

Agenda: Pre-Modification Panel Briefing
Meeting Details: 13:00, 17 July 2017
Teleconference: 0207 950 1251, access code 21870295#
Documentation at: <http://www.gasgovernance.co.uk/panel/170717>

Dear Colleague,

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at **13:00 on Monday 17 July 2017**. Discussions will be based on the Modification Panel agenda (<http://www.gasgovernance.co.uk/panel/170717>).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Modification 0623 – Governance Arrangements for Alternatives to Self-Governance Modification Proposals

Proposed by Wales and West Utilities

This modification seeks to amend the Modification Rules to provide for clear treatment of Self-Governance Modifications that have alternatives, and to simplify the governance of modifications with alternates where, individually, they may be aligned to different governance processes.

It proposes rules, consistent with the way Authority Direction Alternate modifications are handled, that would ensure Panel are able to consider the relative merits of self-governance Alternates and determine which, if any, should be implemented.

<http://www.gasgovernance.co.uk/0623>

Request 0624R - Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data

Proposed by Cadent

This request seeks to conduct a review of the elements of UNC Modification 0434 *Project Nexus – Retrospective Adjustment* relating to the retrospective adjustment of Meter Information, Meter Point/Supply Point and Address data. This will be informed by undertaking a cost benefit assessment of the elements of the Modification which have not

been implemented.

<http://www.gasgovernance.co.uk/0624>

Implementation Recommendations

Modification 0593(V) – Provision of access to Domestic Consumer data for Price Comparison Websites and Third Party Intermediaries

This modification seeks to create provisions in the UNC to permit the release of data to Price Comparison Websites (PCWs) and Third Party Intermediaries (TPIs) to satisfy the Competition and Markets Authority (CMA) Energy Market Investigation requirements. The release of data would be subject to contractual agreement with Transporters that would include validations and be pursuant to data protection principles.

It is believed that by providing data directly to such non-Code parties the service provided will improve, leading to more switching with consequential benefits to the competitive marketplace.

In February 2017, Panel considered the original Modification 0593 and the consultation responses received. Implementation was not recommended, mainly because of concerns about the suitability of the safeguards proposed for consumer data. Ofgem subsequently sent the Report back to Panel to address the concerns raised and, at its' March meeting, Panel referred the modification back to the workgroup for further assessment. After clarification by the CMA of the suitability of a proposed approach, a Supplemental Report, along with a Privacy Impact Assessment, has been provided by the workgroup. Additionally, the Proposer has submitted a Variation Request because the Solution that is now believed to be appropriate differs to the original one.

If Panel agree with the Proposer and the workgroup that the Variation Request represents a material change to the Solution, they will then decide what further consultation is appropriate. Alternatively, if Panel feel it is *not* a material change to the Solution, Modification 0593V simply replaces 0593 and continues from the same place; effectively Panel will consider the Supplemental Report and whether it should be returned to Ofgem for a decision.

Modification 0611 – Amendments to the firm capacity payable price at Interconnection Points

This modification seeks to ensure compliance with the forthcoming EU Tariff code concerning the payable price for the capacity released under the proposed new incremental process under Modification 0597. The EU Tariff code prohibits the use of a fixed payable price approach for available firm capacity at Interconnection Points (IPs). It also introduces the concept of a mandatory minimum premium that can be applied to the payable price for incremental capacity for situations where the reserve price on its own would fail to pass the economic test for incremental capacity release.

In the 0611 consultation 2 representations were received (including 1 received late); 1 supported implementation and 1 provided qualified support. Respondents agreed that this modification was necessary to ensure compliance with the EU CAM Code, although one noted some concerns as to whether it was conducive to encouraging investment at

Interconnection Points.

Respondents' views on self-governance also differed, with the Proposer supporting it and the other respondent believing that Ofgem should provide a view on the suitability of the economic test. Panel will consider whether this represents a material impact to any of the self-governance criteria.

Finally, Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend that the modification should be implemented.

Self-Governance Implementation

Modification 0605S – Amendments to TPD Section K – Additional Methods to Procure and Dispose of Operating Margins Gas

This modification proposes to enable more efficient and economical procurement and disposal of Operating Margins (OM) gas by using other mechanisms such as Over-the-Counter or by using an exchange (such as the OCM). This would be in addition to the existing annual tender arrangements that have been in place since the inception of Code.

Since the costs relating to OM gas is recovered by National Grid NTS from Users, the proposal includes new rules to address errors that may occur in these related trading activities.

In the 0605S consultation 3 representations were received and implementation was unanimously supported. Respondents agreed that the proposal provided additional flexibility and potentially a more cost-effective means to procure and dispose of OM gas.

Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

I hope this summary is helpful.

Regards,

Les Jenkins
Joint Office of Gas Transporters
Tel: 0121 288 2107
Email: enquiries@gasgovernance.co.uk

UNC related documents can be accessed via our website: www.gasgovernance.co.uk