

UNC Modification Panel

Minutes of the 243 Meeting held on Thursday 23 May 2019

at

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

Attendees

Voting Members:

| Shipper Representatives | Transporter Representatives | Consumer Representatives |
|---|--|--|
| D Fittock (DF), Corona Energy and alternate for A Green G Wood (GW), British Gas and alternate for M Bellman R Fairholme (RF), Uniper | D Lond (DL), National Grid NTS G Dosanjh (GD), Cadent H Chapman (HC), SGN R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks J Cooper* (JC), BUUK | E Proffitt (EP), MEUC and alternate for S Mulinganie J Atherton (JA), Citizens Advice |

Non-Voting Members:

| Chairperson | Ofgem Representative | Independent Supplier Representative |
|-----------------------|----------------------|-------------------------------------|
| M Shurmer (MS), Chair | David O'Neill (DON) | |

Also in Attendance:

A Bates* (AB), South Hook Gas; A Nield* (AL) Storengy; B Enault* (BE) Storengy; C Williams (CW), National Grid NTS; D Hawkin* (DH), TPA Solutions; E Buckton* (EB), NGN; E Rogers (ER), Xoserve; J Cox* (JC), Energy UK; J Ferguson (JF), NGN; K Mulvany* (KM), British Gas; P Garner (PG), Joint Office; R Durham* (RD), Smartest Energy; R Fletcher* (BF), Secretary; R Hailes (RH), Joint Office.

**by teleconference*

Record of Discussions

Introduction

MS welcomed all attendees to the meeting and then set out the order of business to be followed. He noted that there is likely to be significant focus on the discussions concerning the Final Modification Report 0678 (FMR0678), the previous work undertaken by the Workgroup and the consideration of consultation responses.

MS reminded members that the expectation is that members represent their wider constituencies and put aside their individual commercial concerns for the benefit of the wider industry. He also noted Ofgem's expectations of the Panel as set out in the Decision Letter for Modification 0621.

MS noted the voting arrangements in terms of votes on the recommendation for implementation for each modification which would then be followed by a preference vote against each.

When considering the capture of members views, MS advised that the aim was to take general views for all modifications first for inclusion in FMR0678, and then capture specific views against each individual modification. This would also include discussion on the Relevant Objectives for each.

RF challenged if the first vote should be testing the Modification against the Relevant Objectives when seeking a recommendation on implementation. PG noted this was the expectation, with the preference vote seeking a view on which modifications would benefit the Relevant Objectives further than others.

DON advised that as Ofgem Representative for this meeting, he has been involved closely with the development of FMR0678 at both workgroup, consultation and other supporting processes. The expectation from Ofgem is that FMR0678 should include clear reasons why each of the modifications is compliant and meets/further the Relevant Objectives. DON also endorsed the Panel Chair's view that members should be considering each modification on its merits therefore which would benefit their wider constituency.

243.1 Note of any alternates attending meeting

D Fittock for A Green, Total.

E Proffitt for S Mulinganie, Gazprom.

G Wood for M Bellman, ScottishPower.

243.2 Record of Apologies for absence

A Green, Total.

M Bellman, ScottishPower.

S Mulinganie, Gazprom.

243.3 Minutes and Actions of the Last Meeting(s)

The minutes of the 16 May meeting were deferred to the 20 June 2019 Panel meeting.

243.4 Final Modification Reports

a) Modification 0678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime

For Panel discussion see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0678>

- i) For Modifications 0678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime

Panel determined that new issues were identified during Consultation by majority vote in favour.

MS advised members that as FMR0678 was following an Urgent timetable approved by Ofgem, there were no further opportunities to return FMR0678 back to Workgroup for the development of a supplemental report. Concerns were expressed that new issues cannot be tackled because Modification 0678 is being progressed under Urgent timescales.

Members were then requested to provide a recommendation on implementation for each Modification:

- ii) For Modification 0678 - Amendments to Gas Transmission Charging Regime

Members determined not to recommend implementation of Modification 0678 (no Panel majority with 3 votes in favour of implementation).

- iii) For Modification 0678A - Amendments to Gas Transmission Charging Regime (Postage Stamp)

Members determined not to recommend implementation of Modification 0678A (no Panel majority with 3 votes in favour of implementation).

- iv) For Modification 0678B - Amendments to Gas Transmission Charging Regime

Members determined not to recommend implementation of Modification 0678B (no Panel majority with 3 votes in favour of implementation).

- v) For Modification 0678C - Amendments to Gas Charging Regime (Postage Stamp)

Members determined not to recommend implementation of Modification 0678C (no Panel majority with 1 vote in favour of implementation).

- vi) For Modification 0678D - Amendments to Gas Transmission Charging Regime including a Cost based Optional Capacity Charge

Members determined not to recommend implementation of Modification 0678D (no Panel majority with no votes in favour of implementation).

- vii) For Modification 0678E - Amendments to Gas Transmission Charging Regime – Treatment of Storage

Members determined not to recommend implementation of Modification 0678E (no Panel majority with 1 vote in favour of implementation).

- viii) For Modification 0678F - Amendments to Gas Transmission Charging

Regime – Treatment of Unprotected Entry Capacity Storage

Members determined not to recommend implementation of Modification 0678F (no Panel majority with no votes in favour of implementation).

- ix) For Modification 0678G - Amendments to Gas Transmission Charging Regime including a Cost based Optional Capacity Charge

Members determined not to recommend implementation of Modification 0678G (no Panel majority with no votes in favour of implementation).

- x) For Modification 0678H - Amendments to Gas Transmission Charging Regime (Postage Stamp) including a Cost based Optional Capacity Charge

Members determined not to recommend implementation of Modification 0678H (no Panel majority with no votes in favour of implementation).

- xi) For Modification 0678I - Amendments to Gas Transmission Charging Regime including Wheeling and an Ireland Security Discount

Members determined not to recommend implementation of Modification 0678I (no Panel majority with 2 votes in favour of implementation).

- xii) For Modification 0678J - Amendments to Gas Charging Regime (Postage Stamp) including a Cost based Optional Capacity Charge

Members determined not to recommend implementation of Modification 0678J (no Panel majority with no votes in favour of implementation).

Members were then requested to vote on their preference for a Modification which better facilitates the Relevant Objectives:

- i) Panel Members voted with 2 votes in favour that proposed Modification 0678 better facilitates the Relevant Objectives than proposed Modifications 0678A/B/C/D/E/F/G/H/I/J
- ii) Panel Members voted with 3 votes in favour that proposed Modification 0678A better facilitates the Relevant Objectives than proposed Modifications 0678/B/C/D/E/F/G/H/I/J
- iii) Panel Members voted with 3 votes in favour that proposed Modification 0678B better facilitates the Relevant Objectives than proposed Modifications 0678/A/C/D/E/F/G/H/I/J
- iv) Panel Members voted and there were no votes in favour that proposed Modification 0678C better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/D/E/F/G/H/I/J
- v) Panel Members voted and there were no votes in favour that proposed Modification 0678D better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/E/F/G/H/I/J
- vi) Panel Members voted and there were no votes in favour that proposed Modification 0678E better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/F/G/H/I/J
- vii) Panel Members voted and there were no votes in favour that proposed

Modification 0678F better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/E/G/H/I/J

- viii) Panel Members voted and there were no votes in favour that proposed Modification 0678G better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/E/F/H/I/J
- ix) Panel Members voted and there were no votes in favour that proposed Modification 0678H better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/E/F/G/H/I/J
- x) Panel Members voted with 1 vote in favour that proposed Modification 0678I better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/E/F/G/H/J
- xi) Panel Members voted and there were no votes in favour that proposed Modification 0678J better facilitates the Relevant Objectives than proposed Modifications 0678/A/B/C/D/E/F/G/H/I

In closing discussion on FMR0678, Panel Members acknowledged the Joint Office's hard work in producing the reports. It was suggested that the lessons learnt after Modification 0678 should feed into the wider industry Code Review.

It was recommended that Ofgem provides early and ongoing transparency on their working plan post publication of FMR0678 to minimise industry uncertainty.

243.5 AOB

- a) None raised.

243.6 Date of Next Meeting

- 10.30, Thursday 20 June 2019, at Elexon

Action Table (23 May 2019)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|--------------|------------|--|-----------|-----------------|
| PAN 01/05 | 16/05/19 | | AC to provide an update on the latest version of Legal Text provided to Ofgem and advise of any issues or conflicts identified in then Legal Text. | AC Cadent | Carried Forward |