

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 48th MEETING HELD ON THURSDAY
21 JUNE 2007

Members Present:

Transporter Representatives: R Hewitt (National Grid NTS), C Warner (National Grid UKD), L Spierling (Wales & West Utilities), B Grubb (Scotia Gas Networks), and R Cameron-Higgs (Northern Gas Networks)

User Representatives: P Broom (Gaz de France), C Wright (British Gas Trading), R Fairholme (EON) and #C Sykes (Statoil) by teleconference for items 48.12.b & c.#.

Ofgem Representative(s):

J Dixon and N Njoku

Consumers Representative(s):

None

Joint Office:

T Davis (Chairman), J Majdanski (Secretary)

48.1 Note of any alternates attending meeting:

C Wright for M Young (British Gas Trading) and A Barnes (BG Group), R Fairholme for P Bolitho (EON), and C Sykes# for S Rouse (Statoil)

48.2 Record of apologies for absence:

A Barnes (BG Group), S Rouse and C Sykes (Statoil), P Bolitho (EON) and M Young (British Gas Trading)

48.3 Record invitees to meeting:

None

48.4 Receive report on status of Urgent Modification Proposals:

- a) Proposal 0142 "Extension of the Current Sunset Clauses for Registration of Capacity at NTS Exit Points"
Status = Implemented 1/06/2007
- b) Proposals 0150/0150A "Introduction of the AMTSEC Auction"
Status = Both rejected 12/06/2007
- c) Proposal 0151/0151A: "Transfer of Sold Capacity between ASEPs"
Status = Both rejected 12/06/2007

48.5 Consider New, Non-Urgent Modification Proposals

- a) Proposal 0152 “Limitation on Retrospective Invoicing and Invoice Correction”
Following a presentation from C Wright, the Panel voted by Panel Majority for the Proposal to proceed to Consultation. The following Members casting votes: C Wright (also proxy vote for A Barnes), C Warner, L Spierling, B Grubb and R Cameron-Higgs. The Panel also UNANIMOUSLY determined that legal text was required.
- b) Proposal 0153 “Amendment of Interconnector UK’s Network Entry Provisions”
Following a presentation from R Hewitt, the Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation for a reduced period of ten (10) days. They did not determine that legal text was required, with no votes cast in favour.
- c) Proposal 0154 “Enduring Provisions for LDZ System Entry Points”
Following a presentation from C Warner, the Panel voted UNANIMOUSLY for the Proposal to proceed to the Transmission Workstream.
- d) Proposal 0155, “‘User Suppressed Reconciliation Values’ revised incentive arrangements”
Following a presentation from C Wright, the Panel voted UNANIMOUSLY for the Proposal to proceed to the Distribution Workstream.

48.6 Consider New Proposals for Review.

48.7 Consider Terms of Reference.

48.8 Existing Modification Proposals for Reconsideration.

- a) Proposal 0104 "3rd Party Proposal: Storage Information at LNG Importation Facilities"
Following a discussion the Panel voted UNANIMOUSLY to defer making a decision until the next meeting

48.9 Consider Variation Requests

- a) Proposal 0136 “Reconciliation following AQ Amendment where an SSP becomes an LSP prior to calculation of Provisional Annual Quantity”
Following a discussion the Panel did not determine that the Variation Request was immaterial. Therefore Modification Proposal 0136 was deemed withdrawn and replaced by Modification Proposal 0136V “Reconciliation following AQ Amendment where an SSP becomes an LSP prior to calculation of Provisional Annual Quantity”.

The Panel then voted UNANIMOUSLY for the varied Proposal to proceed to Consultation for a reduced period of five (5) days. They did not determine that legal text was required, with no votes cast in favour. However J Dixon

directed on behalf of Ofgem that text should be provided as soon as possible.

- b) Proposal 0144A: "Quantification of Value at Risk (VAR) to determine a User's minimum Code Credit Limit Requirement"

Following a discussion the Panel did not determine that the Variation Request was immaterial. Therefore Modification Proposal 0144A was deemed withdrawn and replaced by Modification Proposal 144AV "Quantification of Value at Risk (VAR) to determine a User's minimum Code Credit Limit Requirement".

The Panel then voted UNANIMOUSLY for the varied Proposal to proceed to Consultation with a close out date of 29 June. They did not determine that legal text was required, with no votes cast in favour.

48.10 Consider Workstream Monthly Reports.

- a) Distribution
- b) Transmission
- c) Governance
- d) Offtake

48.11 Consider Review/Development Work Group Reports.

- a) Proposal 0126, "Restriction of Invoice Billing Period"
Review Group report accepted.
- b) Proposal 0131 "LDZ RbD Reconciliation Notification Process"
- c) Proposal 0140 "Review of Information Provision on National Grids Information Exchange"

48.12 Consider Final Modification Reports.

- a) Proposal 0088 "Extension of DM Service to Enable Consumer Demand Side Management"
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup. Some Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' "*the efficient and economic operation of the pipe-line system*" and "*the securing of effective competition between relevant shippers*" whereas others considered the costs would outweigh any benefits. The Panel then voted and two votes were cast in favour of implementation: R Fairholme and P Broom. Therefore the Panel did not recommend implementation of this Proposal.
- b) #Proposal 0115 "Correct Apportionment of NDM Error" #

Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' *"the securing of effective competition between relevant shippers"*. The Panel then voted and five votes were cast in favour of implementation: R Hewitt, C Warner, R Fairholme and C Wright (also proxy vote for A Barnes). Therefore the Panel did not recommend implementation of this Proposal.

c) #Proposal 0115A "Correct Apportionment of NDM Error" #

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Some Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' *"the securing of effective competition between relevant shippers"* whereas others considered it could create a cross subsidy between market segments. The Panel then voted and two votes were cast in favour of implementation: P Broom and #C Sykes#. Therefore the Panel did not recommend implementation of this Proposal.

The Panel then proceeded to a vote on which of the two Proposals would better facilitate achievement of the Relevant Objectives. Of the 9 Voting Members, capable of casting 10 votes, 5 votes (R Hewitt, C Warner, R Fairholme and C Wright (also proxy vote for A Barnes) were cast in favour of implementing Modification Proposal 0115 in preference to Modification Proposal 0115A, whereas 2 votes (#C Sykes# and P Broom) were cast in favour of implementing Modification Proposal 0115A in preference to Modification Proposal 0115. Therefore the opinion of the Panel was that implementation of Proposal 0115 would better facilitate the achievement of the Relevant Objectives.

d) Proposal 0141 "Revision to the 'User Suppressed Reconciliation Values' Financial Incentives arrangements"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' *"the securing of effective competition between relevant shippers"*. The Panel then voted and eight votes were cast in favour of implementation: C Wright (also proxy vote for A Barnes, P Broom, R Hewitt, C Warner, R Cameron-Higgs, L Spierling and B Grubb). Therefore the Panel recommended implementation of this Proposal.

e) Proposal 0141A "Revision to the 'User Suppressed Reconciliation Values' Financial Incentives arrangements"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objective "*the securing of effective competition between relevant shippers*". The Panel then voted and one vote was cast in favour of implementation (R Fairholme). Therefore the Panel did not recommend implementation of this Proposal.

The Panel then proceeded to a vote on which of the two Proposals would better facilitate achievement of the Relevant Objectives. Of the 8 Voting Members present, capable of casting 9 votes, 8 votes (C Wright (also proxy vote for A Barnes), P Broom, R Hewitt , C Warner, R Cameron-Higgs, L Spierling and B Grubb) were cast in favour of implementing Modification Proposal 0141 in preference to Modification Proposal 0141A, whereas 1 vote (R Fairholme) was cast in favour of implementing Modification Proposal 0141A in preference to Modification Proposal 0141. Therefore the opinion of the Panel was that implementation of Proposal 0141 would better facilitate the achievement of the Relevant Objectives.

- e) Proposal 0143 "Reduction of lapse periods in respect of Failure Notices issued in respect of Energy Balancing Credit"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal, they did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives "*the promotion of efficiency in the implementation and administration of the code*" and "*the securing of effective competition between relevant shippers*". The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

J Dixon directed on behalf of Ofgem that formal text should be provided as soon as possible.

48.13 Receive report on status of Consents.

48.14 Any Other Business

48.15 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next Panel meeting is due to be held at Elexon, 350 Euston Road, on 19 July 2007.