

UNC Modification Panel
Minutes of Meeting 285 held on
Wednesday 12 January 2022
via teleconference

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) Corona Energy D Morley (DMo) Ovo Energy M Bellman (MB) ScottishPower Oorlagh Chapman (OC) Centrica R Fairholme (RF) Uniper S Mulinganie (Gazprom Energy)	H Ward (HW) Energy Assets (until 12noon) D Lond (DL) National Grid NTS D Mitchell (DM) SGN G Dosanjh (GD) Cadent R Pomroy (RP) Wales & West Utilities T Saunders (TS) Northern Gas Networks	S Hughes (SH) Citizen's Advice

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	A Ryan (AR)	(None)

Also, in Attendance:

- C Aguirre (CA), Pavilion
- C Caple (CC), E.On
- E Rogers (ER), Xoserve - CDSP Representative
- G Evans (GE), Waters Wye Associates
- H Moss (HM), Cornwall Insight
- H Seaton (HS), Ofgem
- J Semple (JS), Ofgem
- K Elleman (KE), Joint Office
- L Hellyer (LH), Total Gas & Power

P Garner (PG), Joint Office

R Hailes, (RH), Joint Office

Record of Discussions

285.1 Introduction

The UNC Modification Panel Chair (WG) welcomed all attendees to the Extraordinary Panel meeting, explaining that the meeting has been arranged to discuss three Final Modification Reports. The Panel Chair agreed to hold H Ward's vote after 12noon if needed, acting on her written instructions for voting positions.

285.2 Note of any alternates attending the meeting

H Ward on behalf of A Travell, BU UK

S Mulinganie on behalf of E Proffitt, MEUC

285.3 Record of apologies for absence

A Travell, BU UK

E Proffitt, MEUC

285.4 Consider Final Modification Report

a) 0791 (Urgent) - Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0791>.

- Modification 0791 (Urgent) recommended to be implemented, by majority vote (13 out of 14).

b) 0687V – Creation of new charge to recover Last Resort Supply Payment

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0687>.

The Ofgem representative, (Andrew Ryan) noted that the industry faces an unprecedented level of Supplier of Last Resort (SOLR) claims, with current figures showing £1.8bn cost to be recovered in transportation charges. He stated that Ofgem is considering how best should these be recovered, noting that without intervention the status quo is that these costs would fall on both market sectors. Ofgem recognised this, by deciding to grant Urgency for Modification 0797 and is working to determine a decision as to which Modification is best between 0687V and 0797 (Urgent). Ofgem will take the reservations expressed by Panel Members and consultation respondents into account. The Ofgem representative recommended that parties could send in any further concerns, to the Authority directly.

RH clarified that the Ofgem letter granting Urgency for Modification 0787 (23 December 2021) states *"We consider this proposal to be an alternative to UNC0687, and hence*

we would encourage the Final Modification Report (FMR) on this proposal to come to Ofgem for decision at the same time as the FMR for UNC0687”.

Therefore Modifications 0797 and 0687V are alternatives, as directed by Ofgem, this limits what Panel is able to decide for progress of Modification 0687V.

To date a combined report has not been published for Modification 0797 and 0687V as this was not requested by Ofgem.

The Ofgem representative confirmed that Modification 0687V and 0797 (Urgent) are mutually exclusive and Ofgem considered them to be alternatives and is thus expecting the two Modifications to be returned to Ofgem for a Panel recommendation today, 12 January 2022.

Panel Members noted that British Gas had queried in their consultation response whether Modification 0795 is also an Alternative Modification to 0797 and 0687V (as it appears from the Legal Text to be mutually exclusive). Panel Members briefly discussed this and concluded that progress on Modification 0795 would be dependent on the outcome (Ofgem final decision) of Modification 0687V and Modification 0797.

Panel Members did not consider whether Modification 0795 was an alternative.

Panel Members noted the additional actions carried out by the Joint Office, when Modifications 0687V and 0797 (Urgent) were sent to Consultation. The Modification Panel believed that the actions of the Joint Office, had led to a good level of stakeholder engagement.

The Ofgem representative confirmed that the SOLR costs to be recovered from the gas sector in 2022/23 will be allocated exclusively to domestic customers, should Ofgem approve Modification 0687V or 0797.

The Ofgem representative indicated that the Authority is aiming for publication of its decision on Modifications 0687V and 0797 (Urgent) on 20 January 2022.

- Modification 0687V recommended to be implemented, by majority vote (11 out of 14).

c) 0797 (Urgent) - Last Resort Supply Payments Volumetric Charges

Panel Members noted the Ofgem comments for Modification 0687V above.

Panel Members discussed a variety of Legal Text queries which had been highlighted in several Consultation responses.

NGN stated that as Legal Text Provider, they have considered the challenges to the Legal Text from several Consultation Respondents and consider that the Legal Text is fit for purpose. Any further clarifications can be made through additional new Modifications, if required.

Panel Members asked the Joint Office to send a list of these Legal Text queries to Ofgem.

PAN 2201/01: Joint Office (RH) to send a list of Legal Text queries which had been highlighted in several Consultation responses for Modification 0797 to Ofgem for their information.

Panel Members concluded that additional action needs to be taken to more proactively manage modifications with Ofgem and will discuss this further at their next meeting.

Panel Discussion: see the **Final Modification Report** published at: <https://www.gasgovernance.co.uk/0797>.

- Modification 0797 (Urgent) recommended to be implemented, by majority vote (13 out of 14).

When requested to provide a preference on which Modification better furthers the Relevant Objectives, Panel Members wished to note that the preference vote assumed that both Modifications could be fully implemented by 01 April 2022.

Panel Members were requested to provide a preference on which Modification better furthers the Relevant Objectives:

- Panel Members considered, should one of the Modifications be implemented, the one which better facilitated the Relevant Objectives was Modification 0797 (Urgent) rather than Modification 0687V.
Modification 0797 (Urgent) received 3 preference votes in favour (out of a possible 14),

285.5 AOB

None.

285.6 Date of Next Meeting

10:00, Thursday 20 January 2022, by teleconference