

**UNC Modification Panel
Minutes of Meeting 291 held on
Thursday 16 June 2022
via teleconference**

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy M Bellman (MB), ScottishPower from 10:30 O Chapman (OC), Centrica and on behalf of M Bellman until 10:30 and D Morley R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom Energy	K Matiringe (KM), BUUK on behalf of A Travell P Hobbins (PH), National Grid NTS on behalf of J Bates D Mitchell (DMi), SGN G Dosanjh (GD), Cadent R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	S Hughes (SH), Citizens Advice

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	J Semple (JS) H Brazier (HBr) <i>for 0799 only</i>	(None)

Also, in Attendance:

- B Mulcahy (BM), Northern Gas Networks
- E Rogers (ER), Xoserve - CDSP Representative
- H Bennett (HB), Joint Office
- H Moss (HM), Cornwall Insight
- I Badea (IB), BEIS *for 0799 only*
- J Martin (JM), SGN

K Elleman (KE), Joint Office

M Bhowmick-Jewkes (MBJ), Joint Office

P Garner (PG), Joint Office

R Hailes (RH), Joint Office

T Lattimore (TL), Gemserv

Record of Discussions

291.1 Introduction

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

291.2 Note of any alternates attending the meeting

P Hobbins on behalf of J Bates, National Grid NTS

K Matiringe on behalf of A Travell, BUUK

O Chapman on behalf of M Bellman, ScottishPower until 10:30

O Chapman on behalf of D Morley, Ovo Energy

291.3 Record of apologies for absence

J Bates, National Grid NTS

A Travell, BUUK

D Morley, Ovo Energy

A Jackson, Gemserv

291.4 Minutes of the last meetings 19 May 2022

Panel Members approved the minutes from 19 May 2022.

291.5 Review of Outstanding Action(s)

PAN 05/01: National Grid (DL) to provide regular (quarterly) updates to the UNC Modification Panel on the Apollo system developments.

Update: P Hobbins (PH) advised the Apollo Project is currently being reviewed by National Grid to assess how it could be progressed. PH added that an update can be provided once the review is completed.

Carried Over

PAN 05/02: Joint Office (PG) to organise a meeting with Ofgem to remove Modifications that are no longer relevant with a view to see whether they can be rejected or sent back to be withdrawn by the Proposer.

Update: P Garner (PG) explained that Ofgem's regular meeting with the Joint Office had been postponed and an update can be expected at the July Panel.

Carried Over

291.6 Consider Urgent Modifications

- a) None.

291.7 Consider Variation Request

- a) None.

291.8 Final Modification Reports

a) Modification 0674V - Performance Assurance Techniques and Controls

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0674>

R Hailes (RH) advised that the parties who had previously opposed the Modification in the previous consultation, have not submitted any responses to this latest consultation. However, the issues they had raised have now been debated and assessed at Workgroup.

D Fittock (DF) advised that Corona did not have any further oppositions to this Modification.

S Hughes (SH) noted that it had previously been suggested that this Modification had some overlap with the Retail Energy Code (REC) and asked whether this had been discussed at Workgroup.

A Raper (AR) confirmed that the Workgroup had considered the REC impacts and the discussions had been captured in the Workgroup Report.

S Mulinganie (SM) surmised that all material comments about this Modification have now been addressed and there are no further concerns.

T Saunders (TS) expressed her support for this Modification and noted that the Proposer of the Modification had engaged well with the industry and that the Workgroup Chair (AR) had captured the essence of how the Modification has progressed.

Panel Members agreed with this view and thanked the Proposer and Workgroup Chair.

E Rogers (ER) highlighted that there was a related IGT Modification. AR confirmed this noting that he had been liaising with A Jackson (AJ), the IGT Panel Representative and advised that the UNC and IGT UNC Modifications had been aligned. WG acknowledged this and noted that whilst there may be Cross-Code impacts arising from this Modification, they would be captured in the IGT Modification.

Panel Members then determined that (13 Panel votes were available for the determinations):

- No new issues were identified during consultation, by unanimous vote (13 out of 13).
- Modification 0674V is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- Modification 0674V has no Cross Code impacts, by unanimous vote (13 out of 13).
- Modification 0674V recommended to be implemented, by unanimous vote (13 out of 13).

b) Modification 0792S - Amendments to Cost Recovery under OAD

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0792>

P Hobbins (PH) advised that aside from caveats noted in the Final Modification Report, this Modification should incentivise right behaviours around cost recovery. However, PH suggested that the Legal Text could be improved.

Panel Members discussed whether the Legal Text amendment in the Modification was a material change. PH confirmed that it was not material.

R Pomroy (RP) noted that fundamentally the purpose of the Modification is to swiftly address cost recovery issues and to stop retrospective claims being raised for an indefinite period after works have been carried out. It was accepted that the Modification solution addresses this issue.

Panel Members agreed a three-month lead time for implementation of this Modification.

Panel Members then determined that (13 Panel votes were available for the determinations):

- No new issues were identified during consultation, by unanimous vote (13 out of 13).
- Modification 0792S still meets the Self Governance criteria, by unanimous vote (13 out of 13)
- Modification 0792S is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- Modification 0792S has no Cross Code impacts, by unanimous vote (13 out of 13).
- Modification 0792S to be implemented, by unanimous vote (13 out of 13).

c) Modification 0799 - UNC arrangements for the H100 Fife project (100% hydrogen)

Panel Discussion: see documents published at:

<https://www.gasgovernance.co.uk/0799>

RH advised that of the six representations received to the consultation, five supported implementation and one was not in support.

WG invited H Brazier (HBr), an Ofgem Representative to comment. HBr advised he had no comments to make and that he was present to observe Panel discussions.

Oorlagh Chapman (OC) explained that further to engaging with SGN, the Proposer of the Modification, additional costs on implementation borne by Shippers and Suppliers have been identified, which have not been considered or assessed in the Modification.

OC added that a proportionate cost per meter point needed to be considered as all the systems across all the customer bases would need to be amended to implement this project. OC added that whilst Centrica supports the project, they are concerned that the costs Shippers and Suppliers will bear have not been considered and ringfenced.

M Bellman (MB) agreed with OC adding that there may be additional Supplier impacts which have not been clearly identified at this stage.

S Hughes (SH) suggested that the assessment of costs appears to have been late in the process.

J Martin (JM) advised that the technical solution for this Modification was one with the least impact to Shippers as it was based on existing industry processes and data items. This was therefore viewed as a low impact solution that could be facilitated easily.

MB stated that whilst the solution proposed might have the "least impact to Shippers" using existing factors, it meant Suppliers would still need to engage with, bill and settle consumers, driving their internal system and process costs.

JM noted that no cost impacts had been raised at the Workgroup discussions. RH, the Workgroup Chair, confirmed that whilst the solution and mechanism of implementation had been debated at Workgroup, the internal system costs for Shippers and Suppliers had not been considered.

OC remarked that a business is only able to carry out a complete impact assessment once a fully developed Modification is available and that Centrica's impact assessment was only possible through direct engagement with SGN after workgroup had reported to Panel.

DF asked whether the customers participating in the project could change Suppliers. D Mitchell (DMi) confirmed customers could switch Suppliers. DF noted that a Supplier or Shipper who had not engaged in this project could therefore still incur costs when a customer participating in this project switched to them.

R Fairholme (RF) agreed with OC's views suggesting that Network Innovation projects often do not fully consider the Shipper/Supplier impacts and that Ofgem should take this into account when scoping the project and allocating funding.

WG welcomed I Badea (IB), the BEIS representative to the meeting and invited any comments on this matter. IB stated that BEIS were attending to observe the debate to gain an understanding of the context behind this project. IB confirmed that the H100 Fife project is an Ofgem funded trial which is critical to enable the transition to hydrogen.

MB asked whether customers in the trial would be able to switch between methane and hydrogen Suppliers as this would be challenging.

WG noted that from a competition and regulatory perspective switching between the two fuels should be allowed.

MB suggested that the ability to switch between methane and hydrogen would not be a feature of the decarbonised future. Additionally, if this was allowed, every Supplier would have to engage in considerable activity to develop and implement this solution, which would incur significant costs.

WG acknowledged this point but reiterated that from a competition perspective, Ofgem should allow the customer to have the choice. MB accepted this but highlighted that Ofgem should consider the current energy crisis and whether market participants had the ability to incur these costs.

JM reiterated that the design of the solution uses existing industry processes and data items, and whilst Suppliers will have to engage with customers and discuss specifics of hydrogen, it is unclear what costs they would incur to implement the solution. JM suggested that impacted parties should provide details of what these costs would be.

RF suggested that if additional work was done to mitigate Supplier risks, there might be agreement across the industry sectors. WG suggested the Modification should be sent back to Workgroup in light of these new issues.

PH remarked that the estimated central system costs is around a few hundred thousand pounds and asked whether there was an update on the final central systems costs. E Rogers (ER) advised these costs had not yet been finalised as the aim has been to try and keep processes the same and costs as low as possible centrally.

WG noted that the discussions so far had highlighted a group of Panel Members suggesting this Modification would keep the industry costs low by using existing processes and flows whilst other Panel Members believe it would result in higher costs.

SM suggested that clarity was required around which part of the process costs needed to be reviewed.

SH suggested that the context and materiality of costs needed to be considered as well as whether costs incurred will have different solution to the Village Trial.

RP explained that the Village Trials would not allow switching between hydrogen and natural gas.

DMi advised that this project was to begin the transition to hydrogen and acknowledged there were some unavoidable costs incurred to do so. DMi asked if this Modification was sent back to Workgroup, would industry participants share their costs or whether they would not be able to provide the details because of commercial reasons. DMi questioned whether sending it back to Workgroup would therefore be beneficial. DMi suggested that as this was an Authority Direction Modification, it was in Ofgem's gift to decide.

P Garner (PG) agreed with this noting that Ofgem could request confidential responses or call for an impact assessment to gain the clarity being sought by the industry.

OC noted that Workgroup could consider how Shippers and Suppliers participating in the project could be rebated or be allocated innovation funding.

RF agreed suggesting that the current Modification is not fully formed and needs to be reassessed and amended with additional details to address the concerns being raised. RF highlighted that whilst Distribution Networks (DNs) are fully funded as well as allocated innovation funding, Shippers and Suppliers facing additional costs are usually not considered when innovation projects are funded.

MB agreed that the Modification needed to be significantly developed before it could be considered by Ofgem.

RP remarked that it was unclear on whether the additional costs were related to hydrogen switching or switching between hydrogen and methane or both. RP asked whether one approach to address this would be by limiting competition between Suppliers involved in the project.

WG suggested holding an informal vote to assess Panel's views on whether the Modification should be sent back to Workgroup or sent to Ofgem, with 5 votes for the Modification to be sent to Ofgem and 8 for further development at Workgroup.

PG suggested that the Proposer would need to amend the Modification as per Workgroup's views. DF added that if the Modification was sent back to Workgroup, it would also allow for an alternative to be raised.

PG suggested the Modification be considered for two months at Workgroup, depending on industry engagement, with an update from the Workgroup Chair at the July Panel after the first meeting.

JM noted that the challenge would be to develop the solution as any solution developed through the Workgroup will have consequential impacts. JM highlighted that any solution to maintain switching for hydrogen would be challenging and the proposed solution is the one designed to have the least impact. JM expressed his doubts on how much further the solution could be developed or amended but confirmed that the Proposer of the Modification would be engaging in the Workgroups.

SH asked whether there would be any liaison with REC to consider Supplier impacts? JM confirmed that REC had been consulted in relation to MDD notifications, which are at the heart of the proposed solution, and no REC changes have been flagged.

PG suggested that the Joint Office invite REC to participate in the new Workgroups.

MB suggested suppliers have a separate meeting prior to workgroup discussions and provided a list of potential questions to be discussed. Published here: <https://www.gasgovernance.co.uk/0799/270622>

PAN 06/01: Joint Office (RH) to liaise with REC and invite them to attend the Workgroups to discuss and develop Modification 0799 and Joint Office to raise this at CACoP for visibility amongst other Codes.

SM suggested that Panel needed to suggest specific questions for Workgroup to consider. Panel Members discussed and agreed the following questions.

Panel members views will be amalgamated and sent to workgroup after the meeting.

Post Meeting Update: Panel Question for workgroup

1. Consideration of Supplier impacts and how these can be assessed.

Panel Members then determined that (13 Panel votes were available for the determinations):

- New issues were identified during consultation, by unanimous vote (13 out of 13).
- Modification 0799 is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- Modification 0799 has Cross Code impacts, by majority vote (12 out of 13).
- Modification 0799 issued to Workgroup 0799 with a report to be presented to the 18 August 2022 Panel and an interim report at the 21 July 2022 Panel, by majority vote (8 out of 13).

GD noted that Cross-Code impacts should not have been raised at this stage. PG highlighted that there are opportunities to identify impacts throughout the Modification process to allow these issues to be raised at any time. RH highlighted the Workgroup had identified already identified REC and SEC impacts. GD accepted this explanation.

291.9 Consider New, Non-Urgent Modifications

- a) Modification 0809 - Re-distribution of Last Resort Supplier Payments (LRSP) to include IGT sites**

T Saunders (TS) introduced this Modification explaining it seeks to ensure that charges resulting from the Supplier of Last Resort (SoLR) are distributed to all end supply meter points, regardless of whether on an Independent Gas Transporter (IGT) Connected System Exit Point (CSEP) or directly connected to a Distribution Network (DN).

Panel Members considered the proposed timetable and agreed with the Proposer that this is a straightforward Modification which should be able to present a report at the July Panel.

Panel Members also discussed any Cross-Code impacts. T Lattimore (TL) confirmed there were no IGT impacts arising from this Modification.

SH asked Workgroup to review whether the Self-Governance criteria was being met. K Elleman (KE) explained that the Workgroup would review this under the usual Workgroup Terms of Reference and that there was no need to add an additional question. SH accepted this.

For Modification 0809 Members determined (13 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- There are no Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance 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 majority vote (8 out of 13).
- Modification 0809 issued to Workgroup 0809 with a report to be presented to the 21 July 2022 Panel, by unanimous vote (13 out of 13).

b) Modification 0810 - Amendment of Transportation Principal Document Section V 14.1.1 and Annex-V5 to reflect updated Theft of Gas Process

SM, the Proposer of the Modification noted that this was a housekeeping change and noted E Rogers (ER) would present it to Panel.

ER explained that the intent of this Modification is to remove Clause 14.1.1 and Annex V-5 'Shipper TOG Report' currently within TPD Section V of the Uniform Network Code (UNC), in alignment with the implementation of UNC Modification 0734S - Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers.

Panel Members discussed whether the Modification met the Fast Track criteria. TS asked why Fast Track governance was being proposed as the proposal was not an urgent matter. RP agreed with this view suggesting that using Fast Track governance was not appropriate.

SM accepted this view and agreed to change the Fast Track governance to Self-Governance.

Post Meeting Update: The consultation is currently on hold as further scrutiny of the Legal Text is required (linked to 0734S implementation).

For Modification 08010 Members determined (13 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- There are no Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance 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 0810S does not meet the Fast Track criteria as no unanimous vote in favour, (5 out of 13 not in favour of Fast Track).
- Modification 0810S issued for consultation with a close out date of 08 July 2022 and reporting back to the July 2022 Panel, by unanimous vote (13 out of 13).

291.10 Existing Modifications for Reconsiderations

Jennifer Semple (JS) provided the following update:

- *Ofgem have been trialling the expected decision date (EDD) approach since April 2021. This approach replaced our previous fixed KPI of 25 working days.*
- *The EDD approach is intended to provide transparency to industry as we set EDDs taking into account the importance, urgency and impact of the modification and also Ofgem's strategic priorities.*
- *We have engaged CACoP to ask for feedback and any improvements on the EDD approach as we plan to retain this approach. We welcome the Panel's views today also.*
- *We have seen the Independent Panel Chair's annual report and are considering it. We may seek to discuss some of the issues with the Chair and may also seek to discuss it at a future Panel. Ofgem prioritises code modifications and some are more pressing than others. Some modifications also take longer to resolve – eg UNC621 and UNC678 – as they are major changes.*

JS advised the following decision timelines for these Modifications awaiting Ofgem Decisions.

a) Modification 0746 - Application of Clarificatory change to the AQ amendment process within TPD G2.3 from 1st April 2020

TBC 2022

b) Modification 0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExA

TBC 2022

c) Modification 0761 - Arrangements for Interconnectors with additional Storage capability

30/09/2022

d) Modification 0779/A - Introduction of Entry Capacity Assignments

23/12/2022

291.11 Workgroup Issues/Updates

- a) None.

291.12 Workgroup Reports for Consideration

- a) Modification - 0781R - Review of the Unidentified Gas process

Panel Members noted the Workgroup Report recommended that that this Request Workgroup should be closed.

For Request 0781R, Members determined (13 Panel votes were available for the determinations):

- Workgroup 0781R to be closed, by unanimous vote (13 out of 13).

291.13 Modification Reporting

Workgroup Extension Request

Modification number and title	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0805S - Introduction of Weekly NTS Exit Capacity Auctions	16 June 2022	August 2022	2 months extension requested
0763R - Review of Gas Meter By-Pass Arrangements	21 July 2022	August 2022	1 month extension requested
0783R - Review of AQ Correction Processes	21 July 2022	September 2022	2 months extension requested

Legal Text Requests

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

Legal Text Requests for Modifications
0806 - Change to Curtailment Trade Price Compensation in Section Q
0809 - Re-distribution of Last Resort Supplier Payments (LRSP) to include IGT sites
0810 - Amendment of Transportation Principal Document Section V 14.1.1 and Annex-V5 to reflect updated Theft of Gas Process (deemed)

291.14 AOB

a) User Representative Appointment Process Update

H Bennett (HB) presented slides with an update on the User Representative Appointment Process. Please find the slides published on the Panel meeting page.

PG reminded Panel Members to request their organisations to participate in the nomination process and that if not enough Representatives are confirmed, the Joint Office will repeat the process.

b) CACoP Annual Review

KE explained that the 2022 Annual CACoP review has been postponed and the Joint Office will provide an update once there are any further developments.

c) BBL Enhanced Pressure Service

PH provided a brief update on this matter advising that this topic has been discussed at the last Transmission Workgroup as a Pre-modification and that National Grid might progress this on an urgent timescale to achieve the benefit of higher Bacton exit flows.

d) Ofgem Code administrator Survey

JS advised that Ofgem will be issuing the Code Administrator Survey to prepare for any changes arising from the Code Reform consultation, however, a survey is unlikely to be issued in 2022.

SH asked for an update on the implementation of the Code Reform changes. PG advised that the Joint Gas Arrangements Committee (JGAC) are liaising with Ofgem on how Code Management shall be developed. Once guidance is provided by Ofgem and BEIS, Panel Members can be updated.

291.15 Date of Next Meeting(s): 10:00 Thursday 21 July 2022, by teleconference

Action Table (16 June 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 05/01	19/05/22	290.5	National Grid (DL) to provide regular (quarterly) updates to the UNC Modification Panel on the Apollo system developments.	National Grid (JB)	Carried Forward	21 July 2022
PAN 05/02	19/05/22	290.10	Joint Office (PG) to organise a meeting with Ofgem to remove Modifications that are no longer relevant with a view to see whether they can be rejected or sent back to be withdrawn by the Proposer.	Joint Office (PG)	Carried Forward	21 July 2022
PAN 06/01	16/06/22	291.8 c)	Joint Office (RH) to liaise with REC and invite them to attend the Workgroups to discuss and develop Modification 0799 and Joint Office to raise this at CACoP for visibility amongst other Codes.	Joint Office (RH)	Pending	21 July 2022