

UNC Modification Panel
Minutes of Meeting 256 held on
Thursday 16 April 2020
via teleconference

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
M Bellman (MB), ScottishPower (joined the meeting late) R Fairholme (RF), Uniper D Fittock (DF), Corona Energy A Green (AG), Total M Jones (MJ), SSE S Mulinganie (SM), Gazprom	A Travell (AT), BU UK H Chapman (HC), SGN G Dosanjh (GD), Cadent D Lond (DL), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	N Bradbury, EIUG

Non-Voting Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	L King (LK)	(None)

Also, in Attendance:

D Addison (DA), Xoserve; (agenda item 256.14c)
S Britton (SB), Cornwall Insight;
J Cox (JC), Energy UK;
B Fletcher (BF), Joint Office;
P Garner (PG), Joint Office;
K Jones (KJ), Panel Secretary;
R Kealley (RK), British Gas;
A Raper (AR), Joint Office;
E Rogers (ER), Xoserve;

Record of Discussions

256.1. Introduction

WG welcomed all attendees. It was noted that Mark Bellman would be joining the meeting late, but no timescales were provided.

256.2. Note of any alternates attending meeting

None.

256.3. Record of apologies for absence

Stew Horne.

256.4. Minutes from the Last Meeting(s)

Panel Members approved the minutes from the 19 March 2020 and 27 March 2020 meetings.

256.5. Consideration of Outstanding Actions

Action PAN 04/11: Code Administrator (JO) to draft a straw person template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.

Update: Update to be provided at the June meeting.

Carried Forward – review expected June 2020.

Action PAN 03/01: National Grid (JR) to provide an update at the April Panel meeting and report any issues.

Update: DL provided a brief update confirming that the Workgroup is continuing with good attendance and that the intention is to remain with the current timescales as far as possible.

Closed

Action PAN 03/02: Joint Office (PG) to include an appendix to the Workgroup Reporting Dates and Legal Text Requests table detailing the Modification Titles.

Update: PG confirmed that the Working Reporting Dates table has been updated.

Closed

Action PAN 03/03: Joint Office (PG) to update the presentation UNC Modifications Proposed Prioritisation Process and re-issue it to Panel Members.

Update: PG confirmed that an updated document has been re-issued and that the document remains 'live'. The current status for the Modifications process is business as usual.

WG invited LK to provide an update. In response, LK stated that on 16 April 2020 Ofgem have published further guidance for energy licensees on their coronavirus response and on the immediate work priorities. He added that Ofgem work on prioritisation of UNC Modifications is on-going.

<https://www.ofgem.gov.uk/publications-and-updates/ofgem-information-energy-licensees-coronavirus-covid-19-response>

Closed

256.6. Consider Urgent Modifications

None.

256.7. Consider New Non-Urgent Modifications

None.

256.8. Existing Modifications for Reconsideration

None.

256.9. Consider Workgroup Issues

WG invited PG to introduce the short paper provided for the meeting to discuss the handling of forthcoming Final Modification Reports. In advance of the discussion of the eight Workgroup Reports under agenda item 256.10, PG asked Panel Members to consider the consultation end dates and Panel reporting month for the respective Final Modification Reports.

She suggested that an extended consultation period could be given to some Modifications to give industry more time to respond.

She proposed that Self-Governance Modifications could be issued with the standard consultation time of 15 days and those where the governance is Authority Direction could be extended to 20 days. An extended consultation period of 20 days would still allow the Final Modification Reports to be considered at the May Panel meeting albeit at short notice.

WG acknowledged that Joint Office have taken into consideration industry priorities and agreed that the proposed approach was sensible. Panel Members were also in broad agreement of this approach.

256.10. Workgroup Reports for Consideration

Stew Horne was not available to vote due to absence from the meeting. Stew Horne had informed the UNC Modification Panel Chair that he would be unable to attend and as such his vote would not be taken.

The UNC Modification Panel Chair confirmed that Mark Bellman's vote would not be taken due to his absence from this part of the meeting. Further, his vote could not be passed to his standing alternate (Mark Jones) as Mark Jones confirmed that he had not received instructions from Mark Bellman.

Therefore, the number of votes available in relation to the Workgroup reports was 12 out of 14.

Not present votes were registered for Stew Horne and Mark Bellman.

a) Modification 0672 - Target, Measure and Reporting Product Class 4 Read Performance

In response to a question from RP, PG clarified that the governance of Modification 0672 was originally Authority Direction, as it was about reporting and measuring performance versus defined targets and applying a read incentive charge. The incentive element has now been removed.

As this Modification seeks to provide enhanced reporting and a target performance measure based on industry standard; the Workgroup have recommended that this Modification should now be classified as Self-Governance as it will not result in additional costs for Shippers.

RP asked when the UNC Modification Panel should decide on the Self-Governance status.

PG recommended that the vote on whether this Modification should be the subject of Self-Governance or Authority Direction should be taken following the consultation.

Members agreed that the consultation include a question on whether Modification 0672 should be subject to Self-Governance or Authority.

Consultation Questions:

- Consideration of the governance of this Modification.

Panel Members noted the Workgroup Report recommendations.

For Modification 0672, Members determined:

- Modification 0672 is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 15 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel (at short notice), by unanimous vote.

b) Modification 0683S - Offtake Arrangements Document (OAD) Review Updates – Phase 1

Panel Members noted the Workgroup Report recommendations.

For Modification 0683S, Members determined:

- Modification 0683S is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 07 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel, by unanimous vote.

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

Panel Members noted the Workgroup Report recommendations.

For Modification 0696V, Members determined:

- Modification 0696V is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 15 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel (at short notice), by unanimous vote.

d) Modification 0701 - Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs

Panel Members noted the Workgroup Report recommendations.

For Modification 0701, Members determined:

- Modification 0701 is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 15 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel (at short notice), by unanimous vote.

TS highlighted that the Workgroup Report includes a drafting note to highlight that whilst there are similarities with Modification 0696V, the Legal Text only addresses the solution as set out in Modification 0701.

SM reinforced this confirming that the Legal Text for Modifications 0696V and 0701 has been produced at different times and by different Legal Text Providers.

WG questioned if this was as sensible approach. RP clarified that the Legal Text was not provided by the same Transporter as Modification 0701 had not been agreed as an alternative to Modification 0696V.

It was suggested that the consultation documents make clear the reasons for the differences in the Legal Text.

e) Modification 0704S - Review of Transporter Theft Reporting

Panel Members noted the Workgroup Report recommendations.

For Modification 0704S, Members determined:

- Modification 0704S is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 07 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel, by unanimous vote.

f) Modification 0708S – Re-ordering of the UNC in advance of Faster Switching

DL acknowledged that whilst Northern Gas Networks (NGN) have made every effort to provide industry with an opportunity to review the Legal Text this had not happened despite three separate meetings being arranged by the Joint Office. He suggested that a further opportunity be provided for a Workgroup discussion to avoid a possible Ofgem send-back.

TS reminded the UNC Modification Panel that the Modification does not require a change to the UNC but results in a change to the order. In addition, a communication to industry sent out by Joint Office on behalf of NGN had not resulted in any concerns being raised.

PG added that the Workgroup Report highlights the low industry engagement and participation at Workgroup meetings.

Panel Members noted the Workgroup Report recommendations.

For Modification 0708S, Members determined:

- Modification 0708S is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 07 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel, by unanimous vote.

g) Modification 0714 - Amendment to Network Entry Provision at Perenco Bacton terminal

AR explained that whilst the Proposer has now recommended Self-Governance there was mixed views in the Workgroup. Panel will be asked to decide next month on the governance of the Modification following the suggestion made by the Proposer.

The Workgroup have asked for more time to finalise the Workgroup report and to allow discussion of operational details and discussion with third parties.

DL added there will need to be discussion between National Grid and the Health and Safety Executive in the context of their Safety Case which may require Authority Direction as the governance route.

Panel Members noted the Workgroup Report recommendations.

For Modification 0714, Members determined:

- It should be referred back to Workgroup 0714 for further assessment, with a report by the 21 May 2020 Panel, by unanimous vote.

h) Modification 0715S - Amendment of the Data Permission Matrix and UNC TPD Section V5 to add Electricity System Operator (ESO) as a new User type

Panel Members noted the Workgroup Report recommendations.

For Modification 0715S, Members determined:

- Modification 0715S is not related to a Significant Code Review by unanimous vote.
- It should be issued to consultation with a close out date of 07 May 2020, by unanimous vote.
- To be considered at 21 May 2020 Panel, by unanimous vote.

256.11. Consideration of Workgroup Reporting Dates and Legal Text Requests

Members determined unanimously to extend the following Workgroup reporting date(s), recorded here with some additional data:

Modification number and title	Original Panel reporting date	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/ Comments
0697S - Alignment of the UNC TPD Section V5 and the Data Permissions Matrix		May	July	Version 4 of the proposal received on 31 March and has not yet been reviewed at Workgroup. Addition time required to stabilise the proposal, obtain and review legal text and draft Workgroup Report

There were no requests for Legal Text.

Legal Text Requests for Modifications
None

256.12. Consider Variation Requests

None.

256.13. Final Modification Reports

Mark Bellman joined the meeting. As such, he was able to vote on the Final Modification Reports.

Votes held for the Final Modification Reports were 13 out of 14 Panel Members (with one Panel member not present)

a) Modification 0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

PG highlighted that of the 11 representations received, 3 supported implementation, 1 provided comments and 7 were not in support. She asked Panel Members to consider the issues raised through the representations by providing a series of questions to aid the discussion

WG suggested that serious consideration needs to be given as there was a lot of responses not in support of the proposal.

Panel Members discussed the issues agreeing that the representations had raised new issues and that Workgroup be asked to address the following areas:

- The costs and benefits – more clarity was needed on the cost of the solution
- Issues were raised in representations about the potential impact on operation processes, is there evidence or information available to clarify this view.

- Remote meter readings – consider if there any impacts?

ER sought clarification on what was required in relation to costs and benefits, highlighting that the Rough Order of Magnitude had been completed and there had been a full discussion at Workgroup. It was suggested that Joint Office and ER liaise to discuss the points raised by the representations to clarify if the issues raised have an impact on the ROM or delivery of the change.

Panel Members also discussed if parties should provide any evidence to support their consultation responses and agreed that whilst Panel Members might be persuaded by anecdotal evidence that there is no requirement for providing evidence. It is the role of Workgroup to consider and address any new issues raised through representations.

Panel discussion: see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0664>

Panel Members then determined:

- That there were new issues requiring a view from Workgroup, by unanimous vote.
- That Modification 0664 should be returned to Workgroup for further assessment, with a report by the 16 July 2020 Panel, by unanimous vote.

b) Modification 0712S - Amending the oxygen content limit in the Network Entry Agreement (NEA) at the St Fergus SAGE plant

PG apologised that the Final Modification Report had been omitted off the agenda due to a Joint Office oversight and asked Panel Members if they were willing to consider the item at short notice, over the lunchtime break. WG extended the lunchtime break to allow appropriate reading time for Panel Members

Panel Members agreed to consider the Final Modification Report at short notice.

Panel Members briefly discussed and noted that if more gas quality changes are allowed at other entry points, then the average oxygen content across the network may cumulatively increase over time.

WG asked what mechanisms were in place to monitor this.

DL suggested that similar modifications would be considered on a case by case basis and with further analysis required at the time.

Panel discussion: see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0712>

Panel Members then determined:

- That there were no new issues requiring a view from Workgroup, by unanimous vote.
- That Modification 0712S was not related to a Significant Code Review, by unanimous vote.
- To implement Modification 0712S, by unanimous vote (13 out of 13).

c) Modification 0713S - Amendments to TPD V3.1.7 Independent Assessment table

Panel discussion: see the Final Modification Report published at:
<https://www.gasgovernance.co.uk/0713>

Panel Members then determined:

- That there were no new issues requiring a view from Workgroup, by unanimous vote.
- That Modification 0713S was not related to a Significant Code Review, by unanimous vote.
- To implement Modification 0713S, by unanimous vote (13 out of 13).

256.14. AOB

a) Self-Governance Criteria – Guidance Review

PG reminded Panel Members that the annual review of the Self-Governance was due and asked Panel Members to review the criteria and provide comments for discussion at the next meeting. Comments should be provided by 14 May 2020.

b) Panel Feedback

WG led a short discussion on the performance of the videoconferencing facilities given the audio difficulties experienced at this meeting and previously. She encouraged Joint Office to consider the use of Microsoft Teams.

PG reported that Joint Office have actively explored the use of other platforms including Microsoft Teams which has been used for some Committee meetings. However, there are some technical issues that Joint Office are working through.

c) Update from Distribution Workgroup Meeting to discuss COVID-19 impacts and issues

BF provided an update from the Distribution Workgroup meeting held on 14 April 2020 to discuss the impacts and issues in relation to COVID-19. He explained that there was a positive commitment from industry to consider the options to reduce the impacts of changes in gas demand across the various markets and in particular those related to the small/medium enterprise market where demand has dropped off and larger industrial customers where production increases might impact their booked system capacity.

Xoserve presented several short-term and long-term options with the key focus being on the short term and what could be addressed immediately.

He added that as a result, Northern Gas Networks have indicated an intention to raise two urgent Modifications and Xoserve have also provided further proposal for discussion.

WG asked Panel Members to consider what needs to be done in the context of the impact in the next 1-2 months, 6 months and longer term.

She invited DA to provide further information of the options.

DA clarified that Xoserve are focusing on changes that can be done immediately and which do not require system changes but could be reconfiguration of existing processes. Three options have been identified:

- Isolation Flag - Allow Users to set the Supply Meter Point to Isolated in UK Link systems during lockdown, where the Shipper knows that little or no gas is being used, but without having to do any physical work to disable the supply.
- Use of AQ Correction Process to reflect their estimate of the current annualised usage under seasonal normal conditions. Shippers can submit AQ Corrections where required. This can be used where there is a gross error in the projected 12-month consumption at a site. A short term covid-19 reason code would be added to explain why a site has stopped consuming gas or changed its usage.
- Enabling Users to send in estimated meter readings (where no actuals are available).

TS provided a brief overview of the two NGN draft proposals in response to covid-19. She explained that Covid-19 is causing changes of gas in the short term, both increased and decreased consumption.

The first proposal will seek to allow a Shipper User to ask the CDSP to mark a site as isolated using the central system isolation flag for sites where there is no usage, or a minimal amount of usage. This would be for a temporary period whilst the Covid-19 restrictions are in place.

NB sought clarification on whether this would be specific to Non-Daily Metered sites or also Daily Metered sites. TS indicated that it would apply to all sites.

A Panel Member highlighted that in the electricity sector changes can be made for the next day, but the governance does not allow this in the gas sector. MB also raised a concern about timeliness of solutions giving the example of an issue first raised at the Performance Assurance Committee on 24 March 2020 in relation to meter points where they can still be showing as consuming even where usage has dropped by 80%.

The second Modification being proposed by NGN is in relation to amending the ratchet charges for sites exceeding their booked capacity. This might include sites with an increased consumption for example exhibition centres being used as emergency hospitals. There will also be a process to reduce the System Offtake Quantity after the period has ended to it's pre-Covid SOQ, so the capacity increase is not enduring. Note a Ratchet Charge is an incentive charge made against Shippers/Customers who exceed their maximum system offtake quantity.

She clarified that the proposal would include a retrospective element to allow for these provisions to be backdated to 23 March 2020.

Panel Members discussed how industry parties feed in their views/concerns for these changes and what period of Workgroup development would there be if any and how long should the consultation period be given the changes are needed immediately? What should the process be?

WG asked Ofgem to provide any guidance on how industry take forward these urgent changes in the context of Covid-19.

LK suggested as much information as possible would be helpful setting out:

- The reasons for the change
- The timescales for change
- The implications for not making the change
- Implications of Ofgem not deciding.

SM suggested that industry should not be penalised for doing the right thing.

WG asked Xoserve how they intend to take forward the proposed solutions discussed earlier.

DA confirmed that Xoserve are not able to raise Modifications and therefore, require an industry party to sponsor each of the proposals.

SM indicated that Gazprom will be considering sponsorship of the Xoserve proposals. RP also indicated that Wales and West Utilities have expressed interest in sponsoring the Modification proposal in relation to the 'Roll over' of the Formula Year AQ effective from 1st April 2020 (FY 2020/21) to also be effective for FY2021/22.

A general discussion was held on how urgent Modifications can be taken forward in a crisis. SM suggested that lessons should be learned from this experience and consideration should also be given to the extension of powers to allow agile solutions to be implemented.

RK suggested the Modifications include some way of monitoring and analysing the application of these measures.

DA indicated that it may be possible to report on trends.

TS cautioned against making the Modification proposals too complex as this may conflict with being responsive to the change needed.

d) Update from BSC Panel Meeting

MB provided a brief update from the recent BSC Panel Meeting about the expected changes in relation to wrongful trading. Following the discussion of an Elexon briefing paper in relation to credit defaults it was confirmed that no changes are required. It was considered that the obligations can be met in a flexible manner with no impact to Panel Member indemnities. He suggested that the Energy Balancing Credit Committee might also want to consider this issue.

256.15. Date of Next Meeting

BF suggested that it would be helpful if Panel Members could provide their availability to attend an extraordinary UNC Modification Panel meeting over the next two weeks to review Final Modification Reports for any Urgent Modifications that are received in relation to COVID-19 impacts and issues.

The date of the next meeting is 09:30, Thursday 21 May 2020, by teleconference.

Action Table (16 April 2020)						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 04/11	21/11/19	250.11	Code Administrator (J O) to draft a straw man template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.	Joint Office (PG)	Carried Forward	June
PAN 03/01	19/03/20	254.10e	New Action PAN 03/01: National Grid (JR) to provide an update at the April Panel meeting and in particular report any issues.	National Grid (JR)	Closed	April
PAN 03/02	19/03/20	254.11	New Action PAN 03/02: Joint Office (PG) to include an appendix to the Workgroup Reporting Dates and Legal Text Requests table detailing the Modification Titles	Joint Office (PG)	Closed	April
PAN 03/03	27/03/20	255.5b	Joint Office (PG) to update the presentation UNC Modifications Proposed Prioritisation Process and re-issue it to Panel Members.	Joint Office (PG)	Closed	April