

Record of Determinations: Panel Meeting 19 May 2016

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought	
		AG (AM)	AM	CB	PB (SM)	SM	CW	FH	HC	JF	RP	SMo		
0571A - Application of Ratchet Charges to Class 1 Supply Points and Class 2 with an AQ above 73,200kWhs	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Is an alternative to Modification 0571 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Alternative to Modification 0571
	Issued to Workgroup 0571 with a report presented by the August 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup 0571 with a report by the August Panel
0582 - 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	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is a Self-Governance Modification - <i>majority vote in favour</i>	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal text
	Issued to Workgroup 0582S with a report presented by the June 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be issued to Workgroup with a report by the June Panel
	To be considered at short notice - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review

0583 – Requiring an Opening Meter Reading at same User Confirmation	Is a Self-Governance Modification - <i>majority vote in favour</i>	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 0583S 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
0532 - Implementation of Non-Effective Days (Project Nexus transitional modification)	Consideration deferred to the June meeting - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
0526 - Identification of Supply Meter Point pressure tier	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	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 10 June 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0526 consultation end on 10 June 2016 and FMR to be considered at short notice at the June meeting?
0531 - Provision of an Industry User Test System	Returned to Workgroup 0531 with a report presented by the July 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return to Workgroup 0531 with a report presented by the July 2016 Panel
0576 - Generation of an estimated Meter Reading at the Code Cut Off Date in the absence of an actual Meter Reading	Returned to Workgroup 0576 with a report presented by the June 2016 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Return to Workgroup 0576 with a report presented by the June 2016 Panel

0580S - Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	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	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 10 June 2016 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0580S consultation end on 10 June 2016 and FMR to be considered at short notice at the June meeting?
0574S - Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)	Workgroup reporting date extended to the August Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to August Panel
0581S – Amending the Oxygen content limit specified in the Network Entry Agreements at Grain LNG	New issues identified - <i>majority vote in favour</i>	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	Did consultation raise new issues
	Issued to Workgroup 0581S 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

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

UNC Modification Panel

Minutes of the 189th Meeting held on Thursday 19 May 2016 at Elexon 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

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

Non-Voting Members:

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

Also in Attendance:

A Bajwa* (AB), National Grid LNG; A Clasper* (AC), National Grid Distribution; C Baldwin* (CB), E.ON UK; K Elliott-Smith (KES), Cornwall Energy; L Jenkins (LJ), Joint Office; R Fletcher (RF), Secretary and R Hinsley (RH), Xoserve.

** via teleconference*

Record of Discussions

189.1 Note of any alternates attending meeting

A Margan for A Green, Total;
S Mulinganie for P Broom, Engie.

189.2 Record of Apologies for absence

A Green and P Broom

AP raised his concerns about the absence of members at this meeting and some recent previous meetings. He requested members to be consistent in their attendance in future and that absences should be exceptional. He also asked if members would consider nominating non-Panel members as alternates where absence was genuinely unavoidable, so as to ensure a wider range of views can be expressed at meetings.

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

Members approved the minutes from the previous meeting (21 April 2016).

189.4 Consider Urgent Modifications

None

189.5 Consider New Non-Urgent Modifications

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

CB introduced the modification proposing it is an alternative to Modification 0571.

SMo wanted to know if this issue could have been resolved by improving the classification of Customers rather than how ratchets should or should not be applied. CW advised that this is a customer/Shipper choice to want to submit reads for settlement purposes regardless of customer type.

CB agreed that Nexus doesn't limit how customers are classified other than Class 1 being for mandatory daily read sites, which by their nature are larger industrial loads; this modification aims to protect domestic sized consumers from unnecessary ratchet charges when they wouldn't have an impact on the network should their consumption change suddenly due to the weather.

AP asked why 73,200kWh was chosen as a cut off, what is the logic or evidence for this being the correct point? CB advised that this level is typically a domestic sized load or possibly smaller commercial loads and they should be protected, as they would have no material impact on the operation of networks. RP advised that the Gas Act section 10 requires Transporters to provide sufficient pressure and/or capacity for loads of this size so ratchets would appear to be inappropriate.

JF could see a scenario where reads for SSPs are provided daily by Suppliers due to the expansion of SMART metering and the risk of ratchets shouldn't impede the flow of data for these circumstances.

CW challenged that 73,200kWh does not protect all domestic consumers and does not fit with the Utilities Act definition and would seem reasonable to seek a view from the Workgroup on the appropriate level.

The Workgroup is requested to:

- Provide clear analysis to support the split point for this modification and how this point can be justified against the Utilities Act definition of a domestic consumer
- Consider whether customers/consumers should have the benefits of Class 2 without the risk of ratchets?

For Modification 0571A, Members determined:

- 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 consumers;
- Is an alternative to Modification 0571;
- That Modification 0571A is issued to Workgroup 0571 for assessment, with a report to be presented no later than the August 2016 Panel.

- b) Modification 0582 - 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

CW introduced the modification and its aims. JF asked if there were likely to be impacts on the current UNC arrangements, such as succession and framework agreements and customer lifecycle. CW advised that a number of processes would require consideration outside of Code to support the creation of NewCo. However, this modification is just facilitating the separation of NewCo and National Grid in Code and shouldn't be a material impact.

CW advised that VAR and credit arrangements might be impacted due to the separation process, although this was not considered to be material.

LJ advised that the intention is include this modification for both Transmission and Distribution Workgroup days.

RP wanted confirmation that this process does not impact Nexus implementation. CW confirmed there is not intention to delay or disrupt Nexus.

RE advised that Ofgem have requested further information on the modification but have no views on self-governance at this time.

For Modification 0582, Members determined:

- 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;
- To request Legal Text;
- That Modification 0582S is issued to Workgroup 0582S for assessment, with a report to be presented no later than the June 2016 Panel.

c) Modification 0583 – Requiring an Opening Meter Reading at same User Confirmation

AC introduced the modification and drew Members' attention to the Panel briefing note, which was not accurate in that the aim of the modification is to correct inconsistencies between the Nexus Legal Text and BRDs and not to correct errors.

SM was concerned about the possible impacts on legacy arrangements and energy, following the recent disaggregation of aggregated supply points which may then generate estimated reads, time should be allowed to consider these aspect.

The Workgroup is requested to:

- To confirm if all sites are impacted; are DNO/NTS telemetered sites excluded?
- Consider the impacts on legacy arrangements and sites which were recently disaggregated.

For Modification 0583, Members determined:

- To consider the modification at short notice;
- 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;
- That Modification 0583S is issued to Workgroup 0583S for assessment, with a report to be presented no later than the July 2016 Panel.

189.6 Existing Modifications for Reconsideration

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

RE confirmed that Ofgem were considering the date of implementation but do not consider this to be a time constrained issue, as the Project Nexus Implementation Date is well know and this modification supports transition.

For Modification 0532, Members determined:

- To defer consideration to the June meeting.

189.7 Consider Workgroup Issues

None.

189.8 Workgroup Reports for Consideration

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

BF advised that the workgroup considers this modification would be suitable for self-governance as the solution scope has changed since the modification was first raised.

JF and RP felt a modification to the UNC is not required as the process has been implemented outside of Code. However, if a more formal governance route is needed then SPAA would appear to be a more appropriate route.

AM was concerned that it is difficult to assess the modification without a full industry assessment of cost and benefits. Members felt it would be useful to seek views on the most appropriate route for governance and that SPAA members should be requested to provide views.

Panel Questions:

- Respondents' views are requested on the self-governance status of this modification;
- Views are sought on which parties would find this information of most use and the most appropriate location for governance e.g. SPAA

For Modification 0526, Members determined:

- 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;
- 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 10 June 2016 and Members to consider the Final Modification Report at short notice at the June meeting.

b) Modification 0531 - Provision of an Industry User Test System

LJ advised that the recommendation from Workgroup is that this modification requires further assessment to develop the associated guidance notes and legal text and as there is no pre or post Nexus impacts it would appear to be a reasonable request.

CW challenged whether an accurate cost estimate would be available for consultation when considering the Nexus implementation pressures on Xoserve.

RH advised that modifications might be impacted going forward as Xoserve were focused on the delivery of Nexus.

For Modification 0531, Members determined:

- It should be returned to Workgroup 0531 for assessment, with a report to be presented no later than the July 2016 Panel.

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

CW advised that the recommendation from Workgroup is that this modification requires further assessment to consider the proposed amendments to the solution and review the legal text.

For Modification 0576, Members determined:

- It should be returned to Workgroup 0576 for assessment, with a report to be presented no later than the June 2016 Panel.

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

BF advised that the Workgroup considers this modification is not suitable for self-governance and that Ofgem were of the opinion that they should be making the decision on implementation to be consistent with Modification 0535 - Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition).

RE advised that Ofgem had concerns about the modification self-governance status and wanted further clarify on the requirement for the number of non effective days required for the AQ process. The previous modification was considered a one-off exercise and therefore clear justification was needed as to the need for this modification.

Panel Questions:

- Should this modification be self-governance?;
- Views are invited on the suitability and justification of non effective days.

For Modification 0580S, Members determined:

- 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 10 June 2016 and Members to consider the Final Modification Report at short notice at the June meeting.

Consideration of Workgroup Reporting Dates and Legal Text Requests

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

Workgroup	New Reporting Date
0574S - Creating the permission to release supply point data to the Theft Risk Assessment Service (TRAS)	August 2016

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

Modification
None

189.9 Consideration of Variation Requests

None for discussion.

189.10 Final Modification Reports

- a) Modification 0581S – Amending the Oxygen content limit specified in the Network Entry Agreements at Grain LNG

AM was concerned that a number of representation consider this modification to be different to Modification 0561S - Amendment to the oxygen limit within the BBL / NTS Interconnection Agreement. However, he did not believe this was justified, as the intent of both is very similar. He also challenged that all sites should be able to operate with GSMR limits and that the potential impacts of wet gas could be dismissed as National Grid NTS confirmed this was not an issue for them.

JF wanted to understand if a return to Workgroup would change parties views in representations, if so it should be returned to Workgroup for an assessment of the new issues raised.

RP would like to see the issues addressed if possible as each modification should be considered on its merits and they should not be taken forward based on the decision for a previous modification.

RF would like to see Workgroup views on the issues raised and in particular why some site were considered to be impacted when they were geographically remote from Grain.

SMo would like to see the issues evidenced by the respondents quickly so as not to unduly delay the overall process.

RE considered the modification should be self-governance as it was an enabling modification for the NEA and not a change to the UNC.

Explore issues raised in consultation to test whether they are material and would impact the consultation.

For Modification 0580S, Members determined:

- It should be issued to Workgroup 0581S for assessment, with a report to be presented no later than the September 2016 Panel;
- That the Workgroup should provide a supplemental report on the issued raised during consultation.

189.11 Any Other Business

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

AP advised that both he and LJ had received a copy of a letter sent by Lesley Nugent (LN) at Ofgem, which had been sent to all Panel Chairs and Code Administrators asking them what steps they were putting place to implement the CGR 3 proposals. The letter requested that an implementation plan be provided and that the aim of the meeting today is to consider a draft prepared for this purpose.

LJ presented a draft implementation plan for discussion.

RP advised that he would raise a governance modification to implement the proposed changes in the Modification Rules. He is targeting the August Panel for the initial submission to Panel, as this would be after the commencement of the statutory consultation by Ofgem.

LJ provided an overview of the change to the self-governance process where modifications would be considered as self-governance unless it can be demonstrated that they would be likely to have a material impact. LJ had advised Ofgem that this currently conflicts with the Transporters' licence, which appears to indicate modifications have to demonstrate they are suitable for self-governance. However, LN had indicated that Ofgem doesn't agree as the existing criteria are for guidance only.

CW asked if a legal view is required. RP agreed he would consider this aspect with their lawyers.

New Action: 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.

Members agreed that Panel currently challenges the self-governance criteria and its provisions are suitably implemented.

LJ presented the proposed changes to the modification templates to include customer/consumer impacts and other changes proposed through CGR3 to ensure there is a consistent approach by Code Administrators.

SM would like to see more clarity around IT solutions if one is required and what the technical solution would look like – this should be included in the template. AM felt this was being covered by the FGO work as to how work orders to the CDSP would be triggered and their content.

FH wanted to know how it will work as Xoserve doesn't currently do this level of investigation in its current process, more detailed analysis at the front end will increase the risk of stranded costs should a modification be rejected or withdrawn.

LJ suggested that the contract and technical solutions are kept separate to ensure there are no undue delays and cost stranding - the Code shouldn't be driven by system solutions.

AM would like to see more detail on cost/technical solutions as they do in other Codes, although he noted this was tied in with FGO. SM agreed with the view to include additional technical information in the solution to given parties a more informed view of the impacts of a modification.

RF would like to see more visibility around delivery and when the system would be available to ensure the modification is an end to end process.

JF suggested that a number of these concerns would be addressed through the existing contract group mechanisms between Transporters and Xoserve as this group had recently been opened up to allow Shippers to attend.

SM felt that as the main headings were subject to CACoP review, this did not prevent additional information being included as sub headings without imposing it on other Codes. He wanted to understand how this could be done now.

RP suggested that more involvement is required with FGO as this would provide a clear process.

LJ agreed to bring forward an amended version and invite any proposed changes for approval at the next meeting. SM agreed to send through changes he would like considered and which section they should reside.

Members discussed the cross-Code impacts of CGR3 and how the process would be managed going forward. BF advised that a number of modifications had previously been developed for both UNC and iGTUNC so the situation was not unknown.

RE advised that a Cross Code register was being developed to include all modifications.

LJ explained that Panels have an obligation to produce workplans, however he was unsure at this time as to the level this was aimed at - strategic in nature or on a modification-specific basis.

AP advised that he would be discussing this point with Mike Toms, CUSC Panel Chair to see how his Panel was going to approach the plan requirements. He would report back to Panel.

LJ explained the Change Horizon diagram used at COB and if members felt it would be a useful start for Panel if it was suitably modified or would a Gantt chart be preferable.

RF wanted to understand the objective that is being met by the introduction of CGR3 and its target audience.

RE would be seeking advice on its need and thought it would be useful if a model were established through CACoP. Although he felt the strategic view was needed.

LJ agreed to amend the Change Horizon diagram so that it can be presented at an upcoming Code Administrators (CA) meeting as an option to be taken forward.

LJ advised that CGR3 would place an obligation on Panel to procure "project and/or implementation management" services for major industry changes and a process would need to be agreed.

JF felt that the issue with procuring major project change services is possibly easier with a different legal structure to that used for UNC, other CAs have money/budgets available to do so through limited company structures.

Members requested an update from the next CAs meeting to get a view on how other Panels would be approaching this issue.

LJ asked members to note that CGR3 will allow CAs to raise modifications in future where these are considered efficient for the management of the change process.

LJ advised that CGR3 places a requirement on parties that they should not chair meetings where there is a conflict of interest. In practice this does not appear to impact the UNC process. However, when considering changes to the Modification Rules or other governance issues that may impact the Joint Office (JO), should the JO chair these meetings?

SM felt that the JO shouldn't chair meetings where they have raised the change or if they become a licensed body. RF suggested this should be an "exceptions test" at Panel, so where no conflict is identified the JO should chair the meeting.

LJ suggested that it might be appropriate to request another CA to provide a Chair where the JO had a conflict of interest? AM would want to see the Chair behaving in an independent way as this matters, not that they are independent as this does not guarantee they would behave appropriately.

Members requested the JO to provide feedback from other CAs on their approach to this issue.

LJ explained that Panels would need to establish the criteria for what makes a modification material and not suitable for self-governance in future. As a CA he was not in a position to do this for Panel as he was not a subject matter expert and sought views?

RP would like to review how Panel had decided materiality in the past and consider how this could inform a judgment in future.

b) FGO matters (Governance/Data Services Contract/Cost Allocation/Charging)

CW provided an overview of progress made to date in the FGO Workgroup, including UNC, governance, DSC and charging aspects.

LJ asked if there would be a signing event for UNC and DSC changes or would there be a deemed agreement? CW advised there would need to be a signing event at some point following approval of the modification by Ofgem. However, it may be prudent to consider agreement in the process to ensure there is no interruption to services.

CW was still concerned at the lack of attendance and would like views on improving this. SM wanted to know which parties were not attending the meetings and suggested they should be targeted?

CW felt this was a useful suggestion and he would consider communication options. He advised that Ofgem had suggested beefing up the terms of reference and re-launching them to see if it stimulates attendance.

c) Independent Panel Chair - Term Extension

LJ confirmed that Ofgem had approved JGAC's recommendation to extend AP's appointment term as Panel Chair.

d) UNC Elections

LJ reminded parties that the UNC elections process has commenced with the first step to identify/clarify the SPOCs.

189.12 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 16 June 2016, at the Elexon.

Action Table (19 May 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
PAN 0501	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	Pending