

Record of Determinations: Panel Meeting 15 March 2018

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members						IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	AL	AM	CZ	RF	SM	CW	DL	HC	JF	RP	NR				
0621G – Amendments to Gas Transmission Charging Regime	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is a true alternative - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification a true alternative?
	Legal Text NOT Requested - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	NV	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
0621H – Amendments to Gas Transmission Charging Regime	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is a true alternative - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification a true alternative?
	Legal Text NOT Requested - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
	Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
0621I – Amendments to Gas Transmission Charging Regime	Modification can be considered by Panel at short notice - <i>unanimous vote far</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Can Modification be considered at short notice?
	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is a true alternative - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification a true alternative?
	Legal Text NOT Requested - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
Issued to Workgroup 0621 with a report presented by the 17 May 2018 Panel - <i>majority vote in favour</i>	✓	✓	✓	NP	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?	
0653 (was 0636C but renumbered) - Updating the parameters of the NTS Optional Commodity Charge	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is NOT a true alternative - <i>majority vote against</i> , therefore renumber to become 0653	✓	X	✓	NP	✓	✓	X	X	X	X	X	X	✓	NV	Is Modification a true alternative?	
	Legal Text NOT Requested - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
	Issued to Workgroup 0653 (to be considered on same day as 0636D) with a report presented by the 15 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2018 Panel?
0636C (was 0636D but renumbered) - Updating the parameters of the NTS Optional Commodity Charge	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is a true alternative - <i>majority vote in favour</i>	✓	X	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification a true alternative?
	Legal Text Requested - <i>unanimous vote in favour</i>	X	X	X	NP	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
	Issued to Workgroup 0636 with a report presented by the 19 April 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup 0636 with a report by the April 2018 Panel?
0649S - Update to UNC to formalise the Data Enquiry Service Permissions Matrix	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	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 Self-Governance criteria?
	Issued to Workgroup 0649S with a report presented by the 19 July 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the July 2018 Panel?

Record of Determinations: Panel Meeting 15 March 2018

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	AL	AM	CZ	RF	SM	CW	DL	HC	JF	RP	NR	JA	EP	
0650FT - Minor Typographical Correction to UNCO638V Legal Text	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	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 Self-Governance criteria?
	Fast Track Modification Implemented - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Fast Track Modification be implemented?
0651 - Replacement of the Retrospective Data Update provisions	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification 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	X	X	Does Modification satisfy Self-Governance criteria?
	Issued to Workgroup 0651 with a report presented by the 21 June 2018 Panel - <i>majority vote in favour</i>	✓	✓	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the June 2018 Panel?
0652 - Obligation to submit reads and data for winter consumption calculation (meters in EUC bands 3 - 8)	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is NOT a Self-Governance Modification - <i>majority vote against</i>	X	X	X	X	X	X	✓	X	✓	✓	✓	X	X	X	Does Modification satisfy Self-Governance criteria?
	Issued to Workgroup 0652 with a report presented by the 19 July 2018 Panel - <i>majority vote in favour</i>	X	NV	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	X	Should Modification be issued to Workgroup with a report by the July 2018 Panel?
Distribution Workgroup Report - Consideration of the implementation of UNC 0634 (Urgent) - Revised estimation process for DM sites with D-7 zero consumption	Topic Workgroup 0634 (Urgent) is closed - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Topic Workgroup 0634 (Urgent) be closed?
0636/A/B - Updating the parameters for the NTS Optional Commodity Charge	Issued to Workgroup 0636/A/B with a report presented by the 19 April 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0636/A/B be referred back to Workgroup with a report by the April 2018 Panel?
Request 0639R - Review of AUGE Framework and Arrangements	Issued to Workgroup 0639R with a report presented by the 17 May 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Request 0639R be referred back to Workgroup 0639R with a report by the May 2018 Panel?
0645S - Amending the oxygen content limit in the Network Entry Agreement at South Hook LNG	Proceed to Consultation, with consultation closing out on 27 April 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0645S be issued to consultation, ending on 27 April 2018 (and therefore taken at the May Panel)?
0648S - End dating the revised DM Read estimation process introduced by Modification 0634	Proceed to Consultation, with consultation closing out on 27 April 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0648S be issued to consultation, ending on 27 April 2018 (and therefore taken at the May Panel)?
0619 0619A 0619B - Application of proportionate ratchet charges to daily read sites	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Not recommended for implementation - 5 out of 14 in favour - <i>no majority</i>	✓		✓	✓		✓									Should Modification 0619 be recommended for implementation? (only votes in favour recorded)
	Recommended for implementation - with 9 out of 14 votes in favour - <i>majority vote in favour</i>	✓		✓	✓		✓		✓	✓	✓	✓			✓	Should Modification 0619A be recommended for implementation? (only votes in favour recorded)
	Recommended for implementation - with a unanimous vote in favour	✓		✓	✓		✓									Should Modification 0619B be recommended for implementation? (only votes in favour recorded)
	0619 no preference shown - with 4 out of 14 votes in favour	✓			✓		✓									Prefer 0619? (yes votes only)
	0619A no preference shown - with 7 out of 14 votes in favour								✓	✓	✓	✓	✓	✓	✓	Prefer 0619A? (yes votes only)
0632S - Shipper asset details reconciliation	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implemented - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0632S be implemented? (only votes in favour recorded)
0640S - Provision of access to Domestic Consumer data for Suppliers	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implemented - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0640S be implemented? (only votes in favour recorded)

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

UNC Modification Panel

Minutes of the 220th Meeting held on Thursday 15 March 2018

at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
A Green (AG), Total A Love* (AL), Independent (morning only) A Margan (AM), British Gas C Ziviani* (CZ), Corona Energy (from 1pm only) R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), Cadent D Lond (DL), National Grid NTS H Chapman (HC), SGN J Ferguson (JF), NGN R Pomroy (RP), WWU N Rozier* (NR), BUUK Infrastructure	E Proffitt (EP), MEUC J Atherton (JA), Citizen's Advice

Non-Voting Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
M Shurmer (MS), Chair	R Elliott (RE)	N Anderson (NA) Electralink

Also in Attendance:

A Clasper (AC), Cadent; A Shrigley* (AS) Eni (0621H only) ; B Fletcher* (BF) Joint Office; C Rossini (CRo), Aughinish Alumina Ltd; C Ruffell (CR), RWE; C Shanley (CS), Joint Office; D Hawkin (DH) TPA Solutions; G Jack (GJ), Centrica; M Ronan (MR) Aughinish Alumina Ltd; N Bashford* (NB) Vitol S.A. Geneva; P Garner (PG), Joint Office; R Hailes (RHa), Secretary; R Hinsley (RHi), Xoserve; R Patel (RPa), Xoserve and S Britton (SBr), Cornwall Insight.

* by teleconference

Record of Discussions

Introduction

MS welcomed all attendees, introduced the meeting and then set out the order of business.

An additional agenda item 220.3b was added “0621 Update: Ofgem Direction” to discuss the recent letter from Ofgem regarding Modification 0621 and the associated change to National Grid Gas’ Licence.

220.1 Note of any alternates attending meeting

J Atherton, Citizens Advice, alternate for S Horne.

220.2 Record of Apologies for absence

C Ziviani, Corona Energy, alternate for E. Wells (CZ joined by teleconference from 1pm).

Prior to CZ joining by teleconference, PG confirmed she had highlighted on Wednesday 14 March, to CZ (as EW’s alternate) the importance of Panel Members or their Alternates attending Panel to exercise voting rights and for quoracy.

MS summarised that the shipper vote was lost due to a failure in ensuring that they were properly represented at the Panel Meeting. Dates are known well in advance and it is the responsibility of the Panel Member to ensure that they are represented by an alternative if they are unable to attend, concluding:

1. The obligation is on Panel Members to attend and vote or formally nominate an suitably briefed alternate who can do so.
2. The issue must be addressed through a governance review.

Several relevant issues are already planned to be addressed in this manner see **220.12 g) AOB – Panel Governance**.

220.3 Minutes and Actions of the Last Meeting(s)

Members approved the minutes from the previous meeting on 15 February 2018.

220.3a 0621 Update: Ofgem Direction

PG drew Panel’s attention to the Ofgem Direction published on 08 March 2018 regarding 0621 and the change to National Grid Gas’ Licence. See <https://www.gasgovernance.co.uk/0621> . She highlighted the direction to National Grid Gas and in particular the requirements to:

- a. On a “reasonable endeavours basis” to submit the Workgroup report to the May Panel or earlier; and
- b. Undertake a preliminary Article 26 consultation at the same time as the consultation required under the UNC.

PG and DL together highlighted Ofgem's view that development of the UNC0621 workgroup report has been slower than anticipated and noted that Ofgem felt it was prudent to give additional time to allow for more analysis to be undertaken and if appropriate, to allow proposers to bring forward more alternatives.

Panel noted that this letter comes late in the development lifecycle of Modification 0621 and Panel Members were somewhat concerned that the substance of the Direction seemed to be at odds with previous understanding of Ofgem's views, in particular in relation to the choice of Reference Price Methodology and whether it should contain a distance driven element.

PG stressed that the Joint Office is supporting this Modification alongside all other Modifications and that as much support as possible is being offered to the Workgroup and the proposers of Modifications 0621/A/B/C/D/E/F/G/H/J.

RHa highlighted Joint Office plans in place to enable bringing the Workgroup report to the May Panel. The Joint Office will write out to proposers of all 0621 related Modifications with a formal request for analysis requirements.

HC noted that Workgroup 0621 must make sure customer impacts are included in the Workgroup report.

AL asked if this suite of modifications essentially constituted an SCR.

MS asked for an Ofgem perspective on this.

RE noted the comments made and agreed to discuss them with colleagues at Ofgem.

AM highlighted that all Modifications should be treated fairly and noted that Workgroup 0621 must make sure all alternatives get as much time as they require.

RHa showed Panel the Joint Office slides, prepared at short notice for the meeting in response to Ofgem's Direction letter. (They will also be shown to the 0621 Workgroup meeting on 20 March 2018.)

DL noted that the dates presented by the Joint Office in relation to the latest date for new analysis to be shown to workgroup (19 April) are earlier than expected.

RHa clarified that there are tasks which must be done after this step has finished and that time must be allocated to all the tasks remaining.

Noting that the Joint Office suggested Legal Text be requested at Panel today for 0621 and all Alternatives (0621A/B/C/D/E/F/G/H/J), RP asked for clarification on the rules around Panel issuing a Legal Text request. DL responded that solutions must be well developed to make a LT request feasible.

RP questioned why this request is being suggested so early, noting that the Modification Rules do not specify that Legal Text must be reviewed by Workgroup.

AM responded that the Panel's primary obligation is to promote good governance, reviewing Legal text in workgroup is best practice and makes it unlikely that the consultation responses will include new issues relating to legal text.

RP noted that Panel should also not seek to deliberately put a party in breach.

PG suggested Panel through the Panel Chair, could write to Ofgem outlining their concerns.

GJ noted that, though there are lots of workgroup dates, proposers must work with National Grid separately and in addition to these meetings.

DL noted that National Grid has a finite number of resources.

AL supported the idea of Panel writing to Ofgem. AM noted the proactive steps being taken on all sides including more workgroup sessions, however there could still be a situation where National Grid Gas breaches the direction through no fault of its own.

PG offered to draft a letter for Panel to review.

SM endorsed this and said Panel shouldn't be silent. He suggested the letter should outline the actions Ofgem has taken which Panel feels will create significant issues, noting that Ofgem:

- Has urged workgroup to work faster ;
- Appears to be moving away from what was previously held to be Ofgem's view on suitability of Capacity Weighted Distance;
- Has effectively invited more alternative proposals at this late stage of development.

Other Panel Members including AL and DL agreed with SM. DL suggested the letter should also include actions being done to meet the deadline. AL requested that Ofgem is given the opportunity to respond to the question of whether this suite of Modifications essentially constitute an SCR.

GJ highlighted that an alternative Modification proposal may well come to both the April and May Panels. Panel noted that it would have to consider its options in both cases.

Panel Action 0301: PG to draft letter for panel to review (the letter should be addressed to Natalie Smith and Lesley Nugent) to be sent to Panel Members for review, aiming to finalise and send to Ofgem at the earliest opportunity.

RHa reviewed with Panel, the options available to the Joint Office when the time comes to prepare the Final Modification report, outlining three options in terms of how much editing should be undertaken when summarising the responses received.

Panel, unanimously voted to accept option 1, which will include the minimum information on whether a consultation response offers support/qualified support etc. and places the onus on Panel Members to read each response. RHa thanked Panel for their support.

220.4 Consider Urgent Modifications

(none)

220.5 Consider New Non-Urgent Modifications

a) Modification 0621G – Amendments to Gas Transmission Charging Regime

NB introduced the Modification, summarising that for the transition period, the NTS optional charge, should be an alternative to not only the transitional Transmission Services entry and exit Revenue Recovery charges but also the Non-Transmission Entry and Exit Charges.

CW asked if the Modification was well developed enough to allow Panel to request the production of Legal Text. GJ felt that subject to an initial review at Workgroup, the rules were reasonably robust to allow Legal Text to be requested.

For Modification 0621G, Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are not met, as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas, by unanimous vote;
- Not to request Legal Text at this time, by unanimous vote;
- The Modification is a true alternative to 0621, by unanimous vote; and
- That Modification 0621G be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel.

b) Modification 0621H – Amendments to Gas Transmission Charging Regime

AS introduced the Modification and its aims and how this alternative was different to Modification 0621. Under Modification 0621, National Grid Gas is proposing to apply capacity based revenue recovery charges to Historical Contracts (including for existing capacity for Bacton IP entry point in the transitional period and all Historical Contracts in the enduring period.) The concept of Historical contracts includes existing and interim contracts. Existing contracts were signed before 06 April 2017 when TAR came into force. Interim contracts are those which were signed between 06 April 2017 and when 0621 or one of its alternatives is implemented in October 2019. The negative commercial impacts of the treatment of historical contracts proposed in Modification 0621 is considered by Eni to not be consistent with the intent of EU TAR NC and Article 35 in particular.

When asked by Panel Members, for clarification of Article 35, AS explained it offers protection for fixed price capacity contracts whose price was determined at the time of purchase

Revenue recovery under the current methodology is commodity-based and is not levied on capacity bookings.

Under this proposal, existing contracts (under the group of historical contracts) will not be subject to capacity based charges and this would apply at all ASEPs including interconnectors

If the revenue recovery is a commodity-based charge, then existing contracts should be treated in the new regime as in the current regime. A Capacity hand back option would have been preferred but so far National Grid has not indicated this would be an option.

For Modification 0621H, Members determined:

- It is not related to the Significant Code Review by unanimous vote;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas, by unanimous vote;
- The Modification is a true alternative to 0621, by unanimous vote;
- Not to request Legal Text at this time, by unanimous vote; and
- That Modification 0621H be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel, by unanimous vote.

c) Modification 0621J – Amendments to Gas Transmission Charging Regime

CR introduced the Modification and its aims and explained how this alternative was different to Modification 0621. Modification 0621 proposes replacing the current Long Run Marginal Cost (LRMC) model with Capacity Weighted Distance (CWD) as the Reference Price Methodology (RPM) to set capacity prices.

CWD allocates historical network costs to entry and exit points, using capacity and distance as cost drivers

RWE believes that including distance-related costs to set capacity prices has not been justified and is not appropriate.

Capacity prices calculated under CWD and presented to the 0621 Workgroup have shown significant volatility at entry and exit points at the extremities of the network.

Efficient signals about the relative cost of capacity at locations on the NTS have also been distorted.

To address these concerns about prices arising from CWD, an alternative RPM for setting prices should be assessed against CWD and the current UNC baseline (LRMC).

This proposal has been raised to introduce an alternative RPM, that of Postage Stamp as the RPM from 2019.

The proposal intends to base the RPM only on Forecasted Contracted Capacity and Revenue to allocate costs uniformly. A shipper's capacity booking level drives their costs rather than distance.

For Modification 0621J, Members determined:

- To consider the Modification at short notice, by unanimous vote;
- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas, by unanimous vote;
- The Modification is a true alternative to 0621, by unanimous vote;
- Not to request Legal Text at this time, by unanimous vote; and
- That Modification 0621J be issued to Workgroup 0621 for assessment, with a report to be presented no later than the 17 May 2018 Panel, by unanimous vote.

d) Modification 0636C – Updating the parameters for the NTS Optional Commodity Charge

GJ introduced the Modification and its aims. EU TAR NC must come into force by end May 2019 with new charging arrangements in place from October 2019. Regarding Shorthaul there is a need to have greater transparency and governance around derivation and setting of optional charges.

Of the original 0636 and the two alternatives submitted to date, Centrica has a concern that because they do not take into account the TAR NC requirements from October 2019, they are not sustainable solutions. Specifically, the EU Tariff network code does not permit TO commodity-type charges at Interconnection Points from October 2019

In addition, Centrica has formed the same view with regard to Modification 0621 and has thus already raised an alternative proposal (0621C) to address its concerns.

Proposals could be regarded as interim solutions and have been presented as such at workgroup. Centrica as proposer of this modification does believe this is appropriate; the solutions need to be enduring.

With the move towards capacity-based transmission charges, Centrica proposes that the optional commodity charge be replaced by an optional capacity charge.

The solution in this Modification is that discounted entry and exit capacity charges are derived by reference to the ratio of the short-haul distance to a system point's capacity weighted distance.

SO commodity charges would not be payable on short-haul quantities nor would TO top-up charges (which are expected to be very low in the future).

Panel Members questioned the implementation dates proposed and noted that they differ significantly from that of the original proposal and the other two alternatives.

GJ noted that 0636 is not designated as Urgent.

PG noted that there is nothing in the Modification Rules pertaining to timescales in any criteria around alternatives; they are silent on this point.

CW noted the Modification Rules are silent about most aspects of alternative modifications.

RF noted this proposal is simply a different way of tackling the issue and that implementation is directed by the Transporters.

Panel noted that Ofgem would take into account any timescales given in Proposals.

Panel explored what would happen if this Proposal were treated as a separate modification and discussed whether this was in fact an alternative to 0621.

GJ stated that he believed the two should not be tied together. 0636 was presented as an interim but there is a question as to what happens if nothing replaces it?

MS asked Panel if DH (proposer's representative for 0636) could speak, Panel agreed.

DH noted that there remains considerable progress to be made with Centrica's proposal and there are likely to be issues with timing. She highlighted that the main elements of this proposal are already being considered within 0621.

DH continued that in her view, 0636 has two good alternatives already under consideration.

GJ stated that 0621 is separate. TAR NC is already in force, the deadline for when this *must* take effect is October 2019.

DH responded that 0636 is compliant with current legislation and that 0621 will address TAR compliance.

Panel Members asked the proposer about development timescales and why six months was proposed for development.

GJ responded that six months is starting point; the final 0621C Modification version is not likely to be fixed until April, and noted that analysis for this Modification is the same as that required for 0621C. Upon further questioning GJ stated that the shortest period of development could mean the Modification reports to the May 2018 Panel.

For Modification 0636C, Members determined initially:

- 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 the contractual arrangements for the transportation of gas;
- Not to request Legal Text; and
- The Modification is NOT a true alternative to 0636, by majority vote.

MS confirmed the Modification had been determined to not be a true alternative to 0636 and that therefore the Modification would be renumbered and would become 0653.

PG noted that the Modification is not an alternative to 0621 either and suggested it could pragmatically be considered by a separate 0653 workgroup on the same day as workgroup 0636, since it has the same subject matter and therefore the same parties are likely to be interested.

GJ confirmed as Proposer that the Modification could report back to Panel as early as May 2018.

PG suggested the Modification should therefore report back to Panel in a separate report.

Panel unanimously agreed with this pragmatic course of action. PG thanked Panel for their support.

For Modification 0653, Members determined through additional voting:

- Not to request Legal Text at this time, by unanimous vote; and
- That Modification 0653 (renumbered Modification) be issued to an appropriate Workgroup for assessment, with a separate report to be presented no later than the 17 May 2018 Panel, by unanimous vote.

e) Modification ~~0636D~~ 0636C - Updating the parameters for the NTS Optional Commodity Charge

Panel noted that the Modification being considered was now known as 0636C, though it had been planned to be known as 0636D. Panel noted that, following determinations on 0653, this Modification had been renumbered to become 0636C.

Panel Action 0302: Joint Office to make sure a note explaining 0636D became 0636C when 0636C was renumbered to 0653 and ensure this is put on the Joint office website.

CR introduced the Modification which proposes the same changes as under 0636 but excludes all Interconnector Points (IPs), in this way the Aughinish Alumina proposal will consider TAR Compliance (especially Article 26).

Panel debated the reporting date of 0636 and all alternatives.

Panel Members confirmed that this Modification is an alternative way of achieving the same end.

The proposer advised that this Modification could follow the same development timescale as 0636.

For Modification 0636C, 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 the contractual arrangements for the transportation of gas;
- The Modification is a true alternative to 0636, by majority vote; and
- Not to request Legal Text at this time, by unanimous vote; and
- To formally request a ROM;
- That Modification 0636C be issued to Workgroup 0636 for assessment, with a report to be presented no later than the 15 April 2018 Panel.

AL apologised as she had to leave at 12.48pm. PG acknowledged that AL had formally passed her voting instructions by email to RF, copied to the Joint Office.

SM noted that C Ziviani was not present and questioned why this shipper vote had effectively been lost for this meeting. This resulted in lengthy discussions about whether this situation could be remedied.

MS reminded all Panel Members that they must attend, ideally in person, representing their constituency. The reason there has not been a vote from Emily Wells or her alternate Claudio Ziviani is that they have not made arrangements to attend and vote.

MS told Panel there had been behaviour exhibited which was not becoming of the UNC Panel. He noted several significant areas of governance which required review:

- Rules around alternates;
- Role of members when they step down;
- Potential for voting by proxy;
- Using email to allocate vote to others; and
- Sending voting instructions to a proxy.

MS reminded Panel that to properly exercise their votes, they needed to be in attendance at Panel.

MS highlighted that PG would be preparing topics for the governance review to be considered at the April panel meeting, clarifying that the topics should be properly considered in a separate session.

PG confirmed that an AOB would be raised at the April panel meeting, she would offer her thoughts on potential issues and their resolution and suggested that panel would likely need to set up a governance review group. She hoped that panel members would see the strong need to attend that review group.

MS reminded members that the meeting is scheduled to run from 10.30am - 5pm, adding that it was possible the meeting would run until 5pm.

f) Modification 0649 – Update to UNC to formalise the Data Enquiry Service Permissions Matrix

RHi introduced this Modification on behalf of the proposer, Gazprom and SM. The aim is to formalise arrangements within the UNC. Material changes to the matrix would require a separate Modification.

NA noted it is difficult to access the permissions matrix and asked if it could be made easier to find.

JF noted that moving the matrix into the contract (the UNC) is not a good idea as the matrix is a very detailed document.

RHi clarified that this Modification is merely asking for the UNC to point to the matrix.

JF noted that this Modification can't stand alone as it needs SPAA input and/or changes.

NA noted that there are likely to be more changes like this forthcoming.

SM suggested that perhaps a bigger solution was required.

Panel Questions

- Assess any cross code impacts.

For Modification 0649, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this Modification is unlikely to have a material impact on the promotion of efficiency in the implementation and administration of the Code or the securing of effective competition; and
- That Modification 0649S be issued to Workgroup 0649S for assessment, with a report to be presented no later than the 19 July 2018 Panel, by unanimous vote.

g) Modification 0650 – Minor Typographical Correction to UNC0638V Legal Text

JF introduced this Modification aimed at correcting a small typographical error where "Monthly" instead of "monthly" had been used. She highlighted that it should be considered a Fast Track Self Governance Modification as it was unlikely to have a material impact on any UNC party or process.

For Modification 0650, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Fast Track Self-Governance are met; and
- That this Modification should be implemented, by unanimous vote.

h) Modification 0651 – Replacement of the Retrospective Data Update provisions

AC introduced the Modification and its links to Review Workgroup 0624R. Five options were developed during the review process.

An RFI was sent out and an anonymised summary of responses produced. Within the Review Workgroup, Option 4 was 'one off' data cleanse exercise and implementation of a simpler and more cost effective enduring Retrospective Data Update solution. The Data cleanse exercise can deliver early benefits. The Retrospective Data Update solution is a simplified retrospective mechanism. The package meets the drivers and business goals in the Business Requirements Document (BRD) and is a proportionate measure.

For Modification 0651, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is likely to have a material impact on customers; and
- That Modification 0651 be issued to Workgroup 0651 (Distribution) for assessment, with a report to be presented no later than the 21 June 2018 Panel, by unanimous vote.

i) Modification 0652 - Obligation to submit reads and data for winter consumption calculation (meters in EUC bands 3 - 8)

JW introduced this Modification which relates to winter consumption data and demand estimation. Xoserve had highlighted that 25% of relevant sites were on a default Winter Annual Ratio (WAR) band. When a default band is applied, demand estimation is more likely to be inaccurate, either positive or negative. The timing of reads is important for the calculation of the correct WAR band.

Since Nexus, Xoserve has flagged this issue to enable more accurate data. The Performance Assurance Committee (PAC) has been monitoring the issue (the issue is sixth on the PAC risk register), but no real improvement has been seen, with concomitant effects.

Currently there is no reference to the underlying concepts and process in the UNC, or any associated obligation to take action. This reduces the clarity and focus applied to the issue by the industry.

The Modification will create the concept of winter consumption and WAR bands within Section H of the UNC and in the UNC related document NDM Demand Estimation Methodology. An obligation will be created for meters in higher EUC bands to submit reads for winter consumption calculations.

The proposer suggested the Modification could be considered under Self-Governance procedures. RP clarified and commented that the changes could have a material impact.

Panel Questions

- Review the model and consider the true value of the impact of the proposal
- Consider whether the Modification should be self-governance.

For Modification 0652, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance was not met as this Modification is likely to have a material impact on customers; and
- That Modification 0652 be issued to Workgroup 0652 (alongside 0644) for assessment, with a report to be presented no later than the 19 July 2018 Panel, by majority vote.

220.6 Existing Modifications for Reconsideration

None.

220.7 Consider Workgroup Issues

None.

220.8 Workgroup Reports for Consideration

a) Distribution Workgroup Report - Consideration of the implementation of UNC 0634 (Urgent) - Revised estimation process for DM sites with D-7 zero consumption

Members noted the Workgroup Report and the recommendations it contained.

Members determined 0634 (Urgent) Topic Workgroup should be closed.

b) Modification 0636 0636A 0636B - Updating the parameters for the NTS Optional Commodity Charge

For Modification 0636/A/B, Members determined:

- It should be referred back to Workgroup 0636 for further assessment, with a report by the April 2018 Panel.

c) Request 0639R - Review of AUGE Framework and Arrangements

For Request 0639R, Members determined:

- It should be referred back to Review Workgroup 0639R for further assessment, with a report by the April 2018 Panel.

d) Modification 0645S – Amending the oxygen content limit in the Network Entry Agreement at South Hook LNG

For Modification 0645S, Members determined:

- It should be issued to consultation closing out on 27 April 2018 (taking Easter into account), with a report by the May 2018 Panel.

e) Modification 0648S – End dating the revised DM Read estimation process introduced by Modification 0634

For Modification 0648S, Members determined:

- It should be issued to consultation closing out on 27 April 2018 (taking Easter into account), with a report by the May 2018 Panel.

220.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

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

Workgroup	New Reporting Date
0639R - Request 0639R - Review of AUGE Framework and Arrangements	17 May 2018
0644 - Improvements to nomination and reconciliation through the introduction of new EUC bands and improvements in the CWV	19 July 2018

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

Modification
0641S - Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations

220.10 Consider Variation Requests

None.

220.11 Final Modification Reports

a) Modification 0619 0619A 0619B - Application of proportionate ratchet charges to daily read sites

Panel discussion: see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0619>

For Modification 0619, 0619A and 0619B, Members determined:

- Not to recommend implementation of Modification 0619 to the Authority (only 5 votes for, out of 14);
- To recommend implementation of Modification 0619A to the Authority, by majority vote (9 votes out of 14);
- Not to recommend implementation of Modification 0619B to the Authority (only 5 votes for, out of 14);

Panel expressed **no** preference for implementation of any of the three Modifications:

- 0619 (4 out of 14 in favour);
- 0619A (7 out of 14 in favour); and
- 0619B (1 out of 14 in favour).

b) Modification 0632S – Shipper asset details reconciliation

Panel discussion: see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0632>

Members voted unanimously to implement Modification 0632S.

c) Modification 0640S – Provision of access to Domestic Consumer data for Suppliers

Panel discussion: see the Final Modification Report published at: <https://www.gasgovernance.co.uk/0640>

Members voted unanimously to implement Modification 0640S.

220.12 AOB

a) Annual cross-code Code Administrators' performance survey

MS highlighted that Ofgem will issue a letter on this subject (<https://www.ofgem.gov.uk/publications-and-updates/invitation-participate-code-administrators-performance-survey-0>) and urged all Panel Members and all UNC Code Parties to participate if/when they are contacted by the organisation Ofgem has commissioned to undertake the survey, Future Thinking.

b) Self-Governance Criteria – Guidance (annual review)

PG suggested, and Panel agreed that the Joint Office would write out to Panel to allow Panel Members to decide whether a review is required.

c) FMR Panel Discussions

When considering the prompters for Panel discussions provided in advance of the meeting, JO has received some challenge on the appropriateness of this and has therefore decided not to offer this service to Panel, to avoid the potential for skewing the discussion.

Panel instead asked for a factual summary of consultation responses:

e.g. "Members considered the representations made noting that implementation was unanimously supported in the 2 representations received". (from FMR 0616S)

e.g. "Members considered the representations made noting that of the 8 representations received, 7 supported implementation and 1 was not in support". (from FMR 0607)

PG agreed the Joint office would be happy to offer this instead.

d) Update: UNC 0642 (Urgent), 0642A, 0643 (Urgent)

AG highlighted that there has been not yet been an Ofgem decision relating to this group of modifications.

RE explained that the decision was expected soon adding that the implementation date will not necessarily change, irrespective of the outcome of the decision.

RHi highlighted that the Xoserve time frames given during assessment of the Modifications were predicated on a 4 week Ofgem decision.

e) Quarterly Panel Feedback

Not discussed.

Post Meeting Note: PG/Joint Office will write out to Panel with a summary of the Panel feedback and offer Panel Members the option of further discussion at the April Panel, as required.

f) A Margan Last Panel

MS thanked Andrew Margan for his long standing involvement and service to the UNC Panel. Panel unanimously agreed. AM thanked everyone involved for their help and support.

g) Panel Governance

Several aspects of Panel Governance were questioned in this meeting.

These include:

- Panel Member behaviour - unbecoming of the UNC Panel;
- Panel member attendance rules;
- Communicating Panel attendance in advance of a meeting;
- Panel member responsibilities and code of conduct
- Panel Member behaviour - becoming of the UNC Panel;
- Panel member attendance rules;
- Communicating Panel attendance in advance of a meeting;
- Rules around alternates;
- Role of members when they step down/leave their employer/when their circumstances change;
- Potential for voting by proxy;
- Using email to allocate votes to others;
- Sending voting instructions to a proxy;
- Ability to contact Panel Members for the purposes of Panel Meetings (scheduled and extraordinary); and
- Length of Panel Meetings.

PG clarified Graham Wood has been designated standing alternate for Andrew Margan and Graham has undertaken to come to Panel meetings for the rest of this Gas Year.

PG again highlighted this aspect of governance will be covered under AOB at April panel with a view to forming a Governance Review workgroup. There may be a need formally raise a Request; if parties would like to assist with this, they should contact the Joint Office in advance of the April Panel meeting

220.13 Date of Next Meeting

- 10:30, Thursday 19 April 2018, at Elexon

Action Table (15 March 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	15/3/18	220.3 a)	PG to draft letter for panel to review (the letter should be addressed to Natalie Smith and Lesley Nugent) to be sent to Panel Members for review, aiming to finalise and send to Ofgem at the earliest opportunity.	PG	New Action
0302	15/3/18	220.5 e)	Joint Office to make sure a note explaining 0636D became 0636C when 0636C was renumbered to 0653 and ensure this is put on the Joint office website.	Joint Office	New Action