

Uniform Network Code Modification Panel

Minutes of the 93rd Meeting

Held on Thursday 15 April 2010

Members Present:

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

User Representatives: C Wright (British Gas Trading), P Broom (GDFSuez), S Rouse (Statoil) and S Leedham (EDF Energy)

Ofgem Representative: J Boothe

Joint Office: T Davis (Chair) and J Bradley (Secretary)

93.1 Note of any alternates attending meeting

A Raper for C Warner (National Grid Distribution), P Broom for A Bal (Shell) and B Dohel for A Gibson (Scotia Gas Networks)

93.2 Record of Invitees to the meeting

R Hall (Consumer Focus)

93.3 Record of apologies for absence

C Warner, A Bal and A Gibson

93.4 Receive report on status of Urgent Modification Proposals

T Davis explained that two Proposals had been submitted for Urgency and would be discussed under any other business.

93.5 Consider New, Non-Urgent Modification Proposals

None

93.6 Consider Draft Modification Reports including Legal Text

Proposal 0284 – Removal of the Zero Auction Reserve Price for Within-day Daily NTS Entry Capacity (WDDSEC)

T Davis advised that legal text had been received and the draft Modification Report had been published. C Wright stated that he was unclear on one aspect: the reference to “prior to or after 06.00 on the Day”. Following an explanation from National Grid NTS, it was agreed that the wording delivered the intended effect. S Leedham asked, if the Proposal were implemented on 01 October 2010 as proposed, whether the wording meant that the reserve price would apply in respect of applications for 01 October 2010. R Hewitt explained that legal advice had been taken on this point and the answer was that the reserve price would apply and no further drafting was necessary to achieve this. T Davis pointed out that, given the concerns raised, responses could highlight any lack of clarity in the text. The Panel then accepted that the Proposal should proceed to consultation.

93.7 Consider New Proposals for Review

Review Proposal 0291 – NTS Licence Special Condition C27 – Balancing Arrangements

R Hewitt presented this Review Proposal and highlighted why a Review Group had been proposed as a means of gathering ideas rather than moving straight to a Modification Proposal for development. J Boothe confirmed that the Licence changes had not yet been implemented although the policy had been settled.

Considering the draft Terms of Reference, S Leedham suggested that any Review Group should consider DN as well as NTS linepack. S Trivella agreed that DNs could consider offering such a service and supported its inclusion in the Terms of Reference. R Hewitt acknowledged the difficulties of achieving an October 2011 implementation date but highlighted the obligation under the Licence that references this date, which National Grid would endeavour to achieve. C Wright suggested that if, as suggested, it was already clear that implementation was unlikely to be achievable within this timescale, comments on this aspect may be appropriate under Ofgem's Licence consultation. It was agreed that an assessment of likely benefits and the extent of take-up of any service would need to be considered.

The Panel then voted UNANIMOUSLY for the Proposal to proceed to Review. The Review Group would be requested to submit Terms of Reference, including the LDZ/DN interactions element, to the 20 May 2010 Panel meeting and provide its report by the 16 September 2010 Panel meeting. It was agreed that there should be no restrictions on membership of this Review Group.

93.8 Consider Terms of Reference

a) Modification Proposal 0277 - Creation of Incentives for the Detection of Theft of Gas (Supplier Energy Theft Scheme)

R Hall agreed that the Terms of Reference reflected the issue raised by Consumer Focus. The Panel then voted UNANIMOUSLY to approve the Terms of Reference.

b) Modification Proposal 0282 - Introduction of a process to manage Long Term Vacant sites

Scotia Gas Networks had raised the interactions between the Proposal and the GT Safety Cases and a minor wording change was therefore agreed to clarify it was the Transporters' Safety Case implications that were to be considered. The Panel then voted UNANIMOUSLY to approve the Terms of Reference.

93.9 Existing Modification Proposals for Reconsideration

For the following Proposals, M Cox had written on behalf of the Authority to the Panel indicating progress, including Proposals for which legal text was awaited. The Panel agreed UNANIMOUSLY to defer consideration.

- a) **Proposal 0194 - Framework for correct apportionment of NDM error**
- b) **Proposal 0194A - Framework for correct apportionment of LSP unidentified gas**
- c) **Proposal 0228 - Correct Apportionment of NDM Error – Energy**
- d) **Proposal 0228A - Correct Apportionment of NDM Error – Energy**
- e) **Proposal 0229 - Mechanism for correct apportionment of unidentified gas**

In response to a request from R Hall, A Raper undertook to investigate progress on the legal text for this Proposal.
- f) **Proposal 0246 - Quarterly NTS Entry Capacity User Commitment**
- g) **Proposal 0246A - Quarterly NTS Entry Capacity User Commitment**
- h) **Proposal 0246B - Quarterly NTS Entry Capacity User Commitment**

93.10 Consider Variation Requests

None

93.11 Consider Workstream Monthly Reports

Workstream Reports for Consideration

- a) **Modification Proposal 0285 – “Use it or lose it” (UIOLI) Interruptible Capacity only to be released when there is at most 10% unsold entry capacity**

T Davis drew the Panel’s attention to a change within the Proposal and the addition of Suggested Text subsequent to preparation of the Workstream Report. Panel Members accepted the Workstream Report. The Panel then voted UNANIMOUSLY for the Proposal to proceed to Consultation. The Panel did not determine that legal text was required, with no votes cast in favour.

- b) **Modification Proposal 0288 – Facilitating the Reduction of Enduring Annual NTS Exit (Flat) Capacity by a value less than 100,000 kWh**

Panel Members accepted the Workstream Report. The Panel then voted UNANIMOUSLY for the Proposal to proceed to Consultation. The Panel did not determine that legal text was required, with no votes cast in favour. The Panel determined UNANIMOUSLY that a detailed cost assessment was not required.

- c) **Modification Proposal 0290 - To facilitate the release of Additional NTS Exit (Flat) Capacity at National Grid NMS’s discretion**

Panel Members accepted the Workstream Report. The Panel then voted UNANIMOUSLY for the Proposal to proceed to Consultation. The Panel did not determine that legal text was required, with no votes cast in favour. The Panel determined UNANIMOUSLY that a detailed cost assessment was not required.

93.12 Consider Final Modification Reports

None

93.13 Receive report on status of Consents

The following consents are with Ofgem for approval:

- a) **Consent C020 - Changes to Document References Contained Within the UNC**

- b) **Consent C021 - Changes to Cross References Contained Within UNC TPD Section F – System Clearing, Balancing Charges and Neutrality**
- c) **Consent C033 - Removal of a Redundant Cross Reference & Clarification of TPD Section K**
- d) **Consent C034 - SC2004 Solutions - Industry Interfacing Project which is identifying system and process change requirements arising from the SOMSA project**
- e) **Consent C035 - Reinsertion of references to address inadvertent omissions noted following C022**
- f) **Consent C036 - Correction to the Calculation and application of VWAPEC**

The following consent was rejected by Ofgem on 18 March 2010.

- a) **Consent C037 - Revision to the legal text associated with the implementation of UNC Modification 0261: Annual NTS Exit (Flat) Capacity Credit Arrangements**

J Boothe indicated that a decision on outstanding Consents would be made shortly.

93.14 Any Other Business

a) EU Third Package

T Davis identified that Ofgem had provided a presentation on the EU third package (available at www.gasgovernance.co.uk/Panel/150410).

J Boothe acknowledged the March 2011 deadline but explained that this was for adoption into UK law and not necessarily full systems implementation. R Hewitt suggested that the framework guidelines were similar to the Business Rules developed as part of the original Transco Network Code consultation process. R Hall asked how detailed the code would be. R Hewitt responded that he expected it to be a lesser level than the UNC but more than a few pages of principles. R Hewitt confirmed that National Grid were part of ENTSO.

S Trivella asked about comitology and J Boothe explained this was a process by which the Commission gained consensus from the representatives of each Member State. J Boothe indicated discussions had taken place on a single regulatory authority for the UK but no conclusion had been reached. It was clarified that “regions” were the EU Regions eg UK is part of the NW Region.

b) Modification Proposals

0292 Proposed change to the AQ Review Amendment Tolerance for SSP sites and

0293 - Proposed removal of the AQ Review Amendment Tolerance for SSP sites

T Davis explained that Scottish Power had requested that these Proposals be subject to Urgent Procedures and Ofgem had asked the Panel to give a view on this prior to it reaching an urgency decision. K Kennedy of Scottish Power (by teleconference) summarised the Proposals and why implementation was required by 1 July 2010. This was based upon the xoserve timescales for progressing reviews as part of the 2010 AQ Review process, given the limit on the maximum daily number of transactions. S Trivella believed that there would be system changes

which may not be capable of implementation by 1 July; he referred to a similar EDF Proposal, which analysis had suggested would require a 16 week lead-time for implementation.

C Wright questioned the proposed timescale set out on the Proposals and suggested that a post FMR consultation was not part of the usual process and therefore not required.

T Davis suggested that, if the standard procedures were followed, the Panel might be able to make a decision to issue the Proposals for consultation at the meeting organised for 22 April. This could mean meeting the proposer's timescale without requiring Urgent status. S Leedham pointed out that Urgent Procedures embodied a more certain timescale, including an expectation of the Ofgem decision, and therefore he would support Urgent status being granted. However, S Trivella suggested the AQ deadlines are well established and the Proposal could have been raised earlier such that the case for urgency was not compelling.

The Panel then proceeded to an informal vote on whether to recommend Urgent Procedures to Ofgem with S Leedham, C Wright and A Raper voting in favour and S Trivella and B Dohel voting against. T Davis summarised the view as being reasonably evenly split and J Boothe confirmed the discussion had been helpful. Members agreed that if Urgent Procedures were not agreed, the Proposals could be added to the agenda for the Panel Meeting on 22 April.

93.15 Conclude Meeting and Agree Date of Next Meeting

The Panel noted that the next meetings were planned for:

13.00 on 22 April 2010

10.00 on 20 May 2010.