

Record of Determinations: Panel Meeting 17 March 2016

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought	
		AG	AM	CB	AG (PB)	SM	CW	FH	HC	JF	RP	SMo		
0573 (Urgent) - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements	Not issued to the Project Nexus Workgroup - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	NP	Should the topic of 0573 be issued to the Project Nexus Workgroup for further assessment
0575R - Consider the Performance Assurance Reporting Requirements for Transporters	Request issued to Workgroup 0575R with a report presented by the September 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0575R with a report presented by the September 2016 Panel
0576 - Generation of an estimated Meter Reading at the Code Cut Off Date in the absence of an actual Meter Reading	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>majority vote against (Chair casting vote against)</i>	X	X	X	X	X	✓	✓	✓	✓	✓	✓	NV	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0576 with a report presented by the May 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0576S with a report presented by the May 2016 Panel
0577 - Aligning UNC to the indirect clearing model operated by ICE Endex	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 a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is further Legal text required for inclusion in DMR

	Cost estimate not required - unanimous vote against	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 11 April 2016 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0577S consultation end on 11 April 2016?
0578 - Implementation of Retrospective Invoice Adjustment arrangements (Project Nexus transitional modification)	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Considered at short notice
	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0578 with a report presented by the June 2016 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0578 with a report presented by the June 2016 Panel
0526 – Identification of Supply Meter Point pressure tier	Returned to Workgroup 0526 with a report presented by the May 2016 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return to Workgroup 0526 with a report presented by the May 2016 Panel
0541A 0541B – Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 to 06:00 Gas Day	Proceed to Consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not 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 11 April 2016 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0541 consultation end on 11 April 2016?
0555R – Review of the Market Operator (OCM) Provision	Request 0555R closed - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Close Request 0555R

0564R – Review of Annual Meter Read Meter Reading requirements	Returned to Workgroup 0564R with a report presented by the July 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return to Workgroup 0564R with a report presented by the July 2016 Panel
0572 – Amendment to the definition of AUG Year within UNC TPD Section E	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	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 April 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0568 consultation end on 11 April 2016?
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	Workgroup to report to the July Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to July Panel
0571 - Application of Ratchet Charges to Class 1 Supply Points Only	Workgroup to report to the June Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to June Panel
0574S - Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)	Workgroup to report to the June Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to June Panel
0520 - Performance Assurance Reporting	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 majority vote in favour</i>	✓	✓		✓		✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)

0520A - Performance Assurance Reporting	No new issues identified - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - with a unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)
	Prefer 0520		✓				✓		✓	✓		✓	
	Prefer 0520A	✓		✓	✓	✓					✓		
0550 - Project Nexus: Incentivising Central Project Delivery	No new issues identified - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - with a majority vote in favour	✓	✓	✓	✓	✓						✓	Should Modification be implemented (only votes in favour recorded)
0568 - Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer	No new issues identified - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - with a unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 187th Meeting held on Thursday 17 March 2016 at Elexon 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total and alternate for P Broom A Margan (AMa), British Gas C Baldwin (CB), E.ON UK S Mulinganie* (SM), Gazprom	C Warner (CW), National Grid Distribution F Healy (FH), National Grid NTS H Chapman (HC), Scotia Gas Networks J Ferguson (JF), 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 (JT)

Also in Attendance:

A Clasper* (AC), National Grid Distribution; A Love* (AL), ScottishPower; A Miller (AMi), Xosereve; C Ruffell (CR), RWE; 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

187.1 Note of any alternates attending meeting

A Green for P Broom (ENGIE)

C Baldwin for R Fairholme (Uniper)

187.2 Record of Apologies for absence

R Fairholme and P Broom

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

Members approved the minutes from the previous meeting (18 February 2016).

187.4 Consider Urgent Modifications

- a) Modification 0573 (Urgent) - Project Nexus – deferral of implementation of elements of Retrospective Adjustment arrangements

AP explained that following the implementation of an Urgent Modification, the Modification Rules allow Panel the option to issue the topic of the modification to a Workgroup for further assessment.

Following discussion 0573, Members determined:

- That the topic of Modification 0573 should not be issued to Workgroup for further assessment.

187.5 Consider New Non-Urgent Modifications

- a) Request 0575R - Consider the Performance Assurance Reporting Requirements for Transporters

AL introduced the Request and its aims.

SM challenged whether this is just a performance assurance related review or a more a general review of the offtake metering regime and therefore perhaps the title is misleading. AL agreed to review the title description and scope of the Request.

CW challenged the proposed duration of the workgroup, as it could be a significant element of work considering the broad and technical nature of the subject. JF agreed it would be a significant review and that participants with specific skill sets would need to be included and this would need more time.

FH was concerned that performance assurance regime currently excludes NTS. Felt this could provide a way to include them, if the scope was broadened. AL advised that the Request aims to close off a transporter risk highlighted in the Engage report, although most of these meters were operated by DNOs.

RP is comfortable with the intent, however there are areas in scope such as best practice that are not normally a Code requirement/interest. This should be one of the outputs for the report.

The Workgroup is requested to consider the overall scope, outputs and Terms Reference of the Request to ensure they are appropriate.

For Request 0575R, Members determined:

- That Request 0575R is issued to Workgroup 0575R for assessment and is to meet on the same day as the Offtake Arrangements Workgroup, with a report to be presented no later than the September 2016 Panel.

- b) Modification 0576 - Generation of an estimated Meter Reading at the Code Cut Off Date in the absence of an actual Meter Reading

AC introduced the modification and its aims.

JF asked why wait for the 3 years until the Code cut off date is reached, why not provide an estimated read sooner. AMi advised the date was chosen as the last date available where a Shipper could provide an amended meter read and effect a consumption adjustment.

CB challenged why the correction of a transition issue and an enduring solution were being proposed in the same modification. He suggested these be separated into two modifications so each could be progressed on its own merits. SMO was concerned about this modification including an enduring regime when legislation is being considered to make meter reading obligations more onerous and therefore more likely to take place.

CW felt it is still essential to have a backstop position in Code and to be clear what is going to happen to data during migration to Nexus.

Workgroup to consider the issue of Transition/Enduring solution; and consider impacts on Settlement.

For Modification 0576, Members determined:

- Is not related to the Significant Code Review;
- The criteria for Self-Governance not are met as this modification is expected to have a material impact on competition and consumers due to its enduring option;
- The Chair provided a casting vote against Self Governance
- That Modification 0576 is issued to Workgroup 0576 for assessment, with a report to be presented no later than the May 2016 Panel.

- c) Modification 0577 - Aligning UNC to the indirect clearing model operated by ICE Endex

FH introduced the modification and its aims.

RP asked if the legal aspects of the modification were setting any precedents. FH confirmed their lawyers were comfortable with the approach and that it was consistent with existing approaches in Code.

FH confirmed the legal text included in the modification is final for purposes of consultation.

For Modification 0577, Members determined:

- 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 competition, consumers or the transportation of gas through pipes;
- Should proceed to Consultation;
- Further legal text is not 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 April 2016.

- d) Modification 0578 - Implementation of Retrospective Invoice Adjustment arrangements (Project Nexus transitional modification)

AP checked that the Panel were happy to consider the Modification at short notice. CW then introduced the modification and its aims.

AMa asked how this modification interfaces with Modification 0550. CW confirmed there was no interaction, as it does not impact the modification/project delivery set out in Modification 0550.

For Modification 0578, Members determined:

- To be considered at short notice;
- Is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this modification is not expected to have a material impact on competition and consumers;
- That Modification 0578 is issued to Workgroup 0578 for assessment, with a report to be presented no later than the June 2016 Panel.

187.6 Existing Modifications for Reconsideration

None

187.7 Consider Workgroup Issues

None for discussion.

187.8 Workgroup Reports for Consideration

a) Modification 0526 – Identification of Supply Meter Point pressure tier

AP advised that the recommendation from Workgroup is that this modification requires further assessment. However, as the modification had been in progress for some time, he requested that Panel only allow one further Workgroup extension.

Members then determined that Modification 0526:

- Should be returned to Workgroup 0526 for assessment, with a report to be presented no later than the May 2016 Panel.

b) Modification 0541A 0541B – Removal of uncontrollable UNC charges at ASEPs which include sub-terminals operating on a 06:00 to 06:00 Gas Day

AP explained that high level cost estimates only had been provided, as detailed costs wont be available until June at the earliest, but that the Workgroup recommended that the modification proceed as the benefits outweighed the downsides of delay.

RP asked if a more detailed cost estimate should be provided. FH felt it would not provide further clarity and would ultimately delay the process.

RP challenged if the solutions met the EU regulations as proposed. FH felt it was an issue for representations to cover, and that they could not say either way if the solutions do or do not further Relevant Objective g) as it was for the proposers to make the case.

Panel Questions:

Respondents' views are requested on the applicability of User Pays arrangements, with supporting reasons.

Members then determined that Modifications 0541A 0541B:

- Should proceed to Consultation;
- Further legal text is not 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 April 2016.

c) Request 0555R – Review of the Market Operator (OCM) Provision

LJ provided an overview of the Workgroup report and its recommendations.

AMa asked if views on the report were required from Ofgem. LJ advised the report is to be provided to Ofgem and they may then take further action or investigate the report recommendations at a later date. However, from a UNC perspective he felt the Request should be closed.

FH thanked all workgroup participants for their contributions to the workgroup as the review process had worked very well.

Members then determined that Request 0555R:

- Should be closed.

d) Request 0564R – Review of Annual Meter Read Meter Reading requirements

CW provided an overview of the interim report, advising that further assessment was being requested by the Workgroup.

Members then determined that Request 0564R:

- Should be returned to Workgroup 0564R for assessment, with a report to be presented no later than the July 2016 Panel.

e) Modification 0572 – Amendment to the definition of AUG Year within UNC TPD Section E

JF challenged whether this modification should be User Pays as it amends a User Pays service. However, it was confirmed that the AUGE service is unchanged, this modification brings forward the publication date of the AUG table by Transporters and does not change the AUGE timeline.

SM questioned whether, if there was a delay in delivering the table by the AUGE, should this modification consider any impact as the existing process would allow some time to recover the situation. This was not considered a material impact requiring a view from Workgroup.

Members then determined that Modifications 0572:

- Should proceed to Consultation;
- Further legal text is not 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 April 2016.

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	July 2016
0571 - Application of Ratchet Charges to Class 1 Supply Points Only	June 2016
0574S - Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)	June 2016

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

Modification
None

187.9 Consideration of Variation Requests

None for discussion.

187.10 Final Modification Reports

a) Modification 0520 - Performance Assurance Reporting

There was a general discussion about the accuracy of a statement contained in one of the representations. This error was removed from the Final Modification Report.

AMi advised that it is unlikely the pre Nexus reports could be delivered should there be a prolonged decision period and that the post Nexus implementation reports would need to be built into the system after Nexus go live.

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0520.

Members determined by majority vote to recommend implementation Modification 0520.

b) Modification 0520A - Performance Assurance Reporting

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0520.

Members determined by unanimous vote recommend implementation of Modification 0520A.

When considering that should either Modification 0520 or 0520A be implemented, which one better facilitated the Relevant Objectives. No overall preference was expressed by Panel.

c) Modification 0550 - Project Nexus: Incentivising Central Project Delivery

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0550.

Members determined by majority vote to recommend implementation of Modification 0550.

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

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0568.

Members determined by unanimous vote to recommend implementation of Modification 0568.

187.11 Any Other Business

a) Designated Person

AP explained that Ofgem has designated the Joint Office to manage the appointment of Shipper representatives to Panel, UNCC and relevant sub-committees.

LJ provided an overview of the process to be adopted based on the rules previously used by the Gas Forum. There were a number of minor administration amendments such as contact emails addresses and a couple of errors had been corrected.

AG asked what would if the Joint Office received multiple replies from an organisation to be the designated SPOC? LJ advised parties would be requested to discuss the issue between them and identify one person to act as SPOC.

AMa asked how tied votes would be managed? LJ advised the existing rules would be followed.

LJ asked for views about Panel selection for 2016/17 – should the process be run 5 or 6 Shippers and what would the consequences be if Nexus is not implemented, is the person with the fewest votes is deselected or the process be rerun?

RP suggested running a 5 person and 1 person appointment process concurrently.

CB suggested running a process for 6 representatives and then manage the delay should it arise.

SM suggested running a 5 representative process earlier and then run the 1 person process after when implementation of Modification 0440.

Members agreed that the Shipper Representative process should request the appointment of 6 Shippers and then the person with fewest votes will be deselected should Project Nexus be delayed.

AM advised that he would consider raising a Fast Track modification to amend the identity of the designated person in the Modification Rules.

b) Independent Panel Chair (beyond current term)

LJ explained that AP had been appointed on a 2 year term and that his tenure expires in November this year. AP has been approached and signaled his willingness to extend his current term to November 2017 should JGAC, Panel and Ofgem agree.

LJ asked for views on the process to be adopted to seek views on extending the Chairs current term to November 2017. Should there be formal consultation as this is not the current practice across other Code Administrators, it is usually a Panel decision, however JGAC make the formal appointment for UNC?

Members expressed views that an informal consultation of Panel members views would be a useful exercise and that a closed session should be arranged at the end of the next Panel meeting to discuss responses and whether the extension should be recommended.

LJ agreed to send an email to members and seek their views on the term extension.

c) Panel Member's feedback (for discussion)

AP provided a feedback form proposed to be used after each Panel meeting. It was agreed that views should be provided quarterly either by paper or online/email.

d) CACoP annual report

BF provided a copy of the CACoP annual report and recent proposed amendments to the CACoP, which was for approval.

Members determined to approve the changes to the CACoP v4.2

e) FMR representations

AP asked if the summary of representations contained in the Final Modification Report is of value to members and if it should be continued with or should representations be included in full. He said that he found it personally useful, and felt it provided a service to other “lay” readers of the papers.

LJ explained there is risk in the approach as there could be interpretation issues or errors and the representation should always be used to confirm the detail. Members felt it should be continued with, as it was a useful guide in highlighting issues before reading the full representation. SM suggested a health warning should be included in the summary to ensure readers were aware of the risks.

LJ raised a point that representations have been received after 5.00pm and should these continue to be included.

AMa was keen to ensure that representations were received in a consistent manner with other Codes and perhaps this should be extended to the beginning of the next working day.

In addition, although 3 weeks are allowed, with seeking information from experts and seeking internal approval pushes these time limits. He would prefer the representation is accepted even though it may not be reflected in the report.

AMa was also concerned that we should not be aiming to encourage representations and false deadlines as these may discourage smaller parties from submitting representations.

JF was concerned that sufficient time is allowed for the Joint Office to complete FMRs in a timely manner as she was not keen to go back to a process where consideration of FMRs by Panel was delayed any longer than necessary.

RP prefers that the process allows enough time for reports to be available no later than close of play the Monday before Panel.

LJ agreed to highlight that emails and consultation templates will highlight that consultation closes at 5.00pm and that late representations will continue to be published even if they are not reflected in the FMR.

187.12 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 21 April 2016, at the Elexon.