

**Record of Determinations: Panel Meeting 15 February 2018**

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	AL	GJ	EW	RF	SM	CW	DL	DM	JF	RP	NR	SH	EP	
<b>0621C – Amendments to Gas Transmission Charging Regime</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
<b>0621D – Amendments to Gas Transmission Charging Regime</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
<b>0621E – Amendments to Gas Transmission Charging Regime</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
<b>0621F – Amendments to Gas Transmission Charging Regime</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?

	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
0636B - Updating the parameters of the NTS Optional Commodity Charge	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text?
	Issued to Workgroup 0636 with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2018 Panel?
0648 - End dating the revised DM Read estimation process introduced by Modification 0634	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy Self-Governance criteria?
	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text?
	Issued to Workgroup 0648S with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2018 Panel?
0624R -Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data	Workgroup 0624R is closed - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Workgroup 0624R be closed?
0632S – Shipper asset details reconciliation	Proceed to Consultation, with consultation closing out on 08 March 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0632S be issued to consultation, ending on 08 March 2018 (and therefore taken at short notice at the March Panel)?
0640S – Provision of access to Domestic Consumer data for Suppliers	Proceed to Consultation, with consultation closing out on 08 March 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0640S be issued to consultation, ending on 08 March 2018 (and therefore taken at March Panel)?

<b>0641S – Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations</b>	Referred back to Workgroup 0641S with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0641S be referred back to Workgroup 0641S with a report by the March 2018 Panel?
<b>0623 - Governance Arrangements for Alternatives to Self-Governance Modification Proposals</b>	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Recommended for implementation - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0623 be recommended for implementation? (only votes in favour recorded)
<b>0642 (Urgent) - Changes to settlement regime to address Unidentified Gas issues</b>	Not recommended for implementation - <i>with 3 out of 14 votes in favour</i>				✓		✓									✓	Should Modification 0642 be recommended for implementation? (only votes in favour recorded)
<b>0642A (Urgent) - Changes to settlement regime to address Unidentified Gas issues</b>	Not recommended for implementation - <i>with 0 out of 14 votes in favour</i>																Should Modification 0642A be recommended for implementation? (only votes in favour recorded)
<b>0643 (Urgent) - Changes to settlement regime to address Unidentified Gas issues including retrospective correction</b>	Not recommended for implementation - <i>with 4 out of 14 votes in favour</i>	✓			✓		✓									✓	Should Modification 0643 be recommended for implementation? (only votes in favour recorded)
	0642 no preference shown - <i>with 0 out of 14 votes in favour</i>																Prefer 0642? (yes votes only)
	0642A no preference shown - <i>with 0 out of 14 votes in favour</i>																Prefer 0642A? (yes votes only)
	0643 no preference shown - <i>with 4 out of 14 votes in favour</i>	✓			✓		✓									✓	Prefer 0643? (yes votes only)

In favour	Not in Favour	No Vote Cast	Not Present
✓	X	NV	NP

## UNC Modification Panel

Minutes of the 219<sup>th</sup> Meeting held on Thursday 15 February 2018

at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

### Attendees

#### Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total A Love* (AL), Independent G Jack (GJ), British Gas E Wells (EW), Corona Energy R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), Cadent D Lond (DL), National Grid NTS D Mitchell (DM), SGN J Ferguson (JF), NGN R Pomroy (RP), WWU N Rozier* (NR), BUUK Infrastructure	E Proffitt (EP), MEUC S Horne* (SH), Citizens Advice

#### Non-Voting Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
M Shurmer (MS), Chair	R Elliott (RE)	N Anderson* (NA) Electralink

#### Also in Attendance:

C Williams\* (CWi), National Grid; C Ziviani (CZ), Corona; D Carter (DC), CO-OP Energy; D Hawkin\* (DH) TPA Solutions; J Chandler\* (JC), SSE; J Atherton (JA), Citizen's Advice; L Hellyer\* (LH), Total; P Dhesi (PD), Interconnector UK; P Garner\* (PG), Joint Office; R Fletcher (RFI), Secretary; R Hailes (RHa), Joint Office; R Hinsley (RHi), Xoserve; R Wigginton (RW), WWU; S Britton (SBr), Cornwall Insight and S Laczay\* (SL), Ofgem

\* by teleconference

## **Record of Discussions**

### **Introduction**

MS welcomed all attendees, introduced the meeting and then set out the order of business.

MS requested Members to agree that the order business should be adjusted to allow item 219.12 c) Regulatory Sandbox to be discussed first, as the presenter had other commitments later in the day. Members confirmed the changes to the order of business – see item 219.12 c) below for details of the discussion.

### **219.1 Note of any alternates attending meeting**

D Mitchell for H Chapman (SGN)

G Jack for A Margan (Centrica)

### **219.2 Record of Apologies for absence**

A Margan

H Chapman

### **219.3 Minutes and Actions of the Last Meeting(s)**

Members approved the minutes from the previous meeting on 18 January 2018.

### **219.4 Consider Urgent Modifications**

(none)

### **219.5 Consider New Non-Urgent Modifications**

DL provided a presentation on the development timeline for Workgroup 0621 Gas Charging Review; and the associated alternative modifications in progress and those proposed below, to aid Panels consideration of the reporting timeline.

DL explained the approach to facilitate the approval of a modification that would allow compliance with EU regulations, this included a proposed “latest date” for a decision on a modification.

DL explained that the Workgroup needed sufficient time to assess the modifications and that a report to the March Panel was unrealistic, therefore the proposal was for Panel to consider May 2018 as a suitable alternative reporting date.

RW felt the proposal to extend to May Panel is pragmatic and desirable as he agreed that March was not achievable. RP wanted to understand what the minimum is in terms of change to meet the requirements of the EU regulations and for the Workgroup to focus on these and other associated changes could follow at a later date.

CWi felt it would be difficult to divorce the minimum compliance requirements from the need to have requirements, without a full assessment and understanding of the impacts, which would compromise the available time.

RHa explained the timeline included a number of assumptions about extended consultation and additional time for the Joint Office to complete its tasks, such as collating consultation responses due to the number of alternative modifications.

a) Modification 0621C – Amendments to Gas Transmission Charging Regime

GJ introduced the modification, explaining the main differences between this alternative and Modification 0621. He also explained how short haul works currently and the proposed changes.

CWa asked if the modification was reasonably well developed to allow Panel to request the production of Legal Text. GJ felt that subject to an initial review at Workgroup, the rules were reasonably robust to allow Legal Text to be requested.

DL suggested that if the Workgroup 0621 reporting date was to be extended to May Panel, then the Legal Text request could be delayed until there was a clear understanding of the Legal Text requirements for Modification 0621 and alternative modifications.

For Modification 0621C, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas; and
- That Modification 0621C be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel.

b) Modification 0621D – Amendments to Gas Transmission Charging Regime

RW introduced the Modification and its aims and how this alternate was different to Modification 0621.

AL asked if there were examples available to explain the issues around cross subsidies set out in the modification. RW advised that there were a number of examples available on the Workgroup meeting pages as these had been presented to inform the pre-modification discussions.

For Modification 0621D, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas;
- To request Legal Text; and
- That Modification 0621D be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel.

c) Modification 0621E – Amendments to Gas Transmission Charging Regime

RF introduced the Modification and its aims and how this alternate was different to Modification 0621. RF explained that the main concerns with Modification 0621 centred around the lack alignment between the gas and electricity markets when bidding for capacity and this alternative aimed to address this issue. He advised that he would be willing to withdraw this alternative should Modification 0621 adopt these proposals.

For Modification 0621E, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas; and
- That Modification 0621E be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel.

d) Modification 0621F – Amendments to Gas Transmission Charging Regime

PD introduced the Modification, explaining that although Interconnector Ltd is not a UNC Party, they had submitted a request to Ofgem to recognise them as a materially impacted party and this request had been granted by Ofgem.

PD explained the differences between this alternative and Modification 0621, which although narrow was significant impact on the operation of the interconnector and to enable them to comply with EU regulations.

AL asked if National Grid have been requested to amend Modification 0621 to adopt these limited changes. PD advised that National Grid have declined to adopt the changes proposed.

Workgroup Questions:

Would the NTS be subject to any additional direct or indirect costs due to bidirectional flows whether by storage or interconnectors?

For Modification 0621F, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas; and
- That Modification 0621F be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel.

e) Modification 0636B – Updating the parameters for the NTS Optional Commodity Charge

JC introduced the Modification and its aims. He explained the main differences between this modification and 0636 and 0636A.

RE was concerned how this modification would impact the timeline for Modification 0636 and 0636A which were due to report to March Panel. JC advised that he had requested data to support the modification from National Grid and once provide he felt that the process could conclude quickly. DL advised the aim is to provide an update at the next Workgroup meeting as they had been reluctant to proceed with analysis until the modification was formally raised.

SH asked why RPI was being used as an indexing value when current practice is to use CPI. JC advised that RPI had been used historically.

Workgroup Questions:

Is RPI an appropriate indexing value or should CPI be used?

For Modification 0636B, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas;
- Request Legal Text; and
- That Modification 0636B be issued to Workgroup 0636 for assessment, with a report to be presented no later than the 15 March 2018 Panel.

- f) Modification 0648 - End dating the revised DM Read estimation process introduced by Modification 0634

SM introduced the Modification and explained the reasons why the process implemented under Modification 0634 (Urgent) should be end dated as analysis presented at Distribution Workgroup indicated very little benefit in continuing with the process.

SM asked if parties felt that Self-Governance was appropriate as Modification 0634 had followed Urgent Procedures and directed for implementation by Ofgem. JF felt that as the benefits being removed were not material then Self-Governance seemed appropriate – Ofgem have the opportunity to call in the modification for decision if they prefer.

RE confirmed that at this time, Ofgem were comfortable with Self-Governance.

For Modification 0648, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this Modification is not expected to have a material impact on the contractual arrangements for the transportation of gas;
- To request Legal Text; and
- That Modification 0648S be issued to Workgroup 0648S for assessment, with a report to be presented no later than the 15 March 2018 Panel.

## **219.6 Existing Modifications for Reconsideration**

None.

## **219.7 Consider Workgroup Issues**

None.

## **219.8 Workgroup Reports for Consideration**

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

CW expressed his thanks to Xoserve for the analysis undertaken and management of the Request for Information exercise.

Panel Members noted the progress made and the report recommendations and agreed that although there was no clear recommendation to be taken forward, that there was sufficient information available for parties to make informed choices should they wish to progress a modification at a later date.

For Request Modification 0624R, Members determined:

- That Workgroup 0624R should be closed.

- b) Modification 0632S – Shipper asset details reconciliation

Panel Members noted the Workgroup Report and the recommendations it contained.

For Modification 0632S, Members determined:

- It should proceed to Consultation with a close out date of 08 March 2018.
- The Final Modification Report will be considered at Panel in March 2018.

- c) Modification 0640S – Provision of access to Domestic Consumer data for Suppliers

Panel Members noted the progress made.

SM suggested that there be a more holistic way of managing permissions rather than the two stage approach currently adopted. RP agreed and felt that this was a possible oversight in the FGO review process as there appeared to be very little gained in progressing a modification when the process could be managed through DSC.

For Modification 0640S, Members determined:

- It should proceed to Consultation with a close out date of 08 March 2018.
- The Final Modification Report will be considered at Panel in March 2018.

- d) Modification 0641S – Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations

Panel Members noted the progress made. It was noted that the modification required amendment and that the previous request for Legal Text should be withdrawn until such time as the modification solution was robust enough for Legal Text production.

For Modification 0641S, Members determined:

- It should be referred back to Workgroup 0641S for further assessment, with a report by the March 2018 Panel.

## **219.9 Consideration of Workgroup Reporting Dates and Legal Text Requests**

Members determined unanimously to extend the following Workgroup reporting date(s):

None.

Members determined unanimously to request Legal text for the following modification(s):

<b>Modification</b>
0645S - Amending the oxygen content limit in the Network Entry Agreement at South Hook LNG

## **219.10 Consider Variation Requests**

None.

## **219.11 Final Modification Reports**

When considering the prompts for Panel discussions provided in advance of the meeting, it was agreed that the Joint Office should continue to provide suggestions for consideration by the Panel but that the final FMR needed to capture the discussion on the day.

- a) Modification 0623 - Governance Arrangements for Alternatives to Self-Governance Modification Proposals

Panel discussion: see the Final Modification Report published at:

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

- b) Modification 0642 (Urgent) - Changes to settlement regime to address Unidentified Gas issues
- c) Modification 0642A (Urgent) - Changes to settlement regime to address Unidentified Gas issues
- d) Modification 0643 (Urgent) - Changes to settlement regime to address Unidentified Gas issues including retrospective correction

Prior to recording the Panel discussions in the Final Modification Report:

AL raised a number of concerns about references to values, costs and percentages contained in the FMR and that they were unsubstantiated or unidentified. Clarifying that this would also improve the quality of future FMRs and not just in this example.

RP noted that there were comments and references to these values and that the process of corroborating such references is challenging due to the Urgent timescales.

AL asked if such references could be clearly identified in future Workgroup reports.

BF advised that the proposers were responsible for ensuring the evidence and analysis they provide is sufficiently clear for parties to make the judgements necessary and that in this example the Workgroup had not raised this as an issue.

SM felt that sufficient justification had been presented at Workgroup meetings and other associated industry meetings and felt this was unnecessary in this instance.

AL was also concerned that Settlement is a Shipper process impact and not a direct impact on Consumers. The impacts identified appeared to be Supplier/Consumer impacts which are outside of the UNC. However, others felt this was an impact on consumers passed through to Suppliers by their direct relationship with Shippers and therefore a consequential impact on consumers.

The EP was concerned about the potential diluting of consumer impacts and that these needed to be assessed and addressed holistically. This was supported by SH, that consumers impacts whether direct or in direct needed to be assessed. However, he was concerned that insufficient time was given to make judgements on such major changes considering how soon these changes are proposed following Nexus implementation.

Panel discussion: see the Final Modification Report (which covers 0642, 0642A and 0643) published at:

<https://www.gasgovernance.co.uk/0642>

For Modification 0642, 0642A and 0643, Members determined:

- By majority voted not to recommend implementation of Modification 0642 to the Authority;
- By majority voted not to recommend implementation of Modification 0642A to the Authority;
- By majority voted not to recommend implementation of Modification 0643 to the Authority;
- Were unable to determine a preferred modification for implementation.

## **219.12 AOB**

- a) Request 0630R - Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme

CWa highlighting the potential change programme for Workgroup 0630R, requesting members to not that the issues being discussed are significant and are likely to lead to material impacts on Shipper processes.

CWa advised that the next meeting is due to be held on 21 February 2018.

- b) Quarterly Panel Feedback

RHa requested that members provide feedback on the previous quarter.

It was agreed to review comments and actions from the previous six months at the next meeting.

c) Regulatory Sandbox

SL provided a presentation - **Innovation Link: Approach to innovation in the energy sector.**

SL explained the role of the new department in Ofgem which aimed to support innovators in the energy market. The department aimed to provide two main products:

i) Fast Feedback: with the aim of provide information/feedback in particular but not exclusively to innovators so that they can get a view on potential obligations/regulations which might impact them and what they can/cant do;

ii) Regulatory Sandbox: which aimed to support the testing of ideas and concepts in terms of compliance against regulations before parties need to be signed up and committed to industry Codes. However, this was not a systems testing environment.

This should allow testing of innovations before the actual systems and process are compromised or tested against which protects industry data but should support the exchange of ideas.

A diverse range of requests have been received. This model does not support trials as parties might not be licenced and which might also be prohibitive from a cost perspective.

Innovation may be brought forward and partnerships arranged with licenced bodies for which they may get derogation from licence to try ideas and innovations.

The aim is to develop a cross code sandbox with the aim of accelerating innovation and learning across the market and not just in silos.

RP asked if this is primarily aimed at new entrants or available to all parties. SL advised that it is open to all parties, particularly where parties are looking outside of their usually operating silo. The process can be used to help unlock innovation within established larger organisations.

NR asked if the process required changes to the Codes as she was aware that such a requirement was needed for BSC involvement. SL explained that initial views at BSC indicated a modification would be required to support involvement however, this was Code specific and he could not comment on UNC or iGT UNC.

SL advised that the process has had legal review and is considered to

be compliant and should not impact cross Code cooperation or EU Codes and Laws. It was noted that any derogation granted was commercially targeted and didn't give derogation in terms of law.

d) Ofgem Workgroup on Brexit

DL advised that Ofgem are willing to provide a view on the progress and next steps in terms of preparation for Brexit. It was agreed that Ofgem should present their views at the next meeting.

**219.13 Date of Next Meeting**

- 10:30, Thursday 15 March 2018, at Elexon

**Action Table (15 February 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			(none)		