

Uniform Network Code Committee
Minutes of the 181 Meeting held on Thursday 20 December 2018
at 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 M Bellman (MB), ScottishPower R Fairholme (RFa), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), Cadent D Lond (DL), National Grid NTS H Chapman* (HC), SGN R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks J Cooper* (JC), BUUK

Non-Voting Members:

Chairperson	Ofgem Representative	Consumer Representatives	Independent Supplier Representative
M Shurmer (MS),	J Dixon (JD)	E Proffitt (EP)	

Also in Attendance:

E Rogers (ER), Xoserve; M Bent (MB), National Grid; P Garner* (PG), Joint Office; R Fletcher (RFI), Secretary; R Hailes (RH), Joint Office and S Britton* (SB), Cornwall Insight.

** by teleconference*

181.1 Note of any alternates attending meeting

181.2 Apologies for Absence

Joel Atherton

181.3 Minutes and Actions from the previous meeting

Approval of minutes from 15 November 2018.

181.4 Matters for the Committee's Attention

a) Proposed AUG UNCC Subcommittee

PG provided a proposed approach to managing AUG related meetings by the introduction of an AUG Subcommittee, so that the meetings are not confused with standard UNCC meetings and to aid industry parties in finding discussion papers and meeting information.

EP wanted to understand the process of the AUGÉ and their role as following NEXUS implementation, it has been stated that UIG is between 3 and 4% and not what the AUGÉ ~~advises-estimates~~ which is between 1 and 1.5%. Why are they needed if there are more accurate ways of identifying UIG.

SM agreed with the sentiment but felt the arrangements were being reconsidered and might change the way the AUGÉ uses information and its methodology going forward, as these are critical factors in the identification and allocation of UIG.

EP felt the role could be closed as there is daily balancing. MB advised that the daily scheme leaves an LDZ balancing factor which needs to be allocated and this is the role of the AUGÉ, to determine the weighting factors for sharing out the balancing factor, they are independent of the industry and establish the allocation factors for UIG. The daily figure of 3 to 4% is the initial UIG at allocation, and the AUGÉ's estimate of around 1% is final UG after reconciliation has happened and the Line in the Sand has passed.

AG suggested the factors are reasonably well established and could be set by Ofgem and an expert might not be needed in future.

MB agreed but felt the factors need to be further understood and this would be superseding the previous estimate of final Unidentified Gas of 1 to 1.5% factors due to the additional information being available following NEXUS implementation and UIG Task Force.

AG felt the Task Force was undertaking the analysis needed to underpin UIG and perhaps the AUGÉ should be considering these views and amending their methodology.

Following a review of the AUG subcommittee Terms of Reference, Members determined unanimously to the establishment of the AUG Subcommittee.

b) Update on AUGÉ procurement

Members agreed to consider this item at Short Notice, although it was noted that this presentation was being provided late and this was a concern due to the importance of the process. MS noted that this was the third time that presentation material on this issue had been provided late and this was not good governance.

DF agreed with this view for an information only exercise. However, any decisions should be deferred to the next meeting to ensure the various options were understood.

FC provided an update on the AUGÉ procurement process and where Xoserve are currently. FC confirmed that there are some confidential contractual considerations that need to be discussed and it would be desirable if this document was not published on the Joint Office website.

FC clarified the role of the AUGÉ and their involvement in setting UIG weighting factors.

SM highlighted that any re-procurement if required should establish a different service and not necessarily a different service provider.

AG asked if the option to re-procure has been missed for 2019/20, this would mean the 2020/21 year would be the normal 5 year event. This was agreed by FC if an extension to the existing arrangement is not offered.

SM asked if the request for Stakeholder nominations has been sent. FC advised this has been discussed but needed a view from Members to confirm the skills and knowledge required.

MS challenged the timing out of meetings due to a full agenda, as his view was the reasons were due to late papers and not running out of time in a meeting. SM challenged the notification and nomination of Stakeholder nominations, as he had not seen an invite.

GW asked for a view on the cost of the procurement exercise if possible and how this would be managed with a change in service.

The various options were considered:

Option 1 was recommended by Xoserve and was considered favourable by most Members.

Option 2 – SM asked if the AUG table is rolled forward for an additional 6 months. FC agreed that was the case, this would allow an earlier AUGE procurement although this would take the AUG year out of alignment with the Gas Year.

Option 3 – interim provider. AG challenged how an interim contract could be put in place so quickly when an enduring arrangement couldn't. FC advised the contract value would be lower for an interim period, this would allow a less strict procurement process.

EP challenged the need to run a procurement process for 18 months, other industries get the process sorted quickly, this is taking far too long. FC advised that the contract is regulated and therefore subject to formal notifications with minimum notice periods. In addition, Code sets out AUG years which impact procurement activities.

SM suggested Members take time to review the options and what tasks the AUGE will undertake in the future. He intends to discuss options with his procurement team to get a better understanding of the approach.

TS asked if deferral to January Panel would leave all of the options available? FC advised that the timetable would need to be revisited and these would be sent out to Members in advance of the next meeting.

MB challenged if all of the options would be available by deferring a decision to January and by then other activities might come forward which could impact all of the options.

MS summarised the discussions and felt that the discussion should be deferred to January with the intention of making a decision at the January meeting, noting that this would require any materials to be provided in good time

181.5 AOB

- a) None raised.

181.6 Next Meeting

The next meetings are on:

17 January 2019, immediately after the UNC Modification Panel meeting.

Action Table (20 December 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
					Pending