

Record of Determinations: Panel Meeting 21 January 2016

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought	
		AG	AM	CB	PB	SM	CW	EM	FH	JF	RP	CA		
0571 - Application of Ratchet Charges to Class 1 Supply Points Only	Is not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0571 with a report presented by the April 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0571 with a report presented by the April 2016 Panel
0572 - Amendment to the definition of AUG Year within UNC TPD Section E	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0572 with a report presented by the March 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0572 with a report presented by the March 2016 Panel
0520 0520A - Performance Assurance Reporting	Consideration deferred - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration to the February Panel meeting
0569S - Removal of the minimum security	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is further Legal text required for inclusion in DMR

requirement from the Energy Balancing Credit Rules	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 11 February 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0569S consultation end on 11 February 2016? (and therefore be taken at short notice at January Panel)
0531 - Provision and Development of Industry Testing Prior to Nexus Go-live	Workgroup to report by May 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to May 2016 Panel
0541A - Ex-ante removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06.00 to 06.00 Gas Day	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0541B - Ex-post removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06.00 to 06.00 Gas Day	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0550 - Project Nexus: Incentivising Central Project Delivery	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0568 - Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0532 - Implementation of Non Effective Days (Project Nexus transitional modification)	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 a unanimous in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)
0551 - Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015/16	Issued to Workgroup 0551 with a report presented by the February 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0551 with a report presented by the February 2016 Panel
0563S – Moving the NTS Optional Commodity	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

Charge Formula into the UNC	Implemented - <i>with a majority vote in favour</i>	✓	✓	✓	✓	✓						✓	Should Modification be implemented (only votes in favour recorded)
0566S - UNC Modification Stakeholder Engagement and Guidelines	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
	Implemented - <i>with a unanimous in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)
0566S - UNC Modification Stakeholder Engagement and Guidelines	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
	Implemented - <i>with a unanimous 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 185th Meeting held on Thursday 21 January 2016 at Elexon 350 Euston Road, London NW1 3AW

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	C Alexander (CA), Citizens Advice

Non-Voting Members:

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

Also in Attendance:

F Cottam (FC), Xoserve; H Chapman (HC), Xoserve; J Chandler* (JC), SSE; K Elliott-Smith (KES), Cornwall Energy; L Jenkins (LJ), Joint Office; R Fletcher (RF), Secretary and S Hilbourne (SH), Scotia Gas Networks.

** via teleconference*

Record of Discussions

185.1 Note of any alternates attending meeting

C Baldwin for R Fairholme (E.ON UK)

185.2 Record of Apologies for absence

R Fairholme

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

RP and HC requested a number of amendments to the minutes in item 184.8 (a) and these were accepted.

Members approved the minutes from the previous meeting (17 December 2015).

185.4 Consider Urgent Modifications

None.

185.5 Consider New Non-Urgent Modifications

a) Modification 0571 - Application of Ratchet Charges to Class 1 Supply Points Only

SM introduced the modification and its aims. CA wanted to understand the potential ratchet impacts for consumers who were within Class 2. SM advised that ratchet costs were approximately twice the capacity booked but that they were intended to protect the network from large loads taking more than was booked during the winter period so that this should be an issue for large users not domestic customers. CW advised that the assessment undertaken as part of Project Nexus recognised it would be advisable to review ratchets at some point as the regime was probably in need of change.

For Modification 0571, 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 and consumers;
- That Modification 0571 is issued to Workgroup 0571 for assessment, with a report to be presented no later than the April 2016 Panel.

b) Modification 0572 - Amendment to the definition of AUG Year within UNC TPD Section E

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

PB asked if this was an enduring change or just for the interim period. AM confirmed it was an enduring proposal. PB was concerned about the notice period between publication of the table and amendment to consumer charges and whether there was sufficient time for the impacts to be notified. CB asked if this modification would impact the AUGÉ appointment process and FC confirmed it would not as the timetable recognised the publication date.

The Workgroup is requested to consider if this modification would be suitable for Self-Governance.

For Modification 0572, 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 competition and consumers;
- That Modification 0572 is issued to Workgroup 0572 for assessment, with a report to be presented no later than the March 2016 Panel.

185.6 Existing Modifications for Reconsideration

None

185.7 Consider Workgroup Issues

None for discussion.

185.8 Workgroup Reports for Consideration

a) Modification 0520 0520A - Performance Assurance Reporting

CB requested if the modification could be deferred to the next meeting to allow an opportunity to review the report register attached to Modification 0520A.

Members then determined that Modifications 0520 0520A:

- Consideration should be deferred to the February Panel meeting.

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

AP explained that the recent changes to the Energy Balancing Credit Rules (EBCR) authorised by the Energy Balancing Credit Committee on 19 January 2016 had created a number of anomalies between the changes proposed in this modification and the amended version of the EBCR. However, these changes should not prevent this modification progressing, as its intent was still valid and not addressed by the EBCR changes. Members agreed with this view.

Members requested amended legal text based on the amended version of the EBCR, however they agreed this should not delay the consultation process, as the principle of the modification is clearly understood.

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0569S:

- Should proceed to Consultation;
- Further legal text is 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 11 February 2016 *(and therefore be taken at short notice at February Panel)*

Consideration of Workgroup Reporting Dates and Legal Text Requests

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

Workgroup	New Reporting Date
0531 - Provision and Development of Industry Testing Prior to Nexus Go-live Members requested the Workgroup to note that further extensions beyond May would not be considered as any pre Nexus implementation solution should be clearly defined by this date or it was likely to time out.	19 May 2016

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

Modification
0541A - Ex-ante removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06.00 to 06.00 Gas Day
0541B - Ex-post removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06.00 to 06.00 Gas Day

0550 - Project Nexus: Incentivising Central Project Delivery
--

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

185.9 Consideration of Variation Requests

None for discussion.

185.10 Final Modification Reports

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

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0532.

Members determined unanimously to recommend implementation of Modification 0532.

- b) Modification 0551 - Protecting consumers who are disaggregated under Modification 0428 from Ratchet charges for Winter 2015/16

SM noted that the Ofgem sendback letter had highlighted a potential discrimination issue due to the commencement date of the proposed qualification period being after the decision date for Modification 0478. He was concerned that this hadn't been mentioned in the Workgroup meetings and he was not aware of any consumers being impacted between July 2013 and October 2014.

AP suggested that the retrospective elements of the modification need to be justified against Ofgem's criteria, and that these issues should be considered at Workgroup.

AM asked how many consumers were affected by this change. HC highlighted the information provided and confirmed they would try to update this further for discussion at Workgroup.

Members then determined that Modification 0551:

Should be returned to Workgroup for further assessment based on the Ofgem sendback letter with a report presented to the February 2016 meeting.

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

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0563.

Members determined by majority vote to implement Modification 0563S.

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

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0566.

Members determined by unanimous vote to implement Modification 0566S.

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

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0567.

Members determined by unanimous vote to implement Modification 0567S.

185.11 Any Other Business

- a) Panel Observers

AP explained that an issue had been raised about observer attendance at Panel. He advised that previously observers were allowed based on the criteria that they had something to add to the meeting or were there for personal development reasons. This was mainly to ensure meetings progressed efficiently, given tight space within the venues previously used, and the people who attended were there to benefit the discussions on agenda items.

AP confirmed attendance is allowed by request to the Panel Chair and observers were not allowed to input to the meeting unless invited by the Chair.

CB felt it was useful for observers to attend and that this showed an open and transparent governance process, but agreed they should only be allowed to participate if invited by the Chair. This principle works well in BSC, and in most cases it is easier to follow meetings when in the room than by teleconference.

AP confirmed there is no intention to hold a closed meeting, particularly where there is sufficient space in the room. However, where there were restrictions on space, numbers in attendance may need to be managed.

FH was conscious that the Panel is not a workgroup and it should not be used to replicate such discussions. JF felt that observers should be allowed using a priority based on their potential to contribute to the meeting.

RP suggested that the Panel email should be amended to include a reference that observers can apply to the Chair to attend.

Members agreed that observers were welcome but at times it may be necessary to restrict attendance based on the priority status of the observer in terms of their contribution to the meeting and available space in the room.

b) Designated Person

AM was concerned that the Gas Forum may not be able to undertake the UNC election process for Shippers either this year or some point in the future. He explained that the Gas Forum was currently the “person designated” by Ofgem to appoint Shippers and Supplier representatives on an annual basis.

CB confirmed the process is for the Gas Forum to issue the first email to Shippers on 1st June requesting contact details from those organisations who wish to propose representatives to Panel, UNCC and UNCC sub committees.

RE advised this issue has been highlighted to Ofgem and it is considering options: suggestions from Panel would be welcome.

PB felt that it might be appropriate for the Joint Office to undertake the role. AM explained the process is an administrative process so the Joint Office would appear to be a strong candidate. FH asked if there were any other options?

CB felt there was no single trade association that represented the industry so they may not be an appropriate option.

SM would like to see confirmation as to whether the Gas Forum will be able to undertake the role this year or not, if they can there is no urgency to agree a change.

Members agreed this was an authority decision and that Ofgem may request a view from Panel for options in future.

185.12 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 18 February 2016, at the Elexon.