

**UNC Modification Panel**  
**Minutes of Meeting 295 held on**  
**Thursday 08 September 2022**  
**via teleconference**

**Attendees**

**Voting Panel Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
D Fittock (DF), Corona Energy D Morley (DM), OVO Energy and for M Bellman R Kealley (RK), Centrica on behalf of O Chapman R Fairholme (RF), Uniper S Mulinganie (SM), SEFE Energy Limited	A Travell (AT), BUUK D Mitchell (DM), SGN S Singh (SS), Cadent for G Dosanjh J Bates (JB), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	S Hughes (SH), Citizens Advice E Proffitt (EP), Major Energy Users' Council

**Non-Voting Panel Members:**

<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
W Goldwag (WG), Chair	J Semple (JS)	(None)

**Also, in Attendance:**

E Rogers (ER), CDSP Representative  
H Moss (HM), Cornwall Insight  
K Elleman (KE), Joint Office  
M Bhowmick-Jewkes (MBJ), Joint Office  
N Wye (NW), Waters and Wye Associates  
P Garner (PG), Joint Office  
P Lucas (PL), National Grid NTS  
R Hailes (RH), Joint Office

## **Record of Discussions**

### **295.1 Introduction**

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

### **295.2 Note of any alternates attending the meeting**

R Kealley on behalf of O Chapman

S Singh on behalf of G Dosanjh

D Morley on behalf of M Bellman

### **295.3 Record of apologies for absence**

O Chapman, Centrica

M Bellman, ScottishPower

G Dosanjh, Cadent

### **295.4 Consider Urgent Modifications**

#### **a) Modification 0817 - Treatment of Existing Capacity Holding at Easington on creation of the new Rough Storage ASEP**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0817>

R Hailes (RH) briefly introduced this Modification and invited the Proposer to present it.

N Wye (NW), as the Proposer's representative, explained that in response to the impending resumption of gas storage activities at Rough a new Rough Storage ASEP is being carved out of the Easington ASEP. This Modification proposal will ensure that existing capacity holdings at the Easington ASEP may be utilised at the Rough Storage ASEP.

WG asked for clarity on whether Rough was the geographical location of the storage facility. NW advised that was his understanding.

WG asked if there were any other parties besides Centrica who held capacity at Rough storage. NW explained that whilst others held capacity at Easington ASEP, it was unlikely that any other parties held capacity at Rough.

RH explained that this Modification is seeking to mitigate the effects of wholesale gas prices as it will enable the Proposer to use the entry rights for capacity bought prior to 2017.

Panel Members discussed the issues raised in the representations and these were captured in the Final Modification Report. Please see below for a high-level overview of these topics:

- S Mulinganie (SM) noted that there were two queries raised in the representations that needed clarification.
- R Kealley (RK) explained that the bespoke monthly process would result in reducing costs associated with storage.

RK also note that prior to the change of rules changed since October 2020, this capacity could have been used by the Proposer. This Modification is simply expropriating the rights Centrica originally acquired and therefore it is not a separate issue.

RK suggested that this Modification would set a precedent, which is beneficial rather than detrimental.

- E Proffitt (EP) asked for clarification of the amount of Entry capacity involved. NW advised that the amount is not available at this stage, noting that there is no commercial driver to transfer more than required over the forthcoming months.
- S Hughes (SH) noted that would end consumers see any of the benefits arising out of this Modification as whilst Centrica's costs will be reduced, any benefits for the consumers appear to be speculative and therefore likely to be low. SH added, if there were any benefits for consumers arising out of this Modification, it was debatable if any of it would be applicable for the winter of 22/23.
- NW explained that there was an expectation that gas that has gone into Rough will be pulled out over the upcoming winter period. Whilst volumes are unlikely to be closely matched, if Rough has cheaper access to market, then suppliers will benefit. This in turn will provide additional volumes to knock off the marginal price on gas. The resulting impact on supply stack will impact wholesale prices, which will benefit consumers.
- J Bates (JB) noted that National Grid was sympathetic to Centrica's issues as if they had not shut down the facility, they would have been able to use this capacity and as a legacy contract, it would have favourable terms.

JB asked whether the Proposer could guarantee that wholesale prices would be reduced following the implementation of this Modification. NW could not commit to a guarantee but was confident that prices would be reduced.

- R Pomroy (RP) asked what the justification for special treatment being proposed was. NW explained the administrative rules requiring the setting up of the new ASEP would expropriate Centrica's capacity rights for withdrawal of gas from Rough. This is what the Modification is seeking to address.
- T Saunders (TS) noted that this Modification is seeking to financially change the cost of operating.
- R Fairholme (RF) suggested that in theory Centrica could use the capacity at Rough entirely to hedge its own retail portfolio or use the gas in storage all winter to protect their own customers, noting that neither of these scenarios would be beneficial to the industry.

- SH asked for clarity on why this Modification had been raised. NW explained that it had been raised to mitigate the introduction of Tariff NC Article 35, which had been brought in to protect the contracts which had been bought prior to and thus without the knowledge of the new changes being brought in with the Tariff Network Code. P Lucas (PL) agreed with this view.

Panel Members discussed the Relevant Objectives.

Panel Members then determined that (14 Panel votes were available for the determinations):

- Modification 0817 (Urgent) recommended to be implemented, by majority vote (8 out of 14).

**295.5 AOB**

a) None.

**295.6 Date of Next Meeting(s):** 10:00 Thursday 15 September 2022, by teleconference