

**UNC Workgroup 0699 Minutes**  
**Incentivise Key Areas of Performance using additional UIG Charges**  
**Thursday 24 October 2019**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Alan Raper (Chair)	(AR)	Joint Office
Helen Bennet (Secretary)	(HB)	Joint Office
Lorraine O'Shaughnessy	(LO)	Joint Office
Maitrayee Bhowmick-Jewkes	(MBJ)	Joint Office
Andy Clasper	(AC)	Cadent
David Addison	(DA)	Xoserve
David Mitchell	(DM)	SGN
Ellie Rogers	(ER)	Xoserve
Gurvinder Dosanjh	(GD)	Cadent
Kirsty Dudley	(KD)	E.ON
Lorna Lewin*	(LL)	Orsted
Louise Hellyar	(LH)	Total Gas & Power
Megan Coventry*	(MC)	SSE
Mark Jones*	(MJ)	SSE
Oorlagh Chapman*	(OR)	British Gas
Steve Mulinganie	(SM)	Gazprom
Richard Pomroy	(RP)	Wales & West Utilities
Sally Hardman	(SH)	SGN
Stephanie Clements	(SC)	Scottish Power
Steve Britton*	(SB)	Cornwall Insights
Tracey Saunders	(TS)	Northern Gas Networks
John Cooper	(JC)	Energy UK
Fiona Cottam*	(FC)	Xoserve

*\*via teleconference*

Copies of all papers are available at: [www.gasgovernance.co.uk/0699/241019](http://www.gasgovernance.co.uk/0699/241019)

The Workgroup Report is due to be presented at the UNC Modification Panel 16 January 2019.

## **1.0 Introduction and Status Review**

### **1.1. Approval of Minutes (26 September 2019)**

The minutes from the previous meeting were accepted.

### **1.2. Review of outstanding actions**

There are no actions outstanding.

## 2.0 Amended Modification

Stephanie Clements (SC) introduced slides on a new approach based on AQ at risk. She advised that as there were concerns around how calculations would take place in the last meeting, she was putting forward a set of new proposals. The proposed new approach uses the “unread AQ” after [x] months as a variable for determining incentive payments. SC stated that she wanted the read incentive timescales to line up with UNC obligation although the proposed calculation used extended read performance timescales.

Kirsty Dudley (KD) asked if the proposer was giving leeway in case some of the reads to avoid pushback by the Workgroup. SC clarified that she wants this Modification to align to the current obligations under the UNC and wanted to make sure that everyone is on board conceptually first.

At this point, Steve Mulinganie (SM) stated that he completely disagrees with the overall approach of this proposal and thinks that the proposed incentives in the Modification are being inappropriately determined.

In terms of governance, KD advised that should this mechanism be codified, then this Modification should adhere to UNC governance, however, if it is aligned to PAC, then it would have to follow a different route. SM called for system of appropriate governance and stated that there may need to be some flexibility, depending on the precise solution.

SM asked whether the Modification should clarify whether it mechanism would give rise to penalties or not, and asked a question as to why the charge was determined by the whole AQ and a proportion, given not all the AQ is “at risk”. As a general point he put forward that, overall, this was a very complicated approach and difficult for parties to determine the extent of their risk.

KD stated that some of this will be at the mercy of the market. Therefore, it raises the question of whether the process can ever be fair and equitable. She put forward that she was unsure how the Modification can be satisfactorily resolved, given the extent of these questions.

Dave Addison (DA) asked if everyone still agreed that failure to take reads is still a significant issue. SM replied that when something is a direct result of failure to take reads then there should be a mechanism to quantify exactly what must be paid and by whom but based on the cost of avoided task.

KD clarified that while she may still support this Modification, she thinks that it needs more work before legal text could be drafted, let alone for it to go to Panel: the mechanism devised to deliver the incentive needs more work. Louise Hellyer (LH) also raised that redistribution payments seems to have a lower level of granularity and these would need to be better defined in any future Modification would need to take these calculations into account.

Overall, it was recognised that further development work needs to be done on the proposal, and discussions between the Proposer and Xoserve to be present a solution that Workgroup members could support, at least in principle.

## 3.0 Consideration of Business Rules

Not covered at this meeting.

## 4.0 Development of Workgroup Report

Not covered at this meeting.

## 5.0 Next Steps

AR commented it is recognised that there is more thinking to be done on this Modification and suggested the following:

- SC to take the concerns expressed today and possibly rethink how this should be addressed by doing some behind the scenes work.

- SC to review the read mechanism as there is not a lot of buy into and reconsider whether it can be pursued in its current form.

**6.0 Any Other Business**

None.

**7.0 Diary Planning**

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30, Thursday 24 October 2019	Elexon, 350 Euston Road, London, NW1 3AW	Workgroup standard Agenda

**Action Table (as at 26 September 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		