also noted the UNC Code Administrator results highlighted a number of points outside the Joint Office's control (for example accession to code) and the sample size had been very low (24 responses). She confirmed the Joint Office is working on various measures including website improvement and a review of the critical friend process. She highlighted that a Code Manager has a different role in this respect.

248.13 Date of Next Meeting

- **Extraordinary meeting:**

10.00am 01 November 2019, by teleconference.

- **Scheduled meeting:**

10.30am 21 November 2019, Elexon

Action Table (17 October 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAN 01/08	15/08/19	246.5 a)	The Governance Workgroup is requested to review the current criteria for proposing alternative Modifications and provide clarity and/or recommendations for the management of alternative Modifications.	JO (RH)	Carried Forward
PAN 01/09	19/09/19	247.3	Distribution Workgroup to review Modification 0700 and the Legal Text for unintended consequences which could be addressed via a new Modification (if required) with an interim update to October Panel.	JO (AR)	Carried Forward
PAN 02/09	19/09/19	247.3	Xoserve to give an update to Distribution Workgroup (24/10/19) on actual Class 3 submissions/migration.	Xoserve (ER)	Closed
PAN 03/09	19/09/19	247.9	Code Administrator (J O) to discuss at each workgroup whether timescales for each Modification are achievable.	JO (All Workgroup Chairs)	Carried Forward