

Uniform Network Code Committee

Minutes of the 175 Meeting held on Wednesday 18 July and Thursday 19 July 2018

at

Day 1 – etc. venues 51-53 Hatton Garden, London EC1N 8HN

Day 2 - Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives
A Green* (G), Total D Fittock (DF), Corona Energy G Wood (GW), British Gas J Chandler (JCh), SSE R Fairholme (RFa), Uniper S Mulinganie* (SM), Gazprom	D Lond (DL), National Grid NTS C Warner (CW), Cadent H Chapman (HC), SGN J Ferguson (JF), Northern Gas Networks R Pomroy (RP), Wales & West Utilities N Rozier* (NR), BUUK Infrastructure (Day 1 only)

Non-Voting Members:

Chairperson	Ofgem Representative	Consumer Representatives	Independent Supplier Representative
M Shurmer (MS),		J Cox (JCo)	N Anderson (NA) (Day 1 only)

Also in Attendance:

Day 1

P Garner (PG), Joint Office; R Hailes (RH), Joint Office; R Fletcher (RFI), Secretary; R Hinsley (RHi), Xoserve, S Blackett* (SBI), EON UK and S Brittan (SB), Cornwall Insight.

* by teleconference

Day 2

C Shanley (CS), Joint Office; P Garner (PG), Joint Office; R Hailes (RH), Joint Office; R Fletcher^ (RFI), Secretary; R Hinsley (RHi), Xoserve and S Brittan (SB), Cornwall Insight.

^ by teleconference

175.1 Note of any alternates attending meeting

D Fittock for E Wells, Corona Energy

G Wood for A Margan, British Gas

J Cox for Eddie Proffitt, MEUC

175.2 Apologies for Absence

A Margan

E Proffitt

E Wells

N Rozier (Day 2)

S Horne

175.3 Minutes and Actions from the previous meeting

MS reminded Members that the meeting planned for 21 June had been deferred and therefore the minutes being reviewed were from the 17 May 2018 meeting.

The 17 May 2018 minutes were unanimously approved.

175.4 Matters for the Committee's Attention

a) Consider the Final AUG Table

RHi provided a presentation setting out the options open to the Committee concerning the Final AUG Table for 2018/19, and that these require a Unanimous Vote by the Committee:

- i) to approve a modified AUG Table; or
- ii) to require any further iteration of any steps.

No further proposals or iterations were requested by Members.

Therefore, Members unanimously agreed not to disapprove the AUG Table or to request further iterations.

b) Proposed changes to the UNC Validation Rules

RHi introduced the proposed changes to the UNC Validation Rules.

Members **unanimously approved** the amendments to the UNC Validation Rules.

c) Proposed changes to the NDM Demand Estimation Methodology

Day 1

SB introduced the proposed changes to the NDM Demand Estimation Methodology (DEM). SB explained that Unidentified Gas (UIG) is significantly impacting the industry at this time and this proposal is providing an interim solution until Modifications 0652 and 0659S can be further developed and hopefully implemented as they should offer more enduring solutions.

CW noted that there were split views at DESC and that he has doubts that there is an industry consensus to make this change. SB noted that one of the objections was around the time to conclude or replicate the analysis undertaken by E.ON and the other issues were around the lack of full review of ALPS and DAFs across the full range of EUC Bands. SB noted that this change was originally part of Modification 0644 and therefore was not new as it had been in development for nearly 7 months.

SM noted that the vote is required by simple majority and does not need a full consensus across the industry. CW asked if there is time to get a more joined-up view and reasons why DESC Members do or do not support the amendments.

SB noted that due to UIG issues there are industry pressures to get changes implemented in time for the start of the 2018/19 gas year and this is an option that is achievable and without significant cost. AG supported the change as an interim measure while other initiatives then identify longer term solutions.

RHi advised that it should be possible to wait until August to effect the change.

GW was concerned about the unintended consequences should this change be implemented and the lack of understanding of potential impacts. SB was aware there were concerns but also noted that if necessary it would be possible to unwind the change quickly if analysis identified a problem post implementation.

RP challenged that this change is aiming to reduce volatility and swing, whereas the aim should be to improve profiles so that they are as accurate as possible.

SB explained the aim is to reduce the impact of residuals which should be similar in nature but is not a pure analysis driven answer. However, it is not inconsistent and aims to provide a pragmatic way forward for a short period of time.

CW wanted to understand the different market views, is it possible to do so prior to August?

SM felt it should be a vote on implementation as DESC has made a recommendation and it shouldn't need a wider review, particularly where this was a Shipper impact.

It was noted that the change could be taken out quite quickly should issues be identified and that a wider review on this subject is ongoing and should address the issue in time.

NR asked what would happen when this DEM is approved. SB advised that the process would be included in the profiles submitted to DESC for approval following the consultation process. These would be provided to Ofgem in August who could disapprove the changes.

HC felt that it seems such a challenging issue that DESC should be asked to provide a report to clarify the issues and provide a more informed view in order for the UNCC to take a vote.

JF would appreciate time to discuss the issue with their DESC representative to get a clearer understanding of the issues identified in DESC.

AG was concerned that a document should be managed by UNCC, it would be very concerning for industry parties if it were forced through a modification or urgent route to seek approval.

Following a discussion on the potential options for voting, it was agreed to consider following:

1. Should consideration of the DEM be deferred to the August Meeting with a more informed report provided by DESC on their recommendations for implementation or not?

If vote 1. Is not carried then

2. Should the proposed amendments to the DEM be implemented?

Members then proceeded to Vote on 1. Should consideration of the DEM be deferred to the August Meeting with a more informed report provided by DESC on their recommendations for implementation or not?:

Votes For: DF, CW, DL, JF, HC, NR = 6

Votes Against: AG, GW, JCh, RFa, SM, RP = 6

The vote was tied allowing the Chair to provide a Casting Vote in favour of deferring consideration.

MS provided reasons for the casting vote in terms allowing an opportunity for DESC to provide a more informed view of the reasons for and against the proposed amendments to the DEM; In addition, given Xoserve had confirmed that there was still time to allow further review, this should be taken, when considering the split view in UNCC.

Members **determined by majority vote** to defer approval of the amendments to the NDM Demand Estimation Methodology to the August meeting. DESC is to provide a view of the proposals in terms of approval or disapproval and the update to be provided set out in the DESC minutes.

Day 2

The Committee was requested to reopen this section of the agenda for further discussion as an error in the approval process for DEM had been identified and this could impact the discussions and outcomes of the previous days meeting.

PG advised that UNC Section H 1.13 Demand Estimation Methodology identifies DESC as the approving body for DEM and not UNCC. PG apologised on behalf of the Joint Office for not identifying this issue sooner and requested Members views on the approach to be taken.

A number of Members felt that the DESC vote could not be disregarded in this instance and therefore their recommendation to implement the amendments to DEM was in fact an implementation decision. Other felt that it might be beneficial if DESC should manage the process and re-vote to ensure they were aware that it was a decision rather than a recommendation they were making.

DF asked if the Terms of Reference identify the option for a revote rather than consider discarding the original the vote. It was felt that the vote should be not be overturned as vote can't be withdrawn unless something has fundamentally changed.

JF would still like to understand the rational for the recommendation/decision vote as this is not clear in the minutes of the meeting.

MS would like to see a review of the governance process to understand how an appeal process should work and the options available and to ensure that UNC and its sub-committees are fully aware of their powers, roles and responsibilities..

New Action: UNCC 01/07: Review and clarify the appeal process for the UNCC and Sub-committees.

New Action: UNCC 02/07: DESC to provide a view on its rational for supporting or not supporting the proposed changes to DEM in the minutes of the next meeting.

d) Proposed changes to the AUG Framework Document

RHi explained the proposed changes to the AUG Framework Document. SM thank all those involved in the review during very challenging times in terms of UNC parties workload and other industry initiatives.

RP noted that in 5.1.1 LDZ Shrinkage Error is not a defined term and Error should be decapitalised to LDZ Shrinkage error. It was agreed this minor amendment should be made and approval continue.

Members **unanimously approved** the amendments to the AUG Framework Document.

e) IGTAD Terms of Reference

RFI explained that the IGTAD Committee which is composed of larger Transporters and IGT representatives, had provided a copy of their Terms of Reference for the Committees reference. The IGTAD Committee is established under the UNC IGTAD arrangements and meets on an infrequent basis.

Members noted the Terms of Reference.

175.5 AOB

a) None

175.6 Next Meeting

The next meeting is on 16 August 2018, immediately after the UNC Modification Panel meeting.

Action Table (18/19 July 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UNCC 01/07	19/07/18	175.4 c) Day 2	Review and clarify the appeal process for the UNCC and Sub-committees.	JO (PG)	Pending
UNCC 02/07	19/07/18	175.4 c) Day 2	DESC to provide a view on its rational for supporting or not supporting the proposed changes to DEM in the minutes of the next meeting.	JO (CS)	Pending