

## UNC Modification Panel

Minutes of Meeting 300 held on

Thursday 17 November 2022

Via teleconference

<b>Attendees</b>		
<b>Voting Panel Members:</b>		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy and on behalf of SM from 11:30 D Morley (DM), Ovo Energy until 12:00 M Bellman (MB), ScottishPower O Chapman (OC), Centrica and behalf of DM from 12:00 R Fairholme (RF), Uniper S Mulinganie (SM), SEFE Energy until 11:30	A Travell, BUUK D Mitchell (DMi), SGN G Dosanjh (GD), Cadent J Bates (JB), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	E Proffitt (EP), Major Energy User's Council
<b>Non-Voting Panel Members:</b>		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	J Semple (JS)	(None)
<b>Also, in Attendance:</b> C Sykes (CS), Shell Energy; E Rogers (ER), Xoserve - CDSP Representative. H Moss (HM), Cornwall Insight; H Cuin (HCu), Joint Office; Kate Elleman (KE), Joint Office; M Jones (MJ), SSE; P Garner (PG), Joint Office; R Hailes (RH), Joint Office; T Lattimore (TL), Gemserv; S Singh (SS), Cadent.		
Copies of all papers are available at <a href="https://www.gasgovernance.co.uk/Panel/171122">https://www.gasgovernance.co.uk/Panel/171122</a>		

### Record of Discussions

#### 300.1. Introductions

The UNC Modification Panel Chair, Wanda Goldwag (WG), welcomed all attendees.

**300.2. Note of any alternates attending the meeting**

It was noted that S Hughes (SH), Citizens Advice had provided the Panel Chair with votes for today's meeting.

D Fittock (DF), Corona Energy on behalf of S Mulinganie (SM) from 11:30

O Chapman (OC), Centrica on behalf of D Morley (DM) from 12:00

**300.3. Record of apologies for absence**

S Hughes (SH), Citizens Advice

S Mulinganie (SM), SEFE Energy from 11:30

D Morley (DM), Ovo Energy from 12:00

**300.4. Minutes of the last meetings 20 October 2022**

Panel Members approved the minutes from 20 October Panel.

**300.5. Review of Outstanding Action(s)**

**PAN 07/01:** JGAC to consider the recording of Panel meetings.

**Update:** Kate Elleman (KE) advised that JGAC were continuing to consider the matter, in particular any GDPR compliance implications. PG advised JGAC will ensure that a response is provided as soon as possible. **Carried Forward**

**PAN 08/03:** Joint Office (RH) to liaise with ENA and Metering Experts group on where the Gas Meter By-Pass Arrangements Guidance Note and Flow Chart should be published.

**Update:** KE advised of the progress made having been provided with a recommended location for the publication of the documents. **Closed.**

**PAN 10/01:** Distribution Workgroup to consider the broader implications of the Energy Bill and DSC Contract Management Committee to consider the operation of the scheme implemented by Modification 0824 (Urgent).

**Update:** KE confirmed that initial discussions have taken place at the October Distribution Workgroup Meeting and November's DSC Contract Management Meeting with a regular agenda item at both meetings for the foreseeable future. **Closed.**

**300.6. Consider Urgent Modifications – Workgroup referral**

- a) None.

**300.7. Consider Variation Requests**

- a) None.

**300.8. Final Modification Reports**

- a) None.

**300.9. Consider New, Non-Urgent Modifications**

- a) **Modification 0827 - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe**

A Clasper (AC) presented the Modification, explaining that it seeks to make changes to the Unsecured Credit Rating Table to bring into effect the change from Graydon to Creditsafe ratings. AC advised of the need to remove Graydons and replace it with Creditsafe which will require transitional arrangements within the UNC to move parties to Creditsafe by end of February 2023.

AC explained that Creditsafe have taken over Graydons portfolio and that Transporter access to the Graydons portal will be removed which will effectively mean Transporters will not be able to allocate any new unsecured credit limits or review any ongoing limits set under Graydons.

The Modification was proposed as Self-Governance and due to time constraints it was suggested two Workgroups are held to enable implementation by March.

Panel Members discussed how long the Modification should be developed at Workgroup, and the small risk if progress is delayed, noting this should be a simple change to the table with some supporting Transitional arrangements.

A Travell (AT) believed an equivalent IGT UNC Modification may be required. However, T Lattimore (TL) referring to an IGT Modification currently being considered for approval, suggested that an additional Modification would not be required if the IGT Modification is approved. Recognising that the IGT UNC was aware of the potential impacts of 0827 it was agreed to consider the Modification as having an IGT impact for further consideration when the legal text has been drafted

Panel agreed a 2-month assessment period at Distribution Workgroup reporting back January 2023. It was noted that this Modification could report back sooner if the Workgroup Report is concluded early.

Panel Questions:

None raised.

For Modification 0827 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (14 out of 14).
- Modification 0827 issued to Workgroup 0827 for 2 months with a report to be presented to the 19 January 2023 Panel, by unanimous vote (14 out of 14).

**b) Modification 0828 - Introduction of an Independent Shrinkage Expert**

D Morley (DM) presented the Modification, explaining that it seeks to introduce a new role to the UNC for an Independent Shrinkage Expert (ISE). The ISE will be responsible for the production of the Shrinkage and Leakage Model (SLM), including updating or replacing the National Leakage Tests (NLT) through innovation, and will be led by principles of impartiality, environmentalism, and best outcomes for end-consumers. DM envisaged the role being very similar to the Allocation of Unidentified Gas Expert (AUGE).

T Saunders (TS) wished to note that the solution had not been fully developed suggesting the Modification would be better considered by a Review Group. DM expressed concern about slowing development down by having a Request when a solution has been outlined. TS questioned if the numbers associated with Shrinkage were envisaged to change? DM explained the current process under RIIO and confirmed he believes the current model needs to be updated.

R Pomroy (RP) raised a question around the Transporter's licence conditions in relation to shrinkage and how currently the model can be changed, including the process for consultation. RP believed from a governance point of view this Modification appears to introduce dual governance and this needs to be considered. DM noted that the license conditions do not stipulate how the model can be changed, but any change requires Ofgem's approval/direction.

S Mulinganie (SM) expressed concern about the inability to progress change for years. It was noted that requests from Shippers for change have not been progressed. SM welcomed the Modification Proposal expressing that unless Ofgem steps in, change will not be possible. SM expressed it is fundamental to understand from the regulator what needs to happen to improve the accuracy of the model.

J Semple (JS) clarified that the Workgroup would need to consider the interactions of the regulatory framework and license.

D Fittock (DF) wished to note this change needs to be assessed sooner rather than later and the specific reason for this is the underreporting of Gas leaks by 30% and the impact this has on net zero.

DF confirmed that this Modification had been pre-discussed at the October Distribution Workgroup and that an overview will be provided at the November Shrinkage Forum. It was noted by Shippers that the Shrinkage Forum had not provided the ability or scope to make industry changes to the model, due to poor attendance.

PG clarified that Joint Office would continue to support the Shrinkage Forum and will engage with Transporters and Shippers to encourage attendance.

M Bellman (MB) believed the limited engagement was attributed to Transporters not addressing issues being raised and that there is a divide between Shippers and Transporters which needs to be addressed. Noting that the trade-off between Shrinkage and UIG needing to be accurate, it was suggested that the Solution needs further consideration, including consideration of funding and the impacts to the consumer due to pass-through costs.

SM expressed the need to raise awareness of the issues involved and the need for Ofgem to be present to avoid wasting time and to understand the concerns from the industry.

Panel Members considered whether this change would be better considered through a Modification or a Request with a stand-alone Workgroup (i.e., not part of the Distribution Workgroup or Shrinkage Forum). It was suggested that the Modification should be re-written into a Request to allow the industry to consider solution options.

DF noted that the proposer had provided a solution and although there may be different opinions on whether the solution is liked or not a Request would normally not have a solution and is raised to address an issue.

TS expressed reservation ~~about~~[with a perceived conflict around voting to](#) not passing the Modification to a Workgroup, if according to the Modification rules, ~~– this~~[the](#) Modification would constitute as a properly formed Modification. [Panel members voted on whether 0828 should be issued to Modification Workgroup 0828, a vote was undertaken by 12 members \(TS abstained from the vote\) with a majority of 8 members not in support.](#)

In light of Panel members having a different view on the Modification being fully formed a [separate](#) vote was undertaken [as to whether this Modification would be better served as a Request.](#) ~~– by~~ 12 members (RP abstained from the vote), with all 12 members supporting that the change would be better considered by a Request Workgroup. The proposer also agreed that this Modification would be better served as a Request.

[Based on the confirmation that the modification proposal would being rewritten as a Request and resubmitted following the close of the Panel meeting, a further vote was taken by exception, with all Panel members supporting that the to be submitted 0828R should be issued to workgroup for 6 months.](#)

DM was content with referring the Modification Proposal to a Request Workgroup and agreed to work with the Joint Office on the required documentation to support this alternative developmental route. With a view that the Workgroup would fully develop a Modification.

SM asked the proposer to note in the Request that license changes may be required. The timing of the review was considered along with the ability to change the license, to take account net zero targets.

#### Panel Questions:

Workgroup to consider the:

Q1. Implications of the Modification on current licence obligations / Interaction of licence and hierarchy of licence/UNC.

Q3. Funding arrangements

Q4. Intended benefits to consumers

Q5. Consequences of the Modification in terms of how to reduce greenhouse gas emissions and any impact on UIG.

Q6. Data sources and accuracy/validity

For Modification 0828 Members determined (with 13 Panel votes available):

- ~~• This Modification should be considered as a Request, by unanimous vote (12 out of 12). RP Abstained.~~
- Modification 0828 should not be issued to Modification Workgroup 0828, by majority vote (8 out of 12). TS Abstained.
- This Modification should be considered as a Request, by unanimous vote (12 out of 12). RP Abstained.
- Modification 0828 to be issued to a Request Workgroup 0828 for 6 months with a report to be presented to the 15 June 2023 Panel, by unanimous vote (13 out of 13).

**c) Modification 0829 - Updates to the Supplemental Agreement Amendments Process**

S Singh (SS) presented the Modification, explaining that it seeks to change the processes for updating Supplemental Agreements and the reasons why. The new provisions will allow either party to initiate updates, cater for tri-party sites and move the provisions into a new subsidiary document.

It was noted that this Modification had been pre-discussed at the Offtake Arrangement Workgroups and the Workgroup had suggested the Modification required a 3-month development period.

The Modification was proposed as Self-Governance, to be referred to the Offtake Arrangements Workgroup.

Panel Questions:

None.

For Modification 0829 Members determined (with 13 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- Modification 0829 issued to Workgroup 0829 for 3 months with a report to be presented to the 16 February 2023 Panel, by unanimous vote (13 out of 13).

**d) Modification 0830 - Obligation for Shipper to pay CDSP for Class 1 read service**

R Pomroy (RP) presented the Modification, explaining that it seeks to amend the text for Modification 0710S - CDSP provision of Class 1 read service, due to be implemented on 1st April 2023, to add an obligation for Shippers to pay the CDSP for the service. RP explained this is for sites with certain characteristics, and to clarify that the CDSP has the right to charge Shippers in line with the DSC Charging Statements.

The Modification was proposed as Self-Governance and as the issue was straight forward it was recommended this should proceed to Consultation on a shortened consultation period of 10 days.

Members considered if there were any cross-code impact relating to IGT148 and if an equivalent Modification would be required within the IGT UNC. A Travell (AT) believed there was a potential impact.

P Garner (PG) confirmed the cross-code consideration is good governance, raises the potential for an impact to be assessed and flags it to the IGT UNC to consider if the service line covers what is required for IGTs.

E Rogers (ER) clarified that this is a mandated service for Class 1 sites and will point to the DSC Charging Statements.

Panel Questions for Consultation:

None.

For Modification 0830 Members determined (with 13 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- Modification 0830 to be issued with a 10-day consultation, and considered at the 15 December 2022 Panel, by unanimous vote (13 out of 13).
- Deemed Legal Text Request approved.



**e) Modification 0831 - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method**

M Jones (MJ) presented the Modification, explaining that it seeks to change the method by which unidentified gas (UIG) is allocated to Shippers from the current AUGÉ table of weighting factors to a throughput or universal allocation model.

MJ explained that the current method causes uncertainty and a risk to Shippers. MJ confirmed Request Group 0781R considered a number of solutions, and as a result raised this Modification.

The Modification was proposed not subject to Self-Governance with a 6-month development period.

It was noted this Modification may generate Alternate Modifications. DF confirmed the original Request Workgroup considered several questions which parties can refer to and welcomed the Modification.

Panel members recognised consideration may wish to include the contractual interactions and appointment of the AUGÉ.

MB suggested the Workgroup should explore the availability of information. Other questions were submitted in relation to data analysis and through-put. Dan Fittock (DF) enquired if the AUGÉ can use information in a different way.

DM enquired if there was any interaction within the license regime for the AUGÉ.

DM believed at this stage this Modification should not proceed to Workgroup as it appeared, being similar to Modification 0828, to not have a fully developed Solution.

Panel Questions:

Workgroup to consider the:

- Q1. Timing of the AUGÉ appointment and contractual interactions.
- Q2. Effects of market changes (parties exiting etc.) and any need for reconciliation
- Q3. Effect on IGT UNC of the proposed to Legal Text drafting
- Q4. Information coming as a result of this Modification and whether it would drive action to reduce UIG
- Q5. Any impact/interaction on Licences
- Q6. Whether this Modification would reduce the amount of information available from AUGÉ which currently provides industry with an opportunity to drive actions to reduce UIG

For Modification 0831 Members determined (with 13 Panel votes available):

- There will be Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is not met, as this Modification is likely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).



- Modification 0831 issued to Workgroup 0831 for 6 months with a report to be presented to the 15 June 2023 Panel, by majority vote (12 out of 13).

**f) Modification 0832 - Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs**

PG noted that an executive summary to introduce the Modification had been provided and would like views from Panel on this approach going forward.

A Adams (AA) introduced the Modification, explaining that it seeks to change the Ascending Clock Auctions for IP Capacity by providing additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate.

Referring to the Modification Proposal and presentation submitted, AA explained the background to the Modification, an overview of the Options and Solution

The Modification was proposed as Self-Governance with a 2-month development at NTSCMF.

Panel Questions:

None.

For Modification 0832 Members determined (with 13 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is met, as this Modification is likely to have an immaterial effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- Modification 0832 issued to Workgroup 0832 for 3 months with a report to be presented to the 16 February 2023 Panel, by unanimous vote (13 out of 13).

**300.10. Existing Modifications for Reconsiderations**

J Semple (JS) referring to the estimated decisions dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>, provided an update on the Modifications Awaiting Ofgem Decision.

Modification	Estimated Decision Date
0814 (Urgent) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector <i>NB* Ofgem awaiting additional analysis before resuming the decision-making process</i>	TBC
0809 - Re-distribution of Last Resort Supplier Payments (LRSP) to include IGT sites <i>NB* Accelerated work and hope to make a decision in next few weeks ahead of March 2023.</i>	31 March 2023

0806 - Change to Curtailment Trade Price Compensation in Section Q	09 December 2022
0805 - Introduction of Weekly NTS Exit Capacity Auctions	30 January 2023
0799 - UNC arrangements for the H100 Fife project Changed to 25 November 2022	31 October 2022
0779/A - Introduction of Entry Capacity Assignments	23 December 2022
0761 - Arrangements for Interconnectors with additional Storage capability	30 September 2022
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	TBC

JS confirmed that the Ofgem moratorium will take place over the Christmas Holidays between 22 December until 03 January 2023.

### **300.11. Workgroup Issues/Updates**

- a) None.

### **300.12. Workgroup Reports for Consideration**

#### **a) Modification 0808 - Reverse Compression**

RH reported progress being made with the Modification with a need to request an extension to allow completion of the Workgroup Report.

Panel Members noted the Workgroup Report recommendation for further assessment and should be returned to Workgroup with an extension to the reporting time of 2 months. Views were expressed that this Modification would impact the IGTAD and may require longer than 2 months.

The Panel suggested that a longer extension maybe more realistic with the opportunity to report earlier, if possible, based on the IGT licence changes applied for.

For Modification 0808, Members determined (with 14 Panel votes available):

- Panel agreed to extend the Workgroup for 2 months, by majority vote until 19 January 2023 (10 out of 14).

#### **b) Modification 0815S - DSC Committee Quoracy**

Panel Members noted the Workgroup Report recommendation that this Self-Modification should proceed to Consultation.

For Modification 0815S, Members determined (with 14 Panel votes available):

- Modification 0815S to be issued with a standard 15-day consultation, and considered at the 19 January 2023 Panel, by unanimous vote (14 out of 14).

**c) Modification 0826S - Amendment to Network Entry Provision at Shell St Fergus Terminal**

Panel Members noted the Workgroup Report recommendation that this Self-Modification should proceed to Consultation.

It was confirmed that there would be no change to the UNC as this was an enabling Modification.

For Modification 0826S, Members determined (14 Panel votes were available for the determinations):

- Modification 0826S to be issued with a standard 15-day consultation, and considered at the 15 December 2022 Panel, by unanimous vote (14 out of 14) at short notice.

**300.13. Modification Reporting**

**Workgroup Extension Requests**

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0808 – Reverse Compression	November 2022	January 2023	2-month extension

**Legal Text Requests:**

UNC Modification Panel Members discussed the Legal Text Requests and determined unanimously to make Legal Text Requests for the following Modification(s):

Legal Text Requests for Modifications
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes
0830 - Obligation for Shipper to pay CDSP for Class 1 read service

### 300.14. AOB

#### a) Modification Awaiting Ofgem Decision – Legal Text Review

KE confirmed an overview of the UNC Legal Text for aged Modifications awaiting Ofgem Decision had been provided to Ofgem, highlighting the potential requirement for further assessment before direction is given to implement.

Ofgem have been notified of the potential impacts and this has been forward to the relevant parties within Ofgem to consider.

J Semple (JS) referring to Modification 0696V - *Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs*, suggested that legal text amendments are not yet made until a decision takes place.

### 300.15. Date of Next Meeting(s):

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	New Mod Deadline	Venue
10:00 Thursday 15 December 2022	5pm Friday 02 December 2022	Teleconference / Microsoft Teams
10:00 Thursday 19 January 2023	5pm Friday 06 January 2023	Teleconference / Microsoft Teams
10:00 Thursday 16 February 2023	5pm Friday 03 February 2023	Teleconference / Microsoft Teams

Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Expected update
PAN 07/01	21/07/22	292.4	JGAC to consider the recording of Panel meetings.	Joint Office (PG)	Carried Forward	January 2023
PAN 08/03	18/08/22	294.12 a)	Joint Office (RH) to liaise with ENA and Metering Experts group on where the Gas Meter By-Pass Arrangements Guidance Note and Flow Chart should be published.	Joint Office (RH)	Closed	17 November 2022
PAN 10/01	20/10/22	299.6 b)	Distribution Workgroup to consider the broader implications of the Energy Bill and DSC Contract Management Committee to consider the operation of the scheme implemented by Modification 0824 (Urgent).	Joint Office (RH)	Closed	17 November 2022