

UNC Modification Panel Minutes
Meeting 307 held on Thursday 18 May 2023
via Microsoft Teams

Attendees		
Voting Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) Corona Energy and on behalf of Steve Mulinganie (SM) D Morley (DM) OVO Energy and on behalf of O Chapman (OC) and M Bellman (MB) O Chapman (OC) Centrica and on behalf of D Morley (DM) and M Bellman (MB) R Fairholme (RF) Uniper	Charlotte Gilbert (CG) on behalf of A Travell (AT) BUUK D Mitchell (DMi) SGN G Dosanjh (GD) Cadent C Williams (CWi) on behalf of J Bates (JB) National Gas Transmission R Pomroy (RP) Wales & West Utilities and on behalf of T Saunders (TS) Northern Gas Networks	E Proffitt (EP) Major Energy User's Council S Hughes (SH) Citizens Advice
Non-Voting Panel Members:		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG) Chair	J Semple (JS)	None
Also, in Attendance:		
Joint Office	Observers	
K Elleman (KE) Mike Berrisford (MiB) R Hailes (RH) P Garner (PG)	A Stankiewicz (AS) National Gas Transmission E Rogers (ER) Xoserve/CDSP J Lomax (JL)	P Brennan (PB) WatersWye P Lucas (PL) National Gas Transmission
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/180523		

Record of Discussions

307.1. Introductions

The UNC Modification Panel Chair, W Goldwag (WG), welcomed all attendees.

307.2. Note of any alternates attending the meeting

C Gilbert on behalf of A Travell

C Williams on behalf of J Bates
D Fittock on behalf of S Mulinganie
D Morley on behalf of O Chapman and M Bellman
O Chapman on behalf of D Morley and M Bellman
R Pomroy on behalf of T Saunders

It was noted that at some point D Morley and O Chapman would be absent from the meeting at separate times. When in attendance O Chapman was alternate for MB and during her absence D Morley was the alternate for MB. They were both alternates for each other during each of their absences.

307.3. Apologies for Absence

A Travell
J Bates
S Mulinganie
T Saunders

307.4. Minutes of the last meeting 20 April 2023.

The change marked amendments to the minutes that had been requested by Ofgem were presented and approved. P Garner (PG) pointed out that the first Ofgem Code Managers Selection Workshop would be taking place later in the day.

Thereafter, the previous meeting minutes were approved.

307.5. Review of Action(s) and Issue(s)

0301: Ofgem (JS) to confirm the process ([for Pre v's Non Pre-Payment](#)) going forward for assessing Modifications and the need to consider equity.

Update: When J Semple (JS) advised that Ofgem are trying to obtain clarity around potential Transporter Licence aspects and would hopefully be able to provide an update at the June meeting.

A request was made to expand the action description to include a reference to Pre v's Non Pre-Payment aspects.

Thereafter, it was agreed to carry forward the action. **Carried Forward**

307.6. Consider Urgent Modifications

a) Modification 0840 - Equalisation of prepayment and non-prepayment AUG factors

R Hailes (RH) advised that there had been no formal issues raised in respect of the implementation of the Modification. Panel Members considered that the subject matter of Modification 0840 should not be referred to the Distribution Workgroup and as a consequence, no further action is required.

E Rogers (ER) advised that now the Modification has been approved, with an effective implementation date of 01 October 2023, the CDSP are looking to add an additional '*For the Avoidance of Doubt*' statement within the AUG Framework Document for which they would be seeking approval at the June 2023 Uniform Network Code Committee (UNCC) meeting.

307.7. Consider Variation Requests

None.

307.8. Final Modification Reports

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

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0834>

RH summarised that this Self Governance Modification would add the 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, and that this would enable a uniformity of approach to the management of shared drawings and provide an appropriate governance framework around any future changes.

Panel Members considered the representations submitted during the Consultation noting that, of the three representations received, two supported implementation and one offered qualified support.

Panel Members agreed with respondents and the Proposer that this Modification would enable a uniformed approach to managing shared site drawings and provide an appropriate governance framework around future changes.

Responding to a question as to why Cadent had only provided Qualified Support, G Dosanjh (GD) advised that in broadly supporting the Modification, they (Cadent) had consistently stated throughout the development stages that they would have preferred the solution to also address the ‘Hazardous Area Drawings’ aspects. Accepting that this was not a view necessarily shared amongst other Workgroup participants, GD suggested that perhaps the matter would be discussed again at some point in the future with a possible UNC Modification being raised thereafter.

Panel Members agreed that this was not a new issue raised during the consultation but was one that had been discussed within, and documented by, the Workgroup. Panel Members considered the summary of the Workgroup debate, set out in the response provided by National Gas, and agreed with the conclusion that accountability for Hazardous Area Drawings was out of scope of this Proposal. Panel Members noted that Cadent may bring this matter forward for further debate in the Offtake Arrangements Workgroup.

Panel Members considered two relevant objectives:

- a) *Efficient and economic operation of the pipe-line system.*
- b) *Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.*

The views from Panel Members were captured within the Final Modification Report.

For Modification 0834S, 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 unanimously to implement Modification 0834S.

307.9. Workgroup Issues

None

307.10. Workgroup Reports for Consideration

Opening discussions, P Garner (PG) raised a concern in relation to Panel Members needing to be more mindful (and critical) of Workgroup reporting dates when initially assessing and assigning any new Modifications, and thereafter when seeking Workgroup Reporting extensions.

a) Modification 0816S - Update to AQ Correction Processes

R Hailes (RH) introduced the Workgroup Report summarising that this Modification proposes to add two further 'eligible causes' to the Annual Quantity (AQ) amendment process within TPD G2.3.21 and to prevent AQ amendments being processed where there is no change in value to the AQ. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0816>

A brief discussion then ensued around the earlier reporting date (originally targeted as July) for this Workgroup Report and whether a shortened consultation period would suffice for this Modification.

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

For Modification 0816S, Members determined (with 14 Panel votes available):

- The Modification should be issued with a standard 12-day consultation, and considered at the 15 June 2023 Panel, at short notice, by majority vote (13 out of 14).

b) Modification 0819 - Establishing/Amending a Gas Vacant Site Process

RH introduced the Workgroup Report summarising that this Modification seeks to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0819>

Discussion centred around whether a 1 month extension would be sufficient with the consensus being that perhaps 2 months would be more appropriate in this instance.

PG observed that in future more detail and justification for extension requests would help Panel to make more informed decisions.

Panel Members considered the Workgroup Report recommendation, that this Modification should be returned to Workgroup to allow further assessment.

For Modification 0819, Members determined (with 14 Panel votes available):

- The Modification should be referred back to a Workgroup for 2 months with a report to be presented to the 20 July 2023 Panel, by unanimous vote (14 out of 14).

c) Modification 0829S - Updates to the Supplemental Agreement Amendments Process

Panel Members agreed to consider this short notice item.

R Hailes (RH) introduced the Workgroup Report summarising that this Modification proposes to change the processes for updating Supplemental Agreements. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0829>

In noting that the Workgroup Report '*Implementation*' section contains a statement that refers to projects that are 'in flight' continuing to be managed under the regime under which they were originally commenced, G Dosanjh (GD) was asked for his thoughts on the matter. Responding, GD explained that unfortunately he had not been involved closely with the development of the Modification and therefore would support inclusion of a specific question within the consultation template to seek respondent's views.

A brief discussion then ensued around whether a shortened consultation period would suffice for this Modification, during which it was noted that this Modification is only really of interest to Transporters and therefore perhaps a shortened consultation would be suitable.

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. A Panel Question relating to whether there are any potential consequential issues for inflight projects to move to the new process would be added to the Draft Modification Report and supporting consultation template.

Panel Question:

Q1. Respondents to provide views if there are consequential issues for inflight projects to move to the new process?

For Modification 0829S, Members determined (with 14 Panel votes available):

- The Modification should be issued with a standard 12-day consultation, and considered at the 15 June 2023 Panel, at short notice, by unanimous vote (14 out of 14).

d) Request 0835R – Review of Gas Demand Side Response Arrangements.

RH introduced the Request Workgroup Report summarising that this had been raised to review the Gas Demand Side Response (DSR) arrangements post implementation of Modifications 0822 'Reform of Gas Demand Side Arrangements' and 0833 'Enabling DSR Market Offers to be made by Non-System Trading Transactions'. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0835>

RH advised that the Request Workgroup have requested a 10 month extension to the reporting date through to March 2024 to enable more time for subsequent 'dropout' UNC Modifications to be raised as and when required.

Panel Members considered the Request Workgroup Report recommendation, that this Request should be returned to Workgroup to allow further assessment.

For Request 0835R, Members determined (with 14 Panel votes available):

- The Request should be referred back to the Request Workgroup for 10 months with a report to be presented to the 21 March 2024 Panel, by unanimous vote (14 out of 14).

307.11. Consider New, Non-Urgent Modifications

a) Modification 0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024

The Proposer's representative, P Brennan (PB) presented the Modification, explaining that it seeks to ensure entry capacity holdings at the Easington Aggregated System Entry Point

(ASEP) can be utilised at the Rough Storage ASEP during Winter 2023/24 in the same way as they were during Winter 2022/23. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0846>

PB explained that the Modification reflects the wider energy issues being experienced by the industry as a consequence of the war in the Ukraine and is looking to 'level up' the playing field. He then went on to point out that the Modification seeks to build upon the (temporary) provisions of UNC Modification 0817, although it should be recognised that at this juncture Centrica are not 100% certain of the longer-term solution requirements.

When asked, PB confirmed that the Modification seeks to focus on the Winter 2023/24 requirements.

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in one month.

In considering whether a 1 month assessment period at the Transmission Workgroup reporting back June 2023 would be acceptable, Panel Members noted that supporting Legal Text would need to be requested (at this meeting) and delivered within an aggressive timescale. When asked for a view as to whether National Gas Transmission could provide meaningful Legal Text in such a short timeframe, C Williams (CW) responded by advising that in his opinion this would not be feasible.

P Garner (PG) suggested that a 3 month reporting period would be more appropriate for a Modification with commercially biased elements. Responding to the point, PB advised that he does not believe there are any commercial aspects involved and that physical injection of gas would commence in the near future so any provisions 'serviced' by the Modification would be needed as soon as possible.

It was noted that whilst an 'initial' 3 month reporting date could be set, the Workgroup would always be able to report back sooner if their deliberations had completed early.

When S Hughes (SH) questioned whether 3rd parties that had already booked capacity would be able to take advantage of the provisions of the Modification, PB responded by indicating that he believed they would. Panel Members requested that the Workgroup are asked to consider whether this Modification has a potential effect on competition.

PB went on to highlight that whilst the Modification only really benefits Centrica, it does avoid placing Ofgem in an awkward position in respect of making a decision around a 'single' User.

Panel agreed to a 3-month assessment period at the Transmission Workgroup reporting back 17 August 2023.

Panel Question:

Q1. Workgroup is asked to provide a view on what is the effect of this Modification on competition.

For Modification 0846 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 not met, as this Modification is likely 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).

- The Modification should be issued to Workgroup for 3 months with a report to be presented to the 17 August 2023 Panel, by unanimous vote (14 out of 14).

b) Modification 0847 – Introduction of a Minimum General Non-Transmission Services Charge.

C Williams (CWi) presented the Modification, explaining that it seeks to introduce a minimum General Non-Transmission Services Charge of 0.0001p/kWh into UNC TPD Section Y to provide consistency with other charges and provide certainty that negative or zero charges cannot happen. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0847>

CWi explained that the aim is to keep the Modification scope tight which would suggest that a 3-month assessment period would be sufficient.

CWi indicated that he is of the opinion that supporting Legal Text would be ready for consideration at the second Workgroup meeting.

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in August.

Panel agreed to a 3-month assessment period at the NTSCMF Workgroup reporting back 17 August 2023. It was noted that this Modification could report back sooner if the Workgroup Report is concluded early.

Panel Questions:

None raised.

For Modification 0847 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 not met, as this Modification is likely 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).
- The Modification should be issued a Workgroup for 3 months with a report to be presented to the 17 August 2023 Panel, by unanimous vote (14 out of 14).

c) Modification 0848 – Alignment of Entry and Exit Capacity Constraint Management Provisions.

The Proposer, P Lucas (PL) presented the Modification, explaining that it seeks to clarify in the UNC that National Gas Transmission (NGT) will apply the System Management Principles in the course of the management of an Exit Capacity Constraint. This will align the Exit Capacity arrangements with existing UNC terms relating to Entry Capacity Constraint Management, and also with the Exit Capacity release principles set out in the Exit Capacity Release Methodology Statement. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0848>

PL explained that the 'No change' option is in essence the do nothing approach whereas the favoured approach is to clarify an Exit Capacity Constraint scenario which removes ambiguity

for Users whilst aligning the Exit Capacity arrangements with UNC terms and the Capacity Release principles set out in the ExCR and SMPS.

PL indicated that he is of the opinion that supporting Legal Text would be ready for consideration at the second Workgroup meeting.

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in August although following consideration, Panel Members agreed that the Self-Governance criteria are met.

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

Panel Questions:

None raised.

For Modification 0848 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).
- The Modification should be issued a Workgroup for 3 months with a report to be presented to the 17 August 2023 Panel, by unanimous vote (14 out of 14).

d) Request 0849R - Commercial Framework Review to Enable Hydrogen Blending.

A Stankiewicz (AS) presented the Request, explaining that it seeks to review the market principles and existing commercial framework in order to assess their compatibility with blending hydrogen into the networks and explore the required amendments where necessary. Ensuring the amended regime is simple and easy to implement whilst also remaining adaptable and consistent with relevant obligation. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0849>

AS explained that the term 'DESNZ' refers to the Department of Energy Security and Nett Zero and that the proposed changes to the commercial framework aim to 'kick start' the hydrogen market.

AS went on to point out that in terms of the indicative timeline the 'Safety Evidence' would feed into the 'Policy' related decision making process. Current thinking suggests that there are blending exercises for 2, 5 and 20% ratios and any project evidence would be provided to the HSE later in 2023.

When asked whether there would be any specific issues for the Workgroup to consider, AS responded by advising that as part of the preparation and submission of National Gas Transmission's paper, high-level views on potential UNC impacts were provided.

When E Proffitt (EP) explained that his I&C contacts remain concerned about the potential impacts of hydrogen blending on their equipment and processes, AS acknowledged the point before advising that changes would need to be considered as part of any GSMR considerations.

AS suggested that smaller levels of blending should have minimal, or no impact on energy capping, and therefore billing should not be impacted, although this would also need further consideration in due course.

Panel Members considered the need for wider industry engagement including Suppliers, IGT's and other interested industry participants such as REC and Trade Associations (inc. hydrogen) etc. When Panel Members concurred that there are potential cross code impacts involved, KE advised that in her role on the Cross Code Committee she would be able to highlight the progress being made within the Request Workgroup.

A brief discussion was undertaken around an appropriate reporting timescale during which PG pointed out that this Request could, and would, involve a significant item of work (including alignment of commercial documentation) that would potentially be of interest to a wide spectrum of industry parties.

When asked, AS advised that National Gas Transmission envisages raising a related UNC Modification at some point during 2024. It was noted that the Request would ensure that the UNC provisions would not lag behind other industry developments.

Panel agreed to a 7-month assessment period reporting back December 2023. It was noted that the Request could report back sooner if the (standalone) Request Workgroup Report can be concluded early.

Panel Questions:

None raised.

For Modification 0849R Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The Request should be issued to a standalone Workgroup for 7 months with a report to be presented to the 14 December 2023 Panel, by unanimous vote (14 out of 14).

307.12. Existing Modifications for Reconsiderations

The following update was provided to the estimated decision dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0761 - Arrangements for Interconnectors with additional Storage capability	TBC
0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	20 July 2023

307.13. Modification Reporting

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel	Reason for request to change Panel

		reporting date	reporting date/Comments
0808 – Reverse Compression	June 2023	August 2023	2-month extension
0819 - Establishing/Amending a Gas Vacant Site Process (discussed above)	May 2023	July 2023	2-month extension
0825 – Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434	June 2023	August 2023	2-month extension
0835R - Review of Gas Demand Side Response Arrangements (discussed above)	May 2023	March 2024	10-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
0819 - Establishing/Amending a Gas Vacant Site Process (discussed above)	No
0844 - Enabling Direct Contractual Arrangements with Consumers for Demand Side Response	Yes
0845 - Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product	Yes
0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024	No

307.14. Any Other Business

a) User Representative Appointment Process

KE presented the User Representative appointment process timeline during which she also pointed out that the Performance Assurance Committee (PAC) membership appointment process operates subtly differently (50% appointed for 1 year and 50% for 2 years to avoid vacant seats), although for 2023 all PAC seats are up for nomination.

PG advised that the Joint Office would be engaging with industry in due course.

307.15. Date of Next Meeting(s):

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	New Mod Deadline	Venue
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10:00 Thursday 15 June 2023	5pm Friday 02 June 2023	Teleconference / Microsoft Teams
10:00 Thursday 20 July 2023	5pm Friday 07 July 2023	Teleconference / Microsoft Teams
10:00 Thursday 17 August 2023	5pm Friday 04 August 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 21 September 2023	5pm Friday 08 September 2023	Teleconference / Microsoft Teams
10:00 Thursday 19 October 2023	5pm Friday 6 October 2023	Teleconference / Microsoft Teams
10:00 Thursday 16 November 2023	5pm Friday 03 November 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 14 December 2023	5pm Friday 08 December 2023	Teleconference / Microsoft Teams

Panel Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
0301	16/03/23	305.14 d)	Ofgem (JS) to confirm the process <u>(for Pre v's Non Pre-Payment)</u> going forward for assessing Modifications and the need to consider equity.	Ofgem (JS)	June 2023	Carried Forward