

**UNIFORM NETWORK CODE MODIFICATION PANEL**

**MINUTES OF THE 82<sup>nd</sup> MEETING**

**HELD ON THURSDAY 16 JULY 2009**

**Members Present:**

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

**User Representatives:** A Barnes (Gazprom), C Wright (British Gas Trading), R Fairholme (E.ON UK) and P Broom (GDF Suez)

**Ofgem Representative(s):**

J Dixon and J Boothe

**Joint Office:**

T Davis (Chairman) and J Bradley (Secretary)

**81.1 Note of any alternates attending meeting**

J Martin for A Gibson (Scotia Gas Networks) and A Barnes for A Bal (Shell)

**81.2 Record of Invitees to the meeting**

M Alonge (Gas Forum)

**81.3 Record of apologies for absence**

A Gibson, A Bal and R Monroe (Terminal Operators Representative)

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

None

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

a) Proposal 0255: "Publication of Objection Rates for LSP Supply Points"

Following a presentation from A Barnes (Gazprom) and a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to the Distribution Workstream. The Workstream was requested to report by the October 2009 Panel Meeting.

b) Proposal 0256: "Amendment to the Network Entry Agreement at St Fergus SAGE Terminal"

Following a presentation from R Fairholme (E.ON UK), on behalf of the Proposer (ExxonMobil) and a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation. They did not determine that legal text was required, with no votes cast in favour.

c) Proposal 0257: "Revision of the Gas Balancing Alert (GBA) Trigger/ Safety Monitor"

This Proposal had been revised less than five Business Days prior to the meeting. The Panel was therefore asked whether it wished to defer consideration instead of discussing this Proposal at short notice, with the following Members voting to defer consideration: J Martin, J Ferguson, S Trivella and R Fairholme (A Barnes clarified that he had no proxy vote to cast for A Bal regarding this matter). Therefore the Panel did not determine to defer consideration and the discussion proceeded.

Following a presentation from R Hewitt (National Grid NTS) and a discussion, the Panel voted for the Proposal to proceed to Consultation, with the following Members casting votes in favour: R Hewitt, C Warner, J Martin, A Barnes (also proxy vote for A Bal), C Wright, and P Broom.

- d) Proposal 0258: "Facilitating the Use of Remote Meter Reading Equipment for the Purposes of Demand Estimation Forecasting Techniques"

Following a presentation from J Martin (Scotia Gas Networks) and a discussion, the Panel voted UNANIMOUSLY to defer consideration. J Martin indicated that Scotia Gas Networks had requested that the Proposal be on the agenda for two upcoming meetings - the Distribution Workstream and Demand Estimation Sub-Committee.

- e) Proposal 0259: "Removal Of Obligations To Install UK Link User Equipment and UK Link User Software for UK Link Users who utilise the services of an UK Link User Agent"

Following a presentation from J Martin (Scotia Gas Networks) and a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Distribution and Transmission Workstreams for consideration. The Transmission Workstream was requested to report on both Workstream's behalf by the October 2009 Panel Meeting.

- f) Proposal 0260: "Revision of the Post-emergency Claims Arrangements"

This Proposal had been amended less than five Business Days prior to this meeting. The Panel noted that the changes related to the User Pays element of the Proposal and that further work on this aspect was required. The Panel was therefore asked whether it wished to defer consideration, with the following Members voting to defer consideration: C Warner, J Martin, J Ferguson, S Trivella, A Barnes (also proxy vote for A Bal), C Wright, R Fairholme and P Broom. Therefore the Panel determined to defer consideration.

- g) Proposal 0261: "Annual NTS Exit (Flat) Capacity Credit Arrangements"

R Hewitt requested that consideration of this Proposal be deferred, and the Panel voted UNANIMOUSLY to do so.

- h) Proposal 0262: "Treatment of Capacity affected by Force Majeure"

Following a presentation from R Hewitt (National Grid NTS) and a discussion, the Panel did not determine that the Proposal should proceed to Consultation, with R Hewitt voting in favour, The Proposal would therefore proceed to the Transmission Workstream. The Workstream was requested to report by the October 2009 Panel Meeting.

#### **81.6 Consider New Proposals for Review**

None.

#### **81.7 Consider Terms of Reference.**

Review Proposal 0245: "Review of arrangements regarding the detection and investigation of Theft of Gas"

The Terms of Reference prepared at the initial meeting of this Review Group were approved UNANIMOUSLY.

#### **81.8 Existing Modification Proposals for Reconsideration**

None.

## **81.9 Consider Variation Requests**

None.

## **81.10 Consider Workstream Monthly Reports**

### **Matters for Panel's Attention**

#### **Extensions Requested**

Proposal 0248: "Meter Reading Replacement"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Distribution Workstream to report until October 2009.

#### **Workstream Reports for Consideration**

Proposal 0253: "Facilitating a Supply Point Enquiry Service for Large Supply Points"

Following discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation with a close-out date for representations of no earlier than 10 August 2009. The Panel did not vote for legal text to be prepared, with the following Members casting votes in favour: C Warner, J Martin, J Ferguson and S Trivella.

## **81.11 Consider Final Modification Reports.**

### a) Proposal 0209 "Rolling AQ"

The Panel voted UNANIMOUSLY to defer consideration of this Proposal. This would allow the Distribution Workstream to discuss the request from Ofgem that the benefits of implementation be quantified and also to consider the case for implementation prior to Project Nexus. Some Members identified that both qualitative and quantitative benefits would only be submitted to Ofgem on a confidential basis and not be revealed in a Workstream.

### b) Proposal 0250: "Introduction of the Code Contingency Guidelines Document"

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.

Members considered that, by introducing the Code Contingency Guidelines, there would be increased clarity, transparency and improved familiarity regarding contingency arrangements. This would benefit both Users and Transporters. In the event of the contingency arrangements being invoked, implementation would therefore be expected to further the GT Licence 'code relevant objectives' of "*the efficient and economic operation the pipeline-system to which this licence relates*" and "*the securing of effective competition between relevant shippers*". Consolidation of procedures into one document would also be consistent with furthering the GT Licence 'code relevant objectives' of "*the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code*".

The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

c) Proposal 0254: "Facilitating the use of forecast data in the UNC"

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.

Members considered that, by facilitating the use of the best available data, implementation of the Proposal would be expected to improve the reliability and accuracy of data. This would be expected to lead to more accurate allocations of costs and charges between Users and so further the 'code relevant objectives' of "*the efficient discharge of the licensee's obligations under this licence*" and "*the securing of effective competition between relevant shippers*".

Some members considered that, by facilitating the use of the best available data, the accuracy of AOs would be improved and this would in turn further the GT Licence 'code relevant objective' of "*the efficient and economic operation the pipeline-system to which this licence relates.*" Other members did not recognise this benefit as they considered that Transporters use information other than AOs when operating the system.

The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

#### **81.12 Receive report on status of Consents.**

The following consents are with Ofgem for approval:

C020: "Changes to Document References Contained Within the UNC"

C021: "Changes to Cross References Contained Within UNC TPD Section F – System Clearing, Balancing Charges and Neutrality"

CO32: "Correction of the paragraph numbering for legal text for UNC Modification 0213V to take into account the impacts of UNC Modification 0195AV"

#### **81.13 Any Other Business**

a) Ofgem letter on Environmental Objectives

T Davis advised that the Joint Office had received no suggestions for inclusion in any Panel response to the Ofgem letter on environmental objectives and, given this, no draft had been produced. Members discussed whether there were any issues raised in the letter which might have specific Modification Panel implications and hence merit a response.

Members discussed the type of Modification Proposals that may have implications for greenhouse gas emissions. Members were unable to recall a Proposal which would have been expected to have a significant impact on greenhouse gas emissions and hence merit a quantitative assessment. However, this did not mean that such a Proposal would not be raised in future, for example Proposals related to shrinkage or biogas. The Panel therefore agreed that the Governance Workstream should be asked to consider whether any guidance could be provided on the type of Modification Proposals which may have implications for greenhouse gas emissions, and how these impacts should be assessed. It was also agreed that a Panel response to the open letter should be drafted which explained this action.

b) Time Expired UNC Obligations

S Trivella explained that Wales & West Utilities had identified a time expired section of the Offtake Arrangements Document was considering raising a Consent to Modify to remove this. However, this raised the wider question regarding other time expired sections of the UNC and whether one or more consents should be raised to remove these. J Dixon suggested that, given the extent of some of the potential deletions, inviting informal responses should be built into the process. It was agreed that the Joint Office would issue consents on this basis.

**81.14 Conclude Meeting and Agree Date of Next Meeting:**

The Panel unanimously agreed that the next Panel meeting should be held by teleconference on 06 August 2009 to discuss the deferred Proposals.

20 August 2009 was noted as the date for the next full Panel Meeting.