

**UNC Modification Panel Minutes**  
**Meeting 303 held on Thursday 19 January 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
<b>Voting Panel Members:</b>		
<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
D Fittock (Corona Energy) D Morley (OVO Energy) M Bellman (Scottish Power) O Chapman (OC), Centrica R Fairholme (RF), Uniper S Mulinganie (SM), SEFE Energy	A Travell (AT), BUUK S Hardman (SHa) for D Mitchell (DMi), SGN G Dosanjh (GD), Cadent J Bates (JB), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	E Proffitt (EP), Major Energy User's Council S Hughes (SH), Citizens Advice
<b>Non-Voting Panel Members:</b>		
<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
W Goldwag (WG), Chair	J Semple (JS)	(None)
<b>Also, in Attendance:</b>		
E Rogers (ER), Xoserve - CDSP Representative; H Cuin (HCu), Joint Office; H Moss (HM), Cornwall Insight; K Elleman (KE), Joint Office; P Garner (PG), Joint Office; R Hailes (RHa), Joint Office; S Ruane (SR), National Grid NTS; T Lattimore (TL) Gemserv		
Copies of all papers are available at <a href="https://www.gasgovernance.co.uk/Panel/190123">https://www.gasgovernance.co.uk/Panel/190123</a>		

**Record of Discussions**

**302.1. Introductions**

The UNC Modification Panel Chair, W Goldwag (WG), welcomed all attendees and discussed a recent meeting of the independent chairs of the code bodies. She informed the UNC that she had requested that others should consider whether they would like to volunteer to take over as Chair and to provide the admin for this informal group.

M Bellman (MB) wished to note to the UNC Modification Panel that he was no longer working for Scottish Power but wished to remain a member for the UNC Modification Panel, Energy Balancing Credit Committee (EBCC) and Balancing Settlement Code (BSC) Credit.

MB clarified that he believed all three memberships that he was nominated for by Scottish Power, are representing the wider industry's interests and not representing the company he was employed by. MB confirmed that Scottish Power are informally aware of his intention to retain his current memberships.

Panel members considered the ability to retain a membership within the current rules. S Mulinganie (SM) confirmed that the retirement of User Representatives had been considered previously, and the outcome of this was to focus on any conflict of interest as opposed to a member's employment status.

SM did express concern about retaining the membership for the EBCC due to the sensitivity of the information provided to members and asked for this to be considered further. MB wished to understand the specific concerns relating to the EBCC. It was agreed this was not within the UNC Modification Panel's remit to make a decision and this needed further consideration by the UNCC and EBCC.

It was agreed that National Grid NTS, would consider the retainment of the BSC Credit membership. J Bates (JB) agreed to raise this with the appropriate forum.

It was suggested and agreed that prior to each UNC Panel meeting MB should be asked to confirm if there has been a change in his status which meant there would be a conflict of interest.

### **302.2. Note of any alternates attending the meeting**

S Hardman on behalf of D Mitchell  
O Chapman on behalf of D Morley

### **302.3. Record of apologies for absence**

D Mitchell, SGN  
D Morley, Ovo Energy

### **302.4. Minutes of the last meetings 07 & 15 December 2022.**

Panel Members approved the minutes from 07 & 15 December Panel meeting, having noted an incorrect Modification Title for Modification 0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes within 15 December minutes item 302.12 (c).

### **302.5. Review of Outstanding Action(s)**

**PAN 12/01:** Joint Office (RHa) to request a view from Ofgem on dual governance in relation to Request 0828R - Introduction of an Independent Shrinkage Expert.

**Update:** R Hailes (RHa) advised that a response had been received and circulated to Panel Members on Ofgem's view on whether Request 0828R would be a good use of industry time given the possible licence interactions. Ofgem have conveyed that it is up to the Proposer and Workgroup to consider the licence interactions as part of the development of any Modification. Ofgem's Decision Letter for Modification 0764 was referred to setting out that the licence takes precedence over the UNC. **Closed.**

### 302.6. Consider Urgent Modifications

- a) None.

### 302.7. Consider Variation Requests

- a) None.

### 302.8. Final Modification Reports

#### a) Modification 0811S - Shipper Agreed Read (SAR) exceptions process

RHa presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0811>

RHa summarised that this Modification would provide a remedy for SARs that have failed to be progressed (exceptions) within a reasonable period to be proactively managed by the Central Data Services Provider (CDSP).

Panel Members considered the representations made noting that implementation was unanimously supported in the 4 representations received.

RHa wished to note that although this was a Self-Governance Modification, and could be implemented after 16 days, this Modification would be implemented later in the year based on the Change Management Committee November 2023 UK Link major release.

Panel Members considered relevant objective *d) Securing of effective competition between Shippers and/or Suppliers*, agreeing that the Modification would enable the remedy of Shipper Agreed Read exceptions which ensures that energy is correctly reconciled between parties.

Panel Members considered relevant objective *f) Promotion of efficiency in the implementation and administration of the Code*, agreeing this Modification would enable Shipper Agreed Reads to be actioned in a timely manner.

S Hughes (SM) wished to understand what the implications are for the Performance Assurance Committee (PAC), RHa clarified PAC will consider additional reporting if there was deemed to be a risk to settlement and update PARR if necessary.

T Lattimore (TL) noted there may be a cross code impact for the IGT UNC confirming a thorough review will be undertaken of any cross references.

For Modification 0811S, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted unanimously to implement Modification 0811S (14 out of 14).

#### b) Modification 0815S - DSC Committee Quoracy

RHa presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0815>

RHa summarised that this Modification would enable amendment to the minimum quoracy requirements for Data Services Contract (DSC) Committees for Shippers

from three to two in line with the Uniform Network Code (UNC) Modification Rules for the Modification Panel and UNC Committee.

Panel Members considered the representations made noting that implementation was unanimously supported in the 4 representations received.

Panel Members considered relevant objective f) *Promotion of efficiency in the implementation and administration of the Code*, agreeing that the Modification reduces the risk of DSC Committee meetings of not being quorate which could impact the governance of the DSC arrangements and associated DSC Change process.

SH expressed some concern about having fewer Shipper representatives and that this could have a negative impact on the governance process. The counter perspective, noting this Modification would bring Shipper quoracy requirements in line with other committees, was explained and that there is a risk that change decisions could be delayed if quoracy requirements are not met. SH suggested that the consistent quoracy requirements across meetings for two Shipper representatives was set too low. It was challenged that with the number of Shippers/Suppliers exiting the market that it would be unrealistic in the current climate to increase the need for Shipper attendance to all UNC meetings.

SH requested clarification if quoracy would be require the presence of two Shippers. KE clarified two Shippers would need to be in attendance representing three different Shipper Classes.

For Modification 0815S, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had no Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted by majority to implement Modification 0815S (13 out of 14).

**c) Modification 0827S - Amending the Unsecured Credit Table in TPD V3 to reflect the removal of Graydons and insertion of Creditsafe**

RHa presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0827>

RHa summarised that this Modification would update the Unsecured Credit Rating Table within TPD V3.1.7 to bring into effect the change from Graydon to Creditsafe and reflect the new Creditsafe ratings.

Panel Members considered the representations made noting that implementation was unanimously supported in the 4 representations received

Panel Members considered relevant objective f) *Promotion of efficiency in the implementation and administration of the Code*, agreeing that replacing Graydons with Creditsafe will allow Users continued access to Unsecured Credit assessment via a choice of 3 Credit Agencies.

TL confirmed that there will be some cross code impacts for the IGT UNC to consider.

For Modification 0827S, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted unanimously to implement Modification 0827S (14 out of 14).

### 302.9. Consider New, Non-Urgent Modifications

#### a) Modification 0834 - Inclusion of the “Process for the Update and Retention of Shared Site Drawings” as a Subsidiary Document within the Offtake Arrangements Document.

S Ruane (SR) presented the Modification, explaining that it seeks to add a process for the Update and Retention of Shared Site Drawings, to the list of Offtake Subsidiary Documents set out in Section N of the Offtake Arrangements Document. This will allow for the uniformity for the management of shared drawings and provide an appropriate governance framework around future changes. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0834>.

The Modification was proposed as Self-Governance with a Workgroup Assessment which should conclude within 3 months.

Panel agreed to a 3-month assessment period at the Offtake Arrangements Workgroup reporting back April 2023. It was noted that this Modification could report back sooner if the Workgroup Report is concluded early.

M Bellman (MB) enquired about the implications if this Modification was not made. SR explained that this would introduce a control mechanism to manage site drawings accurately, with a uniformed approach. SR further explained if a site user incorrectly updates a drawing this could result in a safety risk.

J Bates (JB) explained that the drawings are used for operational plans, the importance of accuracy is critical when working in dangerous locations.

MB enquired about other LDZ issues and if there is an opportunity within the Modification to consider metering impacts. It was agreed with the need to consider safety not to extend the scope of this Modification.

SM wished to understand the impact on Shippers and the presumption that the change would only impact Transporters. It was suggested that the Terms of Reference should be modified for the Workgroup for Transporter input only with an additional Panel Question to ensure if any impact is identified, Shippers will be invited to participate in the Workgroup discussions.

#### Panel Questions:

1. Consequential impact on Shippers to be considered.

For Modification 0834 Members determined (with 14 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance is 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 (14 out of 14).

- Modification 0834 issued to Workgroup for 3 months with a report to be presented to the 20 April 2023 Panel, by unanimous vote (14 out of 14).

### 302.10. Existing Modifications for Reconsiderations

J Semple (JS) confirmed there had not been a recent update to the estimated decision dates timetable published at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>.

However, JS wished to note a due diligence exercise has been undertaken for Urgent Modification 0814 - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector, and thanked parties for their patience.

T Saunders (TS) confirmed that an implementation date for Modification 0701 - Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs, would be provided shortly.

### 302.11. Workgroup Issues/Updates

None.

### 302.12. Workgroup Reports for Consideration

#### a) Modification 0818 - Releasing of unused capacity under a specific set of circumstances

RHa introduced the Workgroup Report summarising that this Modification would release unused capacity where a site meets a specific criterion. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0818>.

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation.

S Hughes (SH) enquired about the definition of a capacity constraint. It was clarified that there is no definition for a constraint. It was explained that this Modification is centred around releasing capacity when/where capacity is available which has been booked but is not being used.

E Proffitt (EP) expressed concern about raising a Modification for the benefit of a single site. TS confirmed that the Workgroup had considered there would be a limited number of sites falling into the scope of this Modification to free up capacity which could be used elsewhere. TS further explained the Modification will limit the functionality to a specific number of sites. MB asked if a change in gas usage could result in additional sites being included within the scope. Members further considered the magnitude of the change and if this was proportionate. It was agreed to include a number of additional consultation questions for parties to consider within their responses.

Panel Questions:

Q1. Do you have comments on the Modification's impact on, as yet, unidentified sites in future.

Q2. Is the magnitude of the change proportionate to the need?

Q3. Do you have comments on the mechanism by which the capacity of an end-user consumer could be reduced?

For Modification 0818, Members determined (with 14 Panel votes available):

- The Modification should be issued with a 25-day consultation, and considered at the 16 March 2023 Panel, by unanimous vote (14 out of 14).

**b) Modification 0832S - Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs**

RHa introduced the Workgroup Report summarising that this Modification seeks to improve Ascending Clock Auctions for IP Capacity by providing additional flexibility to change the percentage of the Reserve Price used to determine the NTS large price step when it is deemed appropriate to do so. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0832>.

J Bates (JB) provided an overview of the Modification, including the process for setting reserve prices and the risk of rapid price changes which can have an impact on auction participation.

SH expressed concern about the level of information within this particular Workgroup Report and that this may cause some difficulty for parties to form a response with the level of Workgroup scrutiny provided.

Panel Members considered the Workgroup Report recommendation, that this Self-Governance Modification should proceed to Consultation. There were no additional Panel Questions.

For Modification 0832S, Members determined (with 14 Panel votes available):

- The Modification should be issued with a 20-day consultation, and considered at the 16 March 2023 Panel, by unanimous vote (14 out of 14).

**302.13. Modification Reporting**

**Workgroup Extension Requests**

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0829S - Updates to the Supplemental Agreement Amendments Process	February 2023	May 2023	3-month extension

**Legal Text Requests:**

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

Legal Text Requests for Modifications	Accepted
0832S - Introducing additional flexibility to change the NTS large price step for Ascending Clock Auctions at IPs	Yes

**302.14. AOB**

**a) Urgent Modification Analysis**

KE confirmed that following feedback on the use of the Urgent Modification process, the Joint Office wished to share some analysis.

KE confirmed that 24 Urgent Modification have been raised since 01 October 2019, providing a breakdown of the proposers. Of the 24 Urgent Modification, 15 had been implemented, 7 had been rejected, 1 withdrawn and 1 awaiting Ofgem decision (0814). The average consultation period from 01 October 2021 to date was 6 days noting some consultation periods was limited to 1 day.

G Dosanjh (GD) noting an Ofgem decision had not been provided for Urgent Modification 0814 - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector, challenged whether this should have been classified as Urgent. J Bates (JB) explained the timing of the Modification and the small opportunity window to increase flows for Winter 2022/23. JB clarified at the point in time the Modification was Urgent for the upcoming winter period but there would be benefit to the market for winter 2023/24, if implemented.

JB wished to note that National Grid raise Modifications on behalf of the industry. Taking into account there have been several licence changes, COVID-19 related Modifications and changes to implement Government led assistance measures, if the level of Urgent Modifications raised by National Grid was acceptable.

Dan Fittock (DF) believed the number of National Grid Urgent Modifications is inappropriate, challenging if the Urgent Modification process was still fit for purpose.

SH wished to note that the vast majority of Urgent Modifications raised are accepted as Urgent by Ofgem. It was suggested however, that some Urgent Modifications could have been avoided with better planning and earlier engagement. SH believed earlier engagement would be possible if the industry becomes comfortable with accepting Modifications without needing a fully worked up solution. RHa highlighted this is possible through the Request route. It was reiterated that some Urgent Modifications could have been circumvented.

R Pomroy (RP) highlighted that some corrective Modifications have been raised, suggesting the Urgent Modification process may not be working well, and that there may be some benefit reviewing elements of the process with a review to having minimum consultation periods, as one-day consultations are difficult to manage.



T Saunders (TS) believed there was a basic approach when deeming the requirement for an Urgent Modification, dependent on either, identifying an issue considered to needing quick correction or an Urgent “timing” issue has arisen.

P Garner (PG) noting Ofgem set the Urgency Criteria, encouraged early engagement with the industry. PG highlighted that Urgent Modifications, with very limited consultation periods, can be perceived as poorly planned or intentional to limit engagement.

R Fairholme (RF) in support of the points being raised suggested an opportunity is being missed to pre-engage with the UNC Modification Panel to provide a view on urgency.

J Semple (JS) explaining that Ofgem consider each urgency request on its own merits and noting that longer consultation periods are preferred, and requested parties consider planning ahead to avoid the use of Urgent Procedures.

**b) Code Reform**

WG provided the UNC Panel an opportunity to discuss the Code Reform consultation and if there were any views members would like to discuss.

PG confirmed that a response will be provided from the Joint Office and JGAC members will be responding separately.

SH asked if there were any views from Panel on merging the UNC and IGT UNC.

PG believed code consolidation was the way forward and was supportive of this, however, there needs to be consideration around the engagement, the funding of the associated costs and the licencing arrangements.

SM believed broader policy issues also need to be considered, that play into this, particularly Hydrogen. SM believed the consultation on Code Reform could have been timed better to avoid the Christmas holidays and that to encourage a responsive debate, the period for consultation should have been longer.

DF in support of consolidation and harmonisation noted that confidence in the energy market is at an all-time low, and there is a need to consider the impacts of any change to the consumer.

The varying extent of the costs associated with managing the different energy codes was briefly compared. PG highlighted there will be a significant impact on costs for the gas industry, fully funded by the Transporters to meet Ofgem’s requirements.

The split/separation between individual codes, along with the separation of code documents, consolidation and the evolution of code managers was discussed. RF was keen for Ofgem to undertake a cost benefit analysis, to evaluate what extra value could be achieved. It was challenged “what is wrong with the current gas model?”

WG asked Panel to consider if they wish to submit a response and to consider requesting an extension to the consultation period.

**c) Face-Face Panel Meeting**

PG offered Panel the opportunity for a face-to-face meeting in either February or March in Solihull, asking parties to confirm their preference. It was agreed to aim for a meeting in February.

**302.15. Date of Next Meeting(s):**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	New Mod Deadline	Venue
10:00 Thursday 16 February 2023	5pm Friday 03 February 2023	Solihull / Microsoft Teams
10:00 Thursday 16 March 2023	5pm Friday 03 March 2023	Teleconference / Microsoft Teams
10:00 Thursday 20 April 2023	5pm Friday 07 April 2023	Teleconference / Microsoft Teams

**Action Table**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
<b>PAN 12/01</b>	15/12/22	302.11 (a)	Joint Office (RHA) to request a view from Ofgem on dual governance in relation to Request 0828R - Introduction of an Independent Shrinkage Expert.	Joint Office (RHA)	January 2023	<b>Closed</b>