

UNC Modification Panel

Minutes of Meeting 252 held on

Thursday 16 January 2020

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

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
R Fairholme (RF), Uniper D Fittock (DF)*, Corona Energy A Green (AG), Total M Jones (MJ)*, SSE S Mulinganie (SM) *, Gazprom	H Chapman (HC), SGN A Travell (AT), BU UK G Dosanjh (GD), Cadent D Lond (DL), 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
W Goldwag (WG), Chair	L King (LK)	(None)

Also in Attendance:

S Britton, Cornwall Insight;
T Brogan* (TB), Neptune Gas (Item 252.7a only)
O Chapman * (OC), Centrica;
P Garner (PG), Joint Office;
R Hailes (RH), Panel Secretary;
D O'Neil (DON), Ofgem;
E Mason * (EM), Smartest Energy;
A Raper (AR), Joint Office;
E Rogers (ER), Xoserve; and
K Watson*, (EDF Energy) (Item 252.147a only).

**by teleconference*

Record of Discussions

252.1 Introduction

WG welcomed all attendees and having made some introductory remarks about her desire to improve the efficiency of the panel then set out the order of business for the meeting.

252.2 Note of any alternates attending meeting

MJ for M Bellman

252.3 Record of apologies for absence

M Bellman

252.4 Minutes from the Last Meeting(s)

Panel Members approved the minutes from the last meeting on 19 December 2019.

252.5 Consideration of Outstanding Actions

Action PAN 01/08: The Governance Workgroup is requested to provide recommendations on the criteria to be adopted for considering alternative Modifications.

Update: RH confirmed there had been no Governance Workgroup since the last Panel meeting. The next Governance Workgroup meeting will take place next week on 22 January 2020. She reiterated that all Panel Members were welcome and urged them to attend.

Panel Members briefly discussed the original suggested list of 5 questions, designed to elicit the information needed for Panel Members to decide whether a Modification should be deemed an Alternative Modification and also explored the 6th question, introduced at the December Governance Workgroup meeting. In respect of the first question:

1. Has the proposed alternative been raised promptly, given the timescales for the original Modification?

Panel Members agreed that an additional phrase should be added at the end:

1. Has the proposed alternative been raised promptly, given the timescales for the original Modification *and any subsequent amendment to the original Modification?*

The following lists the questions which Panel Members agreed should be taken forward:

1. Has the proposed alternative been raised promptly, given the timescales for the original Modification and any subsequent amendment to the original Modification?
2. How much alignment is there between the two timescales?
3. How much alignment is there between the scope/features? Is the proposed alternative addressing the same issue with a different approach?
4. Could the two solutions be implemented together or are they mutually exclusive?

5. Where has discussion of the alternative solution taken place? (For example, in the relevant workgroup, offline with the proposer of the original Modification and/or as a pre-modification).
6. What will be the effect on production of Legal Text for the Modifications concerned?

RH suggested and Panel Members agreed that any Proposer of a potential Alternative Modification should be asked and encouraged to answer these questions as part of the process of raising and subsequently introducing a new Modification at Panel. To this end Panel Members agreed that the list should be added to the template provided to introduce a new Modification to Panel and that they should be added to the Modification Template for this purpose.

Panel Members considered that no further discussion at Governance Workgroup was required. The Joint Office will:

- add 6 questions to the standard modification template and the suggested modification presentation template
- add a link to the presentation into the standard modification template
- inform CACOP of the additions to the UNC template

Closed.

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.

Update: AR confirmed that Xoserve continue to report to Distribution workgroup on progress with Actions arising from Modification 0700 and confirmed there have not yet been any unintended consequences identified. The latest figures showed 3 million sites were in Class 3. This topic will remain a standard agenda item at Distribution workgroup. Panel Members agreed to close the action.

Closed

Action PAN 02/11: WG to liaise with Ofgem as to how documents, such as Final Modification Reports, sent to the Authority can be improved in future.

Update: WG confirmed that the office was waiting for dates from Ofgem so that she could meet with them shortly.

Carried Forward

Action PAN 04/11: Code Administrator (J O) to draft a straw person template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.

Update: PG confirmed an update would be given in March as she wished to further utilise the experience of the new Panel Chair. She confirmed there had been a recent communication from the Joint Office regarding difficulties with late papers which asked for documents to be submitted with enough time to allow publication on D-6 to then allow the full five days for meeting participants to read digest and action the information ready for each meeting. PG confirmed she will be formally gathering late

paper MI.

Carried Forward

Action PAN 05/11: Code Administrator (J O) to consider whether and under which circumstances Panel Member contact details can be made more widely available.

Update: PG confirmed a review of Data Privacy is underway and confirmed an update should be available for February. WG requested that the JO consider the option to simply request people's permission to share their contact details.

Carried Forward

Action PAN 01/12: Joint Office (RH) to alert EBCC and DSC Credit Committee members to the existence of the Modification 0713S

Update: RH confirmed that an email to EBCC and DSC Credit Members was sent on 20 December 2019.

Closed

Action PAN 02/12: Joint Office (RH) to send email out to let industry know PAC meeting on 20/1/20 is an open meeting if this is formally approved by PAC.

Update: RH confirmed that an email to the industry was sent on 02 January 2020.

Closed

Panel Members requested an addition to the Actions table with a column showing when an update was expected to streamline the reporting of actions at Panel. JO will action this.

252.6 Consider Urgent Modifications

None

252.7 Consider New Non-Urgent Modifications

a) Modification 0714 - Amendment to Network Entry Provision at Perenco Bacton terminal

TB outlined why the change was required, noting when asked that this is an enabling Modification with no associated Legal Text. After the Perenco Terminal, blending upstream of entry to the NTS enables the new Cygnus field (the largest single gas field in the UK) to produce and deliver into the gas transmission network. The current Wobbe Index lower limit that applies between National Grid and Perenco at Bacton is 47.2 MJ/m³; the Modification proposes this be reduced to 46.5 MJ/m³. 46.5 MJ/m³ is also the lower emergency limit. This change is required to avoid production loss due to insufficient blend gas availability from mid-2020 with resulting effects on availability of gas and the ability to Maximise Economic Recovery from this field.

Other options including contractual access to further SEAL volumes are being actively pursued. Extensive planned outage of offshore infrastructure will significantly impact Cygnus production for at least 40 days in Q2/3 2020 and blend gas source diversity reduction from summer 2020, due to a pipeline reroute, limits this solution overall.

Significant infrastructure modifications to multiple terminals to enable upstream blending with other gas sources will take more than 2 years to enact. Blending within the National Grid terminal is not a service currently provided and, if deemed feasible in the future, will not be available in 2020. Design and installation of Nitrogen removal facilities, on or offshore, will take more than 2 years. Propane injection onshore has been considered but discounted on grounds of safety and practicality.

TB explained the parallel process of obtaining an exemption from the HSE to allow the gas to leave the National Grid terminal at Bacton.

Panel Members noted that without the HSE exemption, Code would likely be inoperable. TB confirmed that there is a requirement for both the Code change and the HSE exemption and that work for one element also helps with the other. DL confirmed that National Grid has started network penetration analysis.

Some Panel discussion took place around the work of the IGEM Gas Quality Workgroup which is looking to broaden the WOBBE limits, noting that eventually a statutory instrument will need to be changed and that the timing requirements for this Modification are more pressing. Further information can be found on the IGEM meeting.

A Panel Member RP suggested that more detail around the work carried out on testing of some domestic appliances be included in the Modification for Workgroup.

Further Panel discussion centred around the need for Workgroup assessment and the suitability of the timeline, with one Panel Member RF, reminding Panel of previous Modifications where significant Workgroup time was required to ensure all affected parties could explore the implications on their plant and activities, including potential costs. Panel considered whether three months would be enough, noting the outage timings, concluding that the Workgroup Report can request a later reporting date if required.

Panel Members noted there may be a cross code impact, likely to be an operational impact for IGTs and this should be considered at Workgroup. Panel Members noted there may be a cross code impact and the Joint Office will highlight this to the IGT.

Post Meeting note: An email was sent to the Chair of the IGT-UNC Panel on

16 January 2020.

Workgroup Questions:

- Consideration of the timings of the HSE exemption process
- Consideration of the impact on downstream customers
- Consideration of the governance of this Modification

For Modification 0714 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (13 out of 13);
- The criteria for Self-Governance are met as this Modification is unlikely 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 (13 out of 13);
- That Modification 0714 be issued to Workgroup 0714 with a report by the 16 April 2020 Panel, by majority vote (12 out of 13).

252.8 Existing Modifications for Reconsideration

None

252.9 Consider Workgroup Issues

None

252.10 Workgroup Reports for Consideration

- none

251.11 Consideration of Workgroup Reporting Dates and Legal Text Requests

Members noted that Review Workgroup 0705R was due to bring an interim report to the February Panel but Workgroup had requested bringing this to March to allow the outcome of the Capacity Access Review Long-term Strategy consultation to be shared with Panel, alongside a summary of the work carried out to date. Panel members agreed to this change, noting that the final reporting date of October 2020 remained unchanged.

Members determined unanimously to extend the following Workgroup reporting date(s), recorded here with some additional data:

Modification number and title	Original Panel reporting date	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0672 - Target, Measure and Report Product Class 4 Read Performance	21/03/19	19/03/20	April 2020	Requested by Proposer due to the impact of the Appeal received for 0692S.
0683S - Offtake Arrangements Document (OAD) Review Updates – Phase 1	18/07/19	20/02/20	April 2020	Requested by Workgroup chair BF in agreement with Workgroup to enable further consideration of the Modification.
0691S - CDSP to convert Class 2, 3 or 4 meter points to Class 1 when G1.6.15 criteria are met	15/08/19	20/02/20	March 2020	Requested by Workgroup chair RH because of updates to Legal Text requiring Workgroup assessment and possible modification updates as a result of this.

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

Legal Text Requests for Modifications
0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4
0711S - Update of AUG Table to reflect new EUC band

Panel Members noted that Modification 0711S requires a set of transitional legal text to apply for the AUG Table which will apply from October 2021.

252.12 Consider Variation Requests

None discussed.

251.13 Final Modification Reports

a) None

252.14 Consider Appeal(s)

a) Modification 0692S – Automatic updates to Meter Read Frequency

WG invited KW, representing the Appealing Party EDF energy, to outline the case for Appeal. KW firstly stated that EDF Energy agrees with Modification 0692S where sites exceed 293,000 kWh consumption and for sites with AMR equipment but emphasised that it believed that those sites with smart meters should be out of scope of this Modification, for the reasons stated in the supporting letter sent to Panel and published on the Panel webpage and on the 0692S webpage:

www.gasgovernance.co.uk/panel/160120

www.gasgovernance.co.uk/0692

KW further outlined how the criteria set out do not adequately capture non-communicating smart meters and that in the opinion of the Appealing Party, the Modification would impose unreasonable obligations on Suppliers and Shippers. He confirmed EDF Energy's view that in the long term the only practical way is through use of the DCC service flag but he that was not yet fully functional.

KW confirmed EDF Energy's 0692S Consultation response did not object to the Proposal and further stated that, in theory, EDF Energy would agree with the principle of the Modification – where Smart Meters communicate, they should be read monthly.

Panel Members asked why an alternative was not tabled.

ER confirmed that the validity of the 'active' DCC flag is crucial and that from a central system perspective, the CDSP (Xoserve) has no way of challenging this and cannot make assumptions regarding where there is an 'active' DCC flag against a site, whether it may not be operating with a smart functionality. She further stated that the CDSP has no way to identify where any breakdown has happened. She confirmed that extensive Workgroup discussions over many months had wrestled with the criteria and they had been agreed by Workgroup participants to be sufficient to identify meters operating in a smart functionality.

ER stated that discussion of an auto reversion facility had taken place at Workgroup and that there had also been discussion of an Alternative Modification covering this, which had not yet been raised. She confirmed it is possible that a party may raise this as a new Modification later.

ER further confirmed that work on a related change proposal XRN4941 had been stopped following a decision at DSC Change Management Committee on 08 January, in light of the Appeal. The system changes are now therefore likely to be included in the November 2020 major release (pending the outcome of the Modification Appeal).

A Panel Member RP stated that the Appeal had been received within the Appeal window but that the Appealing Party had not yet presented clear evidence of the materiality of the problem. He acknowledged that the scenarios presented outlined where the problem would occur but not the extent of the problem.

A Panel Member AT stated that the Appellant had raised valid points and agreed that there are lots of issues with the DCC, but there are no numbers in this Appeal to assess the case and thus he believed the point of the appeal had not been fully stated. A further Panel Member RF was concerned at the need to be mindful around opening flood gates in this area.

Panel Members agreed that the Appellant could raise another Modification to address the issues.

PG stated that from a Code Administration point of view, Workgroups are open to all, participants can submit an alternative proposal in line with the Modification Rules, and the Modification consultation is open to all.

A Panel Member TS confirmed that Panel Members had determined in December 2019 that there was no new issue raised in consultation responses, that the Modification solution appears to be sound, the Legal Text appears to reflect the Modification and thus she believed the implementation decision taken at that meeting appeared sound.

A Panel Member SM wished to establish whether the Appellant had demonstrated that they would be unfairly prejudiced. He suggested that evidence to support this (which could be commercially sensitive) could be taken to the Authority in any further Appeal window.

For Appeal on Modification 0692S Members determined:

- To confirm their original determination, by majority vote (12 out of 13);

Therefore, this self-governance Modification is due to be implemented on a date to be confirmed by Transporters, following consultation with the DSC Change Committee.

The Appealing Party may raise an Appeal with the Authority no later than 06 February 2020.

252.15 AOB

a) **Update on Modification 0678/A/B/C/D/E/F/G/H/I/J (Urgent) – Amendments to Gas Transmission Charging Regime**

DO referred to Ofgem's letter of 23 December 2019 outlining the minded to position and consultation on its preference for Modification 0678A, which proposes a postage stamp Reference Price Methodology (RPM). In terms of timelines, he confirmed that the consultation will close out on 24 February 2020.

A final decision by Ofgem is then required under EU Code (TAR NC) by 24 July 2020. He indicated that Ofgem intends to make its final decision significantly sooner than that, though this would not be before 24 April 2020 when it must have a summary of responses to the consultation published. ACER will then respond to the summary of responses, up to 1 month later. He confirmed that ACER could respond earlier than this. He asked those responding to the

consultation to provide their own 250-word summary of their response for the publication.

He confirmed Ofgem was engaging quite intensely with industry and confirmed that Ofgem would be attending NTSCMF on 11 February 2020. For more details please see:

<https://www.gasgovernance.co.uk/ntscmf/110220>

He confirmed an additional NTSCMF meeting would take place on 28 January 2020, focussing on shorthaul. For more details please see:

<https://www.gasgovernance.co.uk/ntscmf/280120>

Following on from publication of Ofgem's letter, he confirmed that industry participants are considering raising some follow up modifications on shorthaul and storage discounts. He wished to reiterate what had been outlined at NTSCMF on 07 January 2020, that the experience of 0621 and 0678 indicated that the process for making decisions on future Modifications would likely be expedited where:

- There are fewer modifications to go through the Ofgem decision making process;
- There appears to be industry consensus as far as possible;
- There is a positive Panel decision.

He noted this as an observation, but the process was for industry to take forward. He confirmed that implementation for the beginning of the next Gas Year in October 2020 was planned.

When asked for an update on Modification 0686 - Removal of the NTS Optional Commodity Rate with adequate notice, DON confirmed that the analysis was carried out in parallel with Modification 0678. He explained that the focus and priority has been on Modification 0678 because of the consultation requirements in TAR NC and to get GB compliant with the law.

Panel Members explored the effect of the decision timing on pricing publications and noted that the timelines are extremely tight.

PG highlighted for Panel that the Joint Office continues to support 0678 and NTSCMF alongside 0670R. She emphasised that parties have asked about subsequent shorthaul and storage discount modifications. In addition, there have been queries around how Panel could manage any modifications that come in around shorthaul and storage, based on a Modification that is still with Ofgem for a decision.

Panel Members noted that if a new Modification does not refer to 0678A then it is simple, though if it is a contingent Modification then it is a question for panel in the first instance. AT noted that in other codes a Modification contingent on another Modification is more common.

WG recommended consensus building for new modifications to enable implementation for October 2020.

PG noted that at the moment, the Joint Office recommends carrying out any work on a pre-Modification basis then launching any Modification after a decision has been taken, using the Urgent process as necessary.

WG urged pragmatic consideration alongside any legal views which parties who are wishing to raise Modifications in this area could seek.

b) **Annual review of UNC Modification Proposals – Guidance for Proposers - <http://www.gasgovernance.co.uk/gendocs>**

The Joint Office will send this to Panel Members as a word document and would welcome suggestions for revisions. Questions relating to alternatives will also be incorporated into this document. The Joint Office will bring this back for Panel approval in March 2020.

c) **BEIS amendment to TPD V5.17**

RP highlighted this Modification to UNC Code being proposed by BEIS which will require CDSP to provide more information to DCC. The Joint Office will circulate this to industry and will bring an update to the next Panel meeting in February.

d) **Update on Modification 0687 - Creation of new charge to recover Last Resort Supply Payments**

Panel Members asked Ofgem for an update. LK confirmed there is no date at the moment for a decision, noting that active consideration is underway. He confirmed that Ofgem is aiming to give a decision as soon as possible.

e) **Panel Chair feedback**

WG welcomed feedback on her Chairing style from Panel Members.

250.15 Date of Next Meeting

- 10.30, Thursday 20 February 2020, at Elexon.

Action Table (16 January 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected 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.	Joint Office (RH)	Closed	-
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.	Joint Office (AR)	Closed	-
PAN 02/11	21/11/19	250.13a	WG to liaise with Ofgem as to how documents, such as Final Modification Reports, sent to the Authority can be improved in future.	WG	Carried Forward	February
PAN 04/11	21/11/19	250.11	Code Administrator (J O) to draft a straw man template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.	Joint Office (PG)	Carried Forward	March
PAN 05/11	21/11/19	250.14b	Code Administrator (J O) to consider whether and under which circumstances Panel Member contact details can be made more widely available.	Joint Office (PG)	Carried Forward	February
PAN 01/12	19/12/19	251.7c)	Joint Office (RH) to alert EBCC and DSC Credit Committee members to the existence of the Modification 0713S	Joint Office (RH)	Closed	-
PAN 02/12	19/12/19	251.11	Joint Office (RH) to send email out to let industry know PAC meeting on 20/1/20 is an open meeting if this is formally approved by PAC.	Joint Office (RH)	Closed	-