

Record of Determinations: Panel Meeting 15 December 2016

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought
		AG (SM)	AL	AM	RF	SM	CW	DL	HC	VZ	RP	SMo	
0604 - Central Data Services Provider – Arrangements following implementation of Project Nexus	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0604S with a report presented by the February 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the February 2017 Panel
0605 - Amendments to TPD Section K - Operating Margins	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0605S with a report presented by the February 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the February 2017 Panel
0606 - National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria

	Issued to Workgroup 0606S with a report presented by the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2017 Panel
0607 - Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - 6 votes in favour	X	X	✓	X	X	✓	X	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0607S with a report presented by the June 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the June 2017 Panel
0571 0571A - Application of Ratchet Charges to Class 1 Supply Points (and Class 2 with an AQ above 73,200kWhs)	Proceed to Consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?
	Legal text required - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - unanimous vote against	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 24 January 2017 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0571 0571A consultation end on 24 January 2017
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	Workgroup 0570 to report to the February 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Workgroup reporting date be extended to the February 2017 Panel
0594R - Meter Reading Submission for Advanced & Smart Metering	Workgroup 0594R to report to the April 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Workgroup reporting date be extended to the April 2017 Panel

0597 - Rules for the release of incremental capacity at Interconnection Points	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0598 - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0602 - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0565 - Central Data Service Provider: General framework and obligations	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 vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0565 be implemented? (only votes in favour recorded)
0565A - Central Data Service Provider: General framework and obligations	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 vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0565A be implemented? (only votes in favour recorded)
0565B - Central Data Service Provider: General framework and obligations	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 vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0565B be implemented? (only votes in favour recorded)
	Prefer 0565 - <i>no votes in favour</i>												
	Prefer 0565A - <i>4 votes in favour</i>		✓	✓	✓			✓					
	Prefer 0565B - <i>4 votes in favour</i>						✓		✓	✓	✓		

0596 – Implementing CGR3 decisions on Significant Code Reviews and self-governance	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 0596 be implemented? (only votes in favour recorded)
0603S – Removal of liability for members of Performance Assurance Committee	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 vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0603S 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 199th Meeting held on Thursday 15 December 2016
at Elexon, 350 Euston Road, London NW1 3AW**

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Love (AL), ScottishPower A Margan* (AM), British Gas R Fairholme (RF), Uniper S Mulinganie* (SMu), Gazprom and alternate for A Green, Total	C Warner (CW), National Grid Distribution D Lond (DL), National Grid NTS H Chapman (HC), Scotia Gas Networks V Zuevskiy (VZ), Northern Gas Networks R Pomroy (RP), Wales & West Utilities	S Moore (SMo), Citizens Advice

Non-Voting Members:

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

Also in Attendance:

A Miller (AMi), Xoserve; A Pearce* (APe), BP; A Pygram (APy), Ofgem; L Jenkins (LJ), Deputy Chair; L Nell (LN), Ofgem; M Kirkpatrick* (MK), BP; R Fletcher (RF), Secretary; S Britton (SB), Cornwall Energy and S Hilbourne* (SH), Scotia Gas Networks.

** via teleconference*

Record of Discussions

199.1 Note of any alternates attending meeting

S Mulinganie for A Green, Total.
V Zuevskiy for J Ferguson, Northern Gas Networks

199.2 Record of Apologies for absence

A Green, J Ferguson

199.3 Minutes and Actions of the Last Meeting(s)

Members approved the minutes from the previous meeting (17 November 2016).

No outstanding actions to consider.

199.4 Consider Urgent Modifications

None.

199.5 Consider New Non-Urgent Modifications

a) Modification 0604 – Central Data Services Provider – Arrangements following implementation of Project Nexus

CWa introduced the modification and its aims.

RF suggested that this modification could have been included in Modification 0565. CW felt that certainty was required around Modification 0565 and its text to ensure parties fully understand the FGO arrangements being implemented. This modification then ensures the FGO and Nexus text work together and is clearer as a stand-alone modification, as it does not propose to change either the Nexus or FGO arrangements.

For Modification 0604, Members determined:

- It 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 the contractual regime for the transportation of gas through pipes or UNC Change process;
- That Modification 0604S be issued to Workgroup 0604S for assessment, with a report to be presented no later than the February 2017 Panel.

b) Modification 0605 – Amendments to TPD Section K – Operating Margins

DL introduced the modification and its aims.

For Modification 0605, Members determined:

- It 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 the contractual regime for the transportation of gas through pipes;
- That Modification 0605S be issued to Workgroup 0605S for assessment, with a report to be presented no later than the February 2017 Panel.

c) Modification 0606 - National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation

CWa introduced the modification and its aims.

AL asked how long this proposed “interim” arrangement will be in place. AMi advised that this will be subject to the introduction of Nexus and how long the system needs to be in operation before changes can be made to it. In addition, the industry will need to decide via the DSC Change committee what the priorities are around the introduction/implementation of changes post Nexus. Xoserve expected that this arrangement would last no longer than 18 months post-Nexus.

For Modification 0606, Members determined:

- It 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 the contractual regime for the transportation of gas through pipes;
- That Modification 0606S be issued to Workgroup 0606S for assessment, with a report to be presented no later than the March 2017 Panel.

d) Modification 0607 - Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point

MK introduced the modification and its aims.

Members requested the Workgroup to consider the following questions:

Q1. Demonstrate the frequency of occurrence and the penetration into the NTS;

Q2. A carbon cost assessment is required.

For Modification 0607, Members determined:

- It 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 the contractual regime for the transportation of gas through pipes;

- That Modification 0607S be issued to Workgroup 0607S for assessment, with a report to be presented no later than the June 2017 Panel.

199.6 Existing Modifications for Reconsideration

None.

199.7 Consider Workgroup Issues

None.

199.8 Workgroup Reports for Consideration

- a) Modification 0571 0571A - Application of Ratchet Charges to Class 1 Supply Points (and Class 2 with an AQ above 73,200kWhs)

Members agreed that a question should be raised in consultation specifically around the application of User Pays.

For Modifications 0571 0571A, Members determined that:

- It should proceed to Consultation with a close out date of 24 January 2017.

199.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

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

Workgroup	New Reporting Date
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	February 2017
0594R - Meter Reading Submission for Advanced & Smart Metering	April 2017

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

Modification
0597 - Rules for the release of incremental capacity at Interconnection Points
0598 - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations

199.10 Consideration of Variation Requests

None.

199.11 Final Modification Reports

- a) Modification 0565/A/B – Central Data Service Provider – General framework and obligations

It was noted that the legal text had recently been updated to correct a number of referencing errors and that these were not material in nature.

CW agreed to circulate an email to the industry clarifying these amendments.

CW asked members to note that the Trader User agreement for access to UK Link is still not available for consideration and he proposed that, as this is a UNC-referenced document, the UNCC should consider its suitability and next steps at a future meeting.

Members agreed with the proposed approach for consideration of the Trader User Agreement.

Following discussions about the voting process for modifications with alternates, LJ agreed to provide an update to members concerning the process and in particular how the process would work with self-governance modifications.

For Panel discussion see the Final Modification Report published at:
<http://www.gasgovernance.co.uk/0565>

Members then voted and determined by unanimous vote to recommend the implementation of Modifications 0565, 0565A and 0565B.

There was no clear preference expressed by Members for the implementation of one of these modifications: 0565 received no preference votes in favour, 0565A received 4 preference votes in favour and 0565B also received 4 preference votes in favour.

- b) Modification 0596 – Implementing CGR3 decisions on Significant Code Reviews and self-governance

Panel discussion see the Final Modification Report published at:

<http://www.gasgovernance.co.uk/0596>

Members then voted and determined by majority vote to recommend the implementation of Modification 0596.

- c) Modification 0603 – Removal of liability for members of Performance Assurance Committee

Panel discussion see the Final Modification Report published at:

<http://www.gasgovernance.co.uk/0603>

Members then voted and determined by unanimous vote to implement Modification 0603.

199.12 Any Other Business

- a) CGR3 Implementation Plan

LJ provided a brief update on the outstanding items contained in the implementation plan, noting that Modification 0596 has been sent to Ofgem for decision should hopefully be closed out soon.

LJ advised that the Cross Code workplan development was in progress and that discussions were ongoing with the other Code Administrators in terms of how the plan should be used and the appropriate level. He hoped to bring a copy of a final draft to a meeting in early 2017.

- b) Consumer Impacts section (for inclusion in the Workgroup Report)

LJ advised that following recent discussions with Citizens Advice colleagues, several consumer impact related questions had been developed for inclusion in modification reports.

The questions were presented to members who unanimously agreed that the questions should be included in all future Workgroup reports.

c) Industry Code Governance: Initial Consultation on Implementing CMA Recommendations

LN provided a summary of a presentation on the Industry Code Governance: Initial Consultation on Implementing CMA Recommendations to members, highlighting that guidance is likely to be provided early in the New Year and that strategic direction roles and licensing requirements need to be understood and undertaken as soon as possible to give stability and authority to the process.

It is recognised that the proposed changes need to be discussed with industry stakeholders, as the CMA have allowed a certain degree of latitude in the implementation of the recommendations.

AP asked if the likely legislative timetable for an energy related bill is achievable, given other government priorities for legislative space. APy advised that 4th session is looking packed, however there may be time in the 3rd session and this is the likely target period. If this slot is missed the timing would be unknown due to other government priorities.

LN advised that there is no proposed fixed approach to licensing of Code bodies and there may need to be specific or flexible arrangements in place based on the specific Code change process and system delivery.

LJ questioned why the UNC is different to Electricity Distribution Codes as both are driven through an existing licence provision e.g. Gas Transporter Licence for UNC. LN felt they were sufficiently different to allow for separate licensing of a UNC Code governance body, which might not be appropriate for Electricity Distribution Codes.

LN noted that the Code Manager role is significantly different to the Code Administrator role. Code Managers would be expected to do more than manage the change process; they should be subject matter experts and project managers.

When considering the various models, RP asked if licencing would need to be established first to ensure funding was available. LN confirmed this was correct in part as funding needs to be in place or the mechanisms to allow for funding.

AP suggested there may not be a sufficiently active competitive market for the provision of Code services based on one of the licencing models proposed which envisaged more of a “competition in the market” approach. He suggested a view on this may determine the choice of model and that a “competition for the market” approach may be preferable. LN advised that Ofgem were still considering models and had provided pros and cons for each.

AL asked if permissive licences would only be granted to those who were currently in that role or to a wider group. LN confirmed it would be a wider provision based on a pre-qualification process.

LJ felt that the process may not be so straightforward as existing staff may have incumbency rights, therefore the change may not be as dynamic as first thought with just the name of the providing organisation changing. APy disagreed, as TUPE is a known factor and the role is

significantly different so that there will be changes in approach regardless of the previous position.

AL suggested that a similar model is used for Gas Safe, although this is single source and for a period of 10 years – there were issues of incumbency that needed to be addressed in that process. APy agreed to a point but there was very little difference in roles being undertaken.

When considering Strategic Direction, AP suggested that a proactive approach is required by Code Administrators to provide views to a strategic body (Consultative Board) and ensure the plan is representative and meets the strategic aims of Ofgem.

RP asked if a similar model to Project Nexus Steering Group (PNSG) required, as this was a senior level programme manager role which didn't need licence changes to give it effect. LN agreed it would be a useful guide for the development of a formal group, however the responsibilities would need to be clearly defined and the appropriate level of governance authority provided by licencing.

AP asked how an operational body would work, would this be a day to day activity? LN advised that this is Cross Code body and would not be setting direction for each individual Code on a day to day basis but providing a wider industry strategic view.

LJ felt that the PNSG works because there is a supporting role provided by PwC which provides an administrative/action process role to manage the activities identified in the PNSG meetings, therefore he felt it would be of benefit if a party provided secretariat services to the Cross Code Consultative Board to give weight to its actions. APy agreed this would be something to consider.

AL asked how these proposals will work with the Significant Code Review (SCR) process. LN advised that Ofgem will retain powers and use the SCR process in the short term, but longer term the aim is to consider using new processes such as call in powers.

RF thought there was a residual power in legislation for SCR process tied in to the security of supply which might need to be removed to prevent conflicts.

LN confirmed that establishing these new processes should not prevent existing or planned changes currently being managed by existing industry processes and that they should continue to be progressed.

AL asked if the Consultative Board members needed to be representatives of ongoing major projects or the wider industry as the skills and knowledge would be different. LN noted that this is being considered, although it should be considered a higher level programme board so would not be involved in specific project delivery detail.

APy advised that the strategic direction can be written by Ofgem now, but that legislation would be required to make it binding. The licensing ties everything in so everything is likely to happen at some stage but the industry could be seen as being cooperative by volunteering to establish the process on a trial basis. Indeed, this might removed the need for more

restrictive legislation. He felt the lack of a legislative timetable could be seen as an advantage to try and take the opportunity to use the process and influence the change.

LJ suggested a memorandum of understanding approach to establish this concept for 2017 ahead of any legislative change, why wait until 2020. APy felt these factors could be worked through but funding needs to be resolved.

LN advised that Ofgem would provide further updates over the next few months as the process became clearer.

d) Panel Attendance update

An update has been provided for Panel Members.

e) PwC Costs Project Nexus Costs

AL advised that Modification “0513 - UK Link Programme (Project Nexus) - independent project assurance for Users” introduced a cost sharing process for Project Nexus assurance and that this expired in 2014 – how were costs currently being recovered.

LJ advised that Modification 0513 was for a specific piece of work and it had concluded with the modification, therefore it was not relevant for the current work under taken by PwC for Project Nexus which was being funded by a different mechanism.

199.13 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 19 January 2017, at Elexon

Action Table (15 December 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update