

Uniform Network Code Modification Panel

Minutes of the 94th Meeting

Held on Thursday 22 April 2010

Members Present:

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

User Representatives: A Bal (Shell), C Wright (British Gas Trading) and S Leedham (EDF Energy)

Ofgem Representative: J Dixon

Joint Office: T Davis (Chair) and R Fletcher (Secretary)

94.1 Note of any alternates attending meeting

A Bal (Shell) for S Rouse (Statoil) and B Dohel for A Gibson (Scotia Gas Networks)

94.2 Record of Invitees to the meeting

None

94.3 Record of apologies for absence

A Gibson, S Rouse, A Hall (Consumer Focus) and R Hall (Consumer Focus)

94.4 Consider Final Modification Reports

a) Modification Proposal 0287 – Change System Capacity Transfers Notification Time Limit from 04:00 to 03:00 hours

Following a discussion (recoded below) Members voted UNANIMOUSLY to refer the Proposal to the Transmission Workstream seeking a report on the new issues raised during the consultation. The Workstream was requested to also consider the impact of implementing the Proposal on the relevant objectives and report to the May 2010 Panel.

T Davis provided a summary of representations received. S Trivella was concerned at the number of non-supporting representations and whether these raised new issues for the Workstream to consider. T Davis asked if the Proposal should be sent back to the Workstream for further discussion since issues had been raised, such as around impacts on storage and timing, which were not included in the draft Modification Report. C Wright had felt the issues raised would not be material given the response provided previously by National Grid NTS that very few transactions occurred in the affected period. However, he was now concerned about the issues raised by Scottish and Southern Energy since these implied there was potential for the change to involve greater materiality than had been envisaged.

S Leedham felt the main objective was to reduce the transfer window to 30 minutes. R Hewitt understood this issue but stated that it did not form part of this Proposal - parties could raise a new Proposal to change the process if they wished.

b) Modification Proposal 0289 – To determine the amount of Annual NTS Exit (Flat) Capacity to be released where the quantity of unsold NTS Exit Capacity fluctuates within the Gas Year

Panel members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Work Group.

Following a discussion (recorded below) Members voted by PANEL MAJORITY to recommend implementation with the following six (out of nine) votes cast in favour: A Bal (proxy vote for S Rouse), R Hewitt, B Dohel, C Warner, J Ferguson and S Trivella.

T Davis summarised the representations received and his understanding that the Proposal was seeking to establish that only exit capacity available in a full year would be offered in the annual invitation with remaining capacity being made available through the daily processes. R Hewitt indicated that, rather than change the status quo, the proposal was aiming to clarify the UNC in order to make this clear since the present wording could be interpreted in different ways.

The Panel unanimously supported the view that by removing ambiguity, but not changing the quantity of exit capacity offered by National Grid NTS in the annual invitation, implementation of the Proposal could be expected to facilitate achievement of the relevant objectives in terms of efficient administration of the UNC.

C Wright sought clarification as to whether implementation would be expected to change the quantity of exit capacity offered in the annual invitation. He also questioned whether the exit capacity baselines are defined by physical or commercial capability, since circumstances could be envisaged in which implementation meant that National Grid may not accept some offers which it could physically accommodate. T Davis advised that the clarity provided in discussion had been that this was a clarifying Proposal such that quantities would be unchanged.

J Dixon questioned how this could be solely a clarificatory Proposal when systems changes had been identified and it was classified as a User Pays Proposal. He felt it would be hard for the Panel to explain how the relevant objectives were being impacted if it was not clear what would be different as a result of implementation.

C Wright felt it was not possible to recommend implementation of a Proposal where he could not identify the impact and so assess which relevant objectives were potentially facilitated.

S Leedham noted that measures that led to increased quantities of capacity being made available to the market were generally regarded as being positive for competition. He was concerned, therefore, that the potential reduction in the quantity of capacity made available meant that implementation could only be regarded as detrimental to competition, and therefore would not facilitate relevant objective A11.1(d) – the furthering of competition.

R Hewitt, supported by the other Transporter Representatives, remained of the view that the proposal primarily clarified rather than changed the

UNC arrangements and so implementation would better facilitate relevant objective A11.1(f), the efficient administration of the UNC.

A Bal clarified that while he had been influenced by the discussion, he was casting S Rouse's vote in favour of implementation since this was the guidance he had been given when asked to act as an Alternate.

94.5 Any Other Business

a) Urgent 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 asked when a decision was likely on the urgency or otherwise of Modification Proposals 0292 and 0293 currently with Ofgem for a decision on urgency. J Dixon confirmed that Ofgem's decision had not been made. However, if parties wished to make their views known, Ofgem would be willing to consider these – especially in relation to xoserve's suggested implementation timescale and if this was realistic.

K Kennedy (Scottish Power) gave an update on why they consider the proposals should be subject to urgent procedures, as currently there is no appeals mechanism for those sites that fall into the 20% rule. C Warner gave an overview of discussions that had taken place on the issue under the aegis of UNC0271. The conclusion was that there would be significant system and process changes to support implementation since substantially more transactions could be involved. K Kennedy questioned this on the basis that Shippers can submit up to 200,000 queries per day during the AQ review window and, based on historical information, Scottish Power do not believe implementation of either Proposal would generate more than 10,000 additional queries.

T Davis asked if the Panel had any further comments of the request for urgency and when direction would be needed if the proposed 1 July 2010 implementation date were to be achieved. While priorities could be changed and other work dropped, the Transporters did not consider it was likely to be feasible to implement the systems and processes needed to support either Proposal by 1 July.

J Dixon advised that Ofgem would welcome further information on implementation requirements, covering what needs to be done to be in time for this year's AQ window and what the costs are likely to be to meet the proposed implementation timescale.

94.6 Conclude Meeting and Agree Date of Next Meeting

The Panel noted that the next meeting is planned for:

10.00 on 20 May 2010 at Elexon.