

**Uniform Network Code Modification Panel**

**Minutes of the 97<sup>th</sup> Meeting**

**Held on Thursday 15 July 2010**

**Members Present:**

**Transporter Representatives:** R Hewitt (National Grid NTS), A Raper (National Grid Distribution), J Martin (Scotia Gas Networks), J Ferguson (Northern Gas Networks) and S Trivella (Wales & West Utilities)

**User Representatives:** A Bal (Shell), C Wright (British Gas Trading), G Donoghue (GDF Suez), S Rouse (Statoil) and S Leedham (EDF Energy)

**Consumer Representative:** A Hall (Consumer Focus)

**Ofgem Representative:** J Dixon

**Joint Office:** T Davis (Chair) and B Fletcher (Secretary)

**Observers Present:**

C Cameron (Ofgem), C Shanley (National Grid NTS), C Sulleyman (Consumer Focus), R Fairholme (E.ON UK), R Healey (RWE Npower), R Street (Corona Energy), and J Vignola (Centrica Storage)

**97.1 Note of any alternates attending meeting**

A Raper for C Warner (National Grid Distribution), J Martin for A Gibson (Scotia Gas Networks) and G Donoghue for P Broom (GDF Suez). A Bal for S Rouse (Statoil) until her arrival at the meeting due to travel delays.

**97.2 Record of Invitees to the meeting**

**97.3 Record of apologies for absence**

R Hall, A Gibson, C Warner and P Broom

**97.4 Receive report on status of Urgent Modification Proposals**

None

**97.5 Consider New, Non-Urgent Modification Proposals**

- a) Proposal 0297 - Extending Rights to Protected Information Provisions for Meter Asset Managers / Registered Metering Applicants

No issues with the legal text were raised and the Proposal will be issued to consultation.

- b) Proposal 0314 - The provision of a "Data Update" to Non Code Parties

The Proposal was introduced by R Street who advised it had been developed following work at ESTA, clarifying the aim was making information available to other parties, such as consumers, to enable them to manage contracts with AMR or energy management providers. A Hall noted the two tables of data items in the Proposal and requested that the Workstream clarify which information the Proposal envisaged would be released. A Raper requested that the governance of information release

be developed by the Workstream.

The Panel voted UNANIMOUSLY for this Proposal to be sent to the Distribution Workstream. The Panel requested the Workstream to report to the 21 October Panel.

- c) Proposal 0315 – To Enhance Section X of the UNC Transportation Principal Document to improve the Energy Balancing Further Security Process

R Street advised the Proposal had been raised on behalf of the Energy Balancing Credit Committee (EBCC) and is aimed at addressing concerns arising from the “credit crunch”. Currently the UNC requires a party to provide security following receipt of cash call notices, but there is no mechanism to incentivise parties to reduce the number/frequency of cash calls. The Proposal aims to prevent repeated cash calls as the security provided will be discounted should the party continue to receive cash calls. S Leedham asked if the example provided was based on a real situation. R Street confirmed the information was consistent with real experience, although parties are not named. A Raper was concerned that Transporters that are not party to the EBCC had not had an opportunity to consider the Proposal. It was confirmed, however, that the draft Proposal had been discussed at the Transmission Workstream.

S Leedham suggested it would help consideration of the merits of the Proposal if information could be made available on its materiality, such as an indication of the number of occasions on which the issue had arisen in the past. R Street advised that the issue had been identified from existing behaviour, and had been extensively discussed by the EBCC. Members felt it to be of sufficient future risk to justify raising the Proposal.

R Hewitt asked if the 20% reduction in security was enforceable under law. R Street advised this has been discussed at EBCC and, in their opinion, was justifiable since the credit reduction is only deemed and not actual. S Trivella suggested discussing the Proposal at a Workstream would help to clarify this and allow consideration of the example in more detail. This should help to ensure any issues could be identified and the Proposal amended if necessary. R Street asked if the issue could be described in detail by email so that he can raise it with the industry experts at EBCC. J Ferguson suggested that a similar issue had arisen in Review Group 0252 and could be addressed by the Proposal referring to the calculation of the cash call rather than the face value of security.

C Wright suggested it would be helpful to defer consideration of the Proposal in order to clarify the Transporter queries. If necessary to facilitate implementation ahead of the forthcoming Winter, a special Panel meeting could be held to progress the Proposal.

The Panel then voted UNANIMOUSLY for consideration of this Proposal to be deferred. The Panel also voted UNANIMOUSLY for an additional Panel meeting to be held on 05 August.

- d) *Proposal 0317 - Interim Allocation of Unidentified Gas Costs*

The Panel voted UNANIMOUSLY to consider the Proposal at short notice.

The Proposal was introduced by A Bal. It aims to address the issue around the potential length of time between implementation of UNC0229, actual charges being calculated by the AUG, and charges being invoiced. The proposed value of gas to be reallocated draws on an independent report commissioned by Icons.

C Wright felt this issue affects current discussions on the implementation of UNC0229 and whether charges could be retrospective. A Bal considered the Proposal could proceed irrespective of issues regarding interpretation of the legal text introduced by UNC0229.

G Evans added that Icons members accept there is a level of cross subsidy and this Proposal addresses any interim period while providing a level of risk management and control around customer charges.

J Martin asked for clarity around the principles highlighted in the Proposal and referenced to UNC0229, and suggested that it should be explained the DN element should remain zero. A Bal confirmed this is the intention of the Proposal. J Ferguson asked why the same billing mechanism as for UNC0229, with the application of SAP to a volume, was not proposed. A Bal clarified that the intention is to use the values indicated, removing the need to carry out a calculation.

C Wright requested that the Panel minutes reflect a view that any retrospective charges would apply whether or not the Proposal was implemented. A Bal did not accept that the UNC provides for retrospective charging and felt this would be a decision for the regulator. J Dixon suggested that legal text could help to clarify any retrospective impacts and whether the envisaged interim charges are considered to be a part or full payment once the AUG process is completed.

Panel Members determined by PANEL MAJORITY that the Proposal should proceed to the Consultation phase with the following eight members voting in favour: A Bal, C Wright, G Donoghue, S Leedham, S Rouse, J Ferguson, J Martin and S Trivella. Panel Members then determined by PANEL MAJORITY that legal text should be prepared for inclusion in the Draft Modification Report with the following eight members voting in favour: C Wright, G Donoghue, S Leedham, R Hewitt, A Raper, J Ferguson, J Martin and S Trivella.

## **97.6 Consider New Proposals for Review**

- a) *Proposal 0316 - Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows*

The Panel voted UNANIMOUSLY to consider the Proposal at short notice.

The Proposal was introduced by S Trivella.

C Wright asked if there are likely to be any Shipper impacts. S Trivella confirmed none were envisaged, though Shippers are welcome to participate in any discussions. S Leedham asked if there was an OPN impact on demand forecasting, but R Hewitt confirmed not.

The Panel voted UNANIMOUSLY for this Proposal to be referred to the Offtake Arrangements Workstream and to follow the Review procedures. They requested that the Workstream develop terms of reference and provide a report by the 16 December Panel.

**97.7 Consider Terms of Reference**

None.

**97.8 Existing Modification Proposals for Reconsideration**

Proposal 0231V - Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft

Panel Members noted that Ofgem intent initiating a consultation on Licence changes related to this Proposal, and voted UNANIMOUSLY to defer consideration.

**97.9 Consider Variation Requests**

None.

**97.10 Consider Workstream Monthly Reports**

**Extensions Requested**

- a) Proposal 0267 – Review of UNC Governance Arrangements  
Following a request, the Panel voted UNANIMOUSLY to extend the time for the Workstream to report until 21 October 2010.
- b) Proposal 0270 – Aggregated Monthly Reconciliation for Smart Meters  
Following a request, the Panel voted UNANIMOUSLY to extend the time for the Development Group to report until 21 October 2010.
- c) Proposal 0282 – Introduction of a process to manage Long Term Vacant sites  
Following a request, the Panel voted UNANIMOUSLY to extend the time for the Workstream to report until 21 October 2010.

**97.11 Consider Final Modification Reports**

None

**96.12 Receive report on status of Consents**

**96.13 Any Other Business**

- a) T Davis advised that with the exception of September, future Panel meetings will be held at the ENA.
- b) Significant Code Reviews

J Dixon gave a presentation on Significant Code Reviews (SCR), describing the process for identifying potential candidate topics and invited views.

A Bal asked if topics currently being reviewed would automatically be excluded from the SCR process. J Dixon confirmed all code topics could

be subject to SCR - however there would need to be good reasons to overlap with a current process. S Rouse asked if Price Control Reviews were included. J Dixon felt this was likely in order to ensure any knock on effects to funding are reviewed.

R Street felt that the scope of SCRs appeared potentially limited. A number of industry issues may need a single forum for discussion despite having limited or no impact on codes and, as such, being considered out of scope. A Raper agreed that industry policy and coordination may not be improved if the scope of SCRs is limited to code only reviews.

**97.14 Conclude Meeting and Agree Date of Next Meeting**

The Panel noted that the next meeting is planned for 10.00 on 19 August 2010 at the ENA.