

Record of Determinations: Panel Meeting 16 June 2016

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought	
		AG	GJ	RF	PB	SM	CW	FH	HC	RP(JF)	RP	SMo		
0584 – Energy Theft Tip-Off Service (ETTOS) – Release of Supplier identity	Not related to the Significant Code Review - <i>unanimous vote against</i>	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 the Self-Governance criteria
	Proceed to Consultation - <i>majority vote in favour</i>	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Consultation (<i>includes a deemed Request for Legal Text</i>)
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is further legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR
	Consultation to close out on 07 July 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should consultation end on 07 July 2016 ?
0585 - Separation of NTS and National Grid owned networks – Calculation of Code Credit Limit and Value at Risk	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Not a Self-Governance Modification - <i>majority vote against</i>	X	✓	✓	✓	X	✓	✓	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal text
	Issued to Workgroup 0585 with a report presented by the July 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup with a report by the July Panel

0586 - Resolution of minor legal text drafting conflicts arising from UNC Modification 0432	Not related to the Significant Code Review - <i>unanimous vote against</i>	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 the Self-Governance criteria
	Is a Fast Track Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Fast Track Self-Governance criteria
	Implemented - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (<i>only votes in favour to be recorded</i>)
0587 – Seasonal Energy Balancing Credit Cover	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0587 with a report presented by the September 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup with a report by the September Panel
0588R - Review UNC arrangements relating to the connection to and operation of gas fired generation on DN networks	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Issued to Workgroup 0588R with a report presented by the January 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup with a report by the January 2017 Panel
0532 - Implementation of Non-Effective Days (Project Nexus transitional modification)	Consideration deferred to the July meeting - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
0564R - Review of Annual Read Meter Reading requirements	Recommendations accepted - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Accept the recommendations in the Workgroup Report?
	Request 0564R is closed - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Request 0564R be closed?

0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	Workgroup reporting date extended to the November Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to November Panel
0571 - Application of Ratchets Charges to Class 1 Supply Points Only	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0571A - Application of Ratchets Charges to Class 1 Supply Points and Class 2 with an AQ above 73,200kWhs	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0531 - Provision of an industry User Test System	Cost estimate required - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is a cost estimate required for inclusion in DMR
0526S - Identification of Supply Meter Point pressure tier	New issues identified - <i>majority vote against</i>	X	✓	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Not Implemented - <i>4 votes in favour</i>	✓	NV	✓	✓	✓	NV	Should be implemented (<i>only votes in favour to be recorded</i>)						
0580S - Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)	New issues identified - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Did consultation raise new issues
	Issued to Workgroup 0580S with a report presented by the July 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup with a report by the July Panel

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

UNC Modification Panel

Minutes of the 190th Meeting held on Thursday 16 June 2016 at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total G Jack (GJ), British Gas P Broom (PB), Engie R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), National Grid Distribution F Healy (FH), National Grid NTS H Chapman (HC), Scotia Gas Networks R Pomroy (RP), Wales & West Utilities, and alternate for J Ferguson	S Moore (SMo), Citizens Advice

Non-Voting Members:

Chairman	Ofgem Representative
A Plant (AP), Chair	R Elliott (RE)

Also in Attendance:

B Winter (BW), Wales & West Utilities; J Ferguson (JF), Northern Gas Networks*; K Elliott-Smith (KES), Cornwall Energy; L Dupont (LD), Secretary; R Fletcher (RF), Joint Office; P Hayward (PH), Opus Energy; R Hinsley (RH), Xoserve; and S Singh (SS), National Grid Distribution*.

** via teleconference*

Record of Discussions

190.1 Note of any alternates attending meeting

G Jack for A Margan, British Gas

R Pomroy for J Ferguson, Northern Gas Networks

190.2 Record of Apologies for absence

A Margan, and J Ferguson (present for 190.5a only)

190.3 Minutes and Actions of the Last Meeting(s)-

Members approved the minutes from the previous meeting (19 May 2016).

PAN0501 - RP to provide a legal view on the self governance criteria set out in the Transporters licence and if this would conflict with the new approach to self governance implemented with CGR3.

Update: RP provided a legal view on the licence drafting (see item 190.12 a), below). **Closed**

190.4 Consider Urgent Modifications

None.

190.5 Consider New Non-Urgent Modifications

- a) Modification 0584 – Energy Theft Tip-Off Service (ETTOS) – Release of Supplier identity

JF introduced the modification and its aims, and confirmed that the legal text included should be considered as the final text.

There was a brief discussion during which JF confirmed that this was providing a different service to that proposed under Modification 0574, and that it will exclude access to NTS sites and data (the service requested through Xoserve does not include this).

Asked how costs would be treated, JF indicated that the change had been proposed under SPAA and would be picked up through that route.

For Modification 0584, 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 consumers;
- It should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 07 July 2016.

b) Modification 0585 - Separation of NTS and National Grid owned networks
– Calculation of Code Credit Limit and Value at Risk

CW introduced the modification and its aims, confirming that it is intended to provide cover for the first month of operation of the new company. Without this being in place, National Grid would have to cover the whole risk, and did not want to be in the position of sending out breach notices to parties in that first month.

PB raised concerns regarding unsecured credit; CW expected the Workgroup to look at any such concerns.

RF observed that there may also be consequences for Transmission credit lines. National Grid NTS might need to give this closer consideration and contact all NTS Shippers to make them aware as there may be impacts, depending on the type of credit tools/mechanisms they are using.

CW reaffirmed the desire to minimise impact to all parties.

Progression alongside 0582S

It is was also noted that this new Modification 0585 is the second modification relating to National Grid's proposed DN sale, and that it seems appropriate that the earlier one (0582S, which is presented as a Workgroup Report at this meeting) should be paused to allow 0585 to complete its assessment and then to have a simultaneous consultation.

Any difference in status between the two modifications (self-governance/not self-governance) would then be addressed at an appropriate point in the process.

For Modification 0585, 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 competition and the transportation of gas through pipes;
- To request Legal Text; and
- That Modification 0585 be issued to Workgroup 0585 for assessment, with a report to be presented no later than the July 2016 Panel.

c) Modification 0586 - Resolution of minor legal text drafting conflicts arising from UNC Modification 0432

SS introduced the modification and its aims, giving examples of the conflicts that the modification sought to address, and thanking the Joint Office for the support provided in establishing what changes were required to be made.

For Modification 0586, 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 competition, consumers or the transportation of gas through pipes;
- The criteria for Fast Track Self-Governance are met as this is merely a house keeping change;
- That Modification 0586FT be implemented.

d) Modification 0587 – Seasonal Energy Balancing Credit Cover

PH introduced the modification and its aims. In discussion, it was noted that this gave parties a choice, and could help to ease perceived barriers for smaller market participants.

For Modification 0587, 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 competition and the transportation of gas through pipes; and
- That Modification 0587 be issued to Workgroup 0587 for assessment, with a report to be presented no later than the September 2016 Panel.

e) Modification 0588R - Review UNC arrangements relating to the connection to and operation of gas fired generation on DN networks

BW introduced the Request and its aims.

In discussion, FH asked if the intent was that everyone should provide OPNs by 14:30. BW believed that in respect of processes further clarification would be required.

FH suggested it should be sent to Transmission Workgroup as the arrangements for NTS Shippers would need close consideration. There are other issues to consider, such as the impacts on other processes/parties of providing data as early as possible; would balancing actions then be needed later in the day and NTS be locked into a position?

BF asked if there was likely to be any impact on electricity codes. RP observed this issue may open up eventually into a much wider debate, but believed that it was better to start off under the UNC and widen the approach as necessary. Wales & West Utilities would like any incremental benefits under the UNC to be achieved as soon as possible; it was not looking to align settlement days in gas and electricity.

FH commented it would be helpful to understand what options/solutions the Proposer had already considered and the reasons for discounting them.

It was noted that there could be much wider community interest around this Request, and that meetings might require the attendance of specialists. It was also considered that the breadth of issues proposed for discussion might require a longer period of consideration.

For Request 0588R, Members determined:

- It is not related to the Significant Code Review; and
- That Request 0588R be issued to Workgroup 0588R for assessment, with a report to be presented no later than the January 2017 Panel.

190.6 Existing Modifications for Reconsideration

- a) Modification 0532 - Implementation of Non-Effective Days (Project Nexus transitional modification)

RE reported that a decision could be expected on or around 30 June 2016.

For Modification 0532, Members determined:

- To defer consideration to the July meeting.

190.7 Consider Workgroup Issues

None.

190.8 Workgroup Reports for Consideration

- a) Modification 0564R - Review of Annual Read Meter Reading requirements

CW provided an overview of the Request and its recommendations.

For Request 0564R, Members determined:

- To accept the recommendations in the Workgroup Report; and
- To close Request 0564R.

- b) Modification 0574S - Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)

It was noted that legal text was required in order to progress this modification, and that it should be provided in time for consideration at the July Panel.

For Modification 0574S, Members determined:

- To request Legal text;

- c) Modification 0576 - Generation of an estimated Meter Reading at the Code Cut Off Date in the absence of an actual Meter Reading

For Modification 0576, Members determined that:

- It should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 07 July 2016.

d) Modification 0578 - Implementation of Retrospective Invoice Adjustment arrangements (Project Nexus transitional modification)

For Modification 0578, Members determined that:

- It should proceed to Consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 07 July 2016.

e) Modification 0582S - Amendments to reflect separation in legal ownership of NTS and National Grid owned LDZs to facilitate the sale of National Grid's Gas Distribution Business

For Modification 0582S, the Panel accepted the Workgroup's recommendation that this self-governance modification should be submitted for consultation simultaneously with Modification 0585 "Separation of NTS and National Grid owned networks – Calculation of Credit Limit and Value at Risk".

Self-governance status will be re-considered at the July meeting.

For Modification 0582S, Members determined:

- That consideration is to be deferred to the July meeting.

190.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

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

Workgroup	New Reporting Date
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum	November 2016

RF asked if extensions to Workgroup reporting dates were tracked. BF confirmed that the Joint Office reported on this. AP suggested it would be helpful to see these statistics reported on for the July Panel meeting.

Action PAN0601: *Workgroup Report Extensions Statistics - The Joint Office to provide a report to the July Panel meeting.*

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

Modification
0571 - Application of Ratchets Charges to Class 1 Supply Points Only
0571A - Application of Ratchets Charges to Class 1 Supply Points and Class 2 with an AQ above 73,200kWhs

Members determined unanimously to request a Cost Estimate for the following modification(s):

Modification
0531 - Provision of an Industry User Test System

RH noted this request by the Panel.

190.10 Consideration of Variation Requests

None for discussion.

190.11 Final Modification Reports

- a) Modification 0526S - Identification of Supply Meter Point pressure tier

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0526.

GJ requested further clarity on costs. RP indicated that the majority of costs would be related, and internalised, to the DNs and absorbed in the costs of running the business.

It was questioned why, if the information was being provided on a voluntary basis, this modification is still under progression. FH observed that this was another instance of trying to achieve the satisfaction of Supplier obligations through the UNC, and was concerned that this seemed to be an increasing trend, rather than going through SPAA. CW added there appeared to be 'scope creep' across code governance. Concerns were expressed that this might be establishing the wrong principle, if parties continued to perceive the UNC as the primary route to satisfy any request for provision of information.

AP summarised that the desired information was already being delivered voluntarily and to all intents and purposes appeared to be satisfactory. The issue was whether this could be relied upon for the future. Panel Members from the DNs reaffirmed their commitment to continue to provide the information; usage will be monitored.

Members then voted and determined, with four votes in favour, not to implement Modification 0526S.

- b) Modification 0580S - Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0580.

HC confirmed there was a general consensus that this modification should no longer be self-governance. It was proposed to send it back to the Workgroup, to be returned to Panel in July with a variation request (assuming to be non-material) if necessary. The July Panel would then consider the variation request and the self-governance status.

Assuming the self-governance status to be withdrawn, the intention would then be to send to Ofgem for a decision by 05 August 2016.

In the period before the next Panel meeting, RE was asked to provide confirmation to the Workgroup that 4 non-effective days was acceptable to Ofgem.

Action PAN0602: *Modification 0580S - RE to provide confirmation to the Workgroup, in time for the July Panel meeting, that 4 non-effective days was acceptable to Ofgem.*

For Modification 0580S, Members determined:

- It should be issued to Workgroup 0580 for assessment, with a report to be presented no later than the July 2016 Panel;
- That the Workgroup should provide a supplemental report on the issues raised during consultation.

190.12 Any Other Business

- a) Code Governance Review 3 (CGR3) Implementation Plan

Plan/Tracker Tool

A Code Administrators' meeting was held on 03 June 2016. BF presented an Implementation Plan/Tracker document illustrating the requirements identified under CGR3, and how these were to be addressed. An update had been included on the status of the actions undertaken and BF gave brief details in support of each item.

Item 2 - In reference to Item 2, and in response to Action PAN0501 (Provide a legal view on the self governance criteria set out in the Transporters licence and if this would conflict with the new approach to self governance implemented with CGR3), RP had provided a paper setting out the legal advice received and, noting that a change to the Licence was unlikely to be consented to, the steps proposed to enable delivery of Ofgem's Final Proposals.

It was suggested that a change be proposed to the UNC Modification Rules as the most appropriate way forward to meet the required changes (reversal of the current tests to provide a default assumption of self-governance).

Item 8 - The CAs were looking at a two level approach - the Change Horizon as used by the Change overview Board (COB), but focused on Code issues; and a second level to look at congestions/resourcing, etc across each code.

Item 11 Chairs and conflict of interest - It was suggested that an option might need to be built into the UNC Modification Rules to accommodate this more pragmatically.

Item 16 - Continues to be under discussion.

Item 18 - It was agreed that any minor changes to CACoP be brought to attention of the lead CA for consideration at the annual review meeting.

Item 19 - The MRA will continue to manage the cross-codes modifications register; CAs will retain and maintain their own individual registers.

CACoP - Amendments to Principle 12: The Code Administrators will report annually on agreed metrics.

BF drew attention to the proposed amendments to Principle 12; the Panel noted these.

BF advised that late last week the Joint Office had unexpectedly received a letter from Ofgem, requiring the publication of the Quarter 1 KPIs. These were currently under compilation and will be sent to Ofgem by Friday; they will be provided to the July Panel.

The Panel was satisfied with that approach.

b) New UNC Modification Template

AP asked the Panel for their views on the proposed new UNC Modification Template. The draft had sought to address the perception that there should be a requirement to recognise/address potential impacts earlier in the process. Following a short discussion (to clarify what inputs might be required in respect of Central Systems Impacts, and to clarify perceptions relating to the inclusion of a specific Implementation Date and what degree of obligation this imposed/did not impose on the Transporters) the Panel gave its approval.

The new template will be brought into use.

A copy will be made available on the Joint Office website at: www.gasgovernance.co.uk/unc/templates.

c) Panel Attendance

In response to the concerns raised by the Chair at the previous meeting, the Joint Office had analysed the frequency of attendance/absence across the previous 17 months. The analysis had been provided to Panel Members for information.

AP asked whether Panel Members agreed with him that the information should be published in a table. A short discussion ensued during which disparate views were expressed, with some questioning the necessity for this. AP gave examples where other elected bodies made such information easily available to its electorate.

It was agreed that the information should be published.

RF suggested that for consistency similar statistics might also be provided for all UNC Sub-committees for which Members were elected through a formal process. The Joint Office noted this and would provide similar reports.

AP reiterated the point that members should nominate non-Panel members as alternates where absence was unavoidable. This would avoid cross-voting, which he was uncomfortable with, and would help to ensure that a wide range of views can be expressed at meetings.

d) *SEC Update*

Attention was drawn to the update provided by the SEC Administrator. The Panel noted the information provided, and agreed to provide a similar reciprocal update as and when circumstances required.

190.13 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 21 July 2016, at Elexon.

Action Table (16 June 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAN0501	19/05/16	189.11 a)	Provide a legal view on the self-governance criteria set out in the Transporters licence and if this would conflict with the new approach to self governance implemented with CGR3.	RP	Closed
PAN0601	16/06/16	190.9	<i>Workgroup Report Extensions Statistics</i> - The Joint Office to provide a report to the July Panel meeting.	Joint Office (LJ/BF)	Pending
PAN0602	16/06/16	190.11 b)	<i>Modification 0580S</i> - RE to provide confirmation to the Workgroup, in time for the July Panel meeting, that 4 non-effective days was acceptable to Ofgem.	Ofgem (RE)	Pending

