

Record of Determinations: Panel Meeting, 19 April 2012

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Determination Sought
		AG	CH	CWr	AG (PB)	RF	AR	EM	JF	RCH	RH	
0399 - Transparency of Theft Detection Performance	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
0417S - Notice for Enduring Exit Capacity Reduction Applications	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
0418 - Review of LDZ Customer Charges	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0418 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the October 2012 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the October 2012 Panel
0419 - Redefining the capacity of the Specified Exit Point used in the calculation of the NTS Optional Commodity tariff	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0419 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the May 2012 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the May 2012 Panel
0420 - New Connections Interruptible loads	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures

0420 - New Connections interruptible loads	Issued to Workgroup 0420 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the October 2012 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the October 2012 Panel
0411S - Removal of the Obligation to Publish Firm Gas Monitor from the UNC	Consultation to close on 01 June - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consultation to close on 01 June 2012
0413S - DN Adjustment of notices for the reduction of Enduring Annual NTS Exit (Flat) Capacity	Consultation to close on 08 May - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consultation to close on 08 May 2012
0417S - Notice for Enduring Exit Capacity Reduction Applications	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
0379(A) - Provision for an AQ Review Audit	Is to be assessed by a new Workgroup 0421 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be assessed by a new Workgroup
	Workgroup to report by June Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup Report to the June Panel
0368 - Smoothing of Distribution Charge Variation	Workgroup to report by July Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extension to July requested
0383 - Profiling payment of LDZ transportation charges	Workgroup to report by July Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extension to July requested
0335 - Offtake Metering Error - Payment Timescales	Consideration deferred to the July Panel - Unanimous Vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer Consideration to July Panel
0335A - Significant Offtake Metering Error - Small Shipper Payment Timescales	Consideration deferred to the July Panel - Unanimous Vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer Consideration to July Panel
0399 - Transparency of Theft Detection Performance	Consideration deferred - Unanimous Vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer Consideration
0338V – Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation not recommended - with 1 vote in favour, 1 abstention and 8 votes against	X	X	X	X	X	NV	X	X	X	✓		Whether to recommend implementation

0373 – Governance of NTS connection processes	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to recommend implementation
0389VS – Simplification of points of telemetry	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0397S – Amendments to Section I of the OAD to reflect Offtake Profile Notice rules & recognition of different NTS/LDZ Offtake sensitivities	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0400S – Removal of obligation to install duplicate Telemetry Equipment	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0401S – Amendments to the provisions for agreeing pressures at the Offtakes from the National Transmission System to Distribution Networks	Not returned to Workgroup - with 1 vote in favour, 1 abstention and 8 votes against	X	NV	X	X	✓	X	X	X	X	X	Did consultation raise new issues
	Implemented - 6 votes in favour, 3 abstentions and 1 vote against	✓	NV	NV	✓	NV	✓	X	✓	✓	✓	Whether to implement
0404 – Profiling payment of LDZ capacity transportation charges for Small Shipper Organisations	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation not recommended - with 1 vote in favour, 1 abstention and 8 votes against	X	NV	X	X	X	X	✓	X	X	X	Whether to recommend implementation
0408S – Moffat and Bacton Interconnectors: Changes to Agreements to Align to UNC Modification 0195AV	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0409S – Removing the restriction on the Users' application quantity for Annual NTS Exit (Flat) Capacity	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement

KEY	In favour	Not in Favour	No Vote Cast	Not Present
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	✓	X	NV	NP
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Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total and alternate for P Broom, GDF Suez C Hill (CH), First Utility C Wright (CWr), British Gas R Fairholme (RF), E.ON UK	A Raper (AR), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Cameron-Higgs (RF), Wales & West Utilities R Hewitt (RH), National Grid NTS	

Non-Voting Members:

Independent Suppliers' Representative	Ofgem Representative	Terminal Operators' Representative	Chairman
			T Davis (TD), Joint Office

Also in Attendance:

A Miller (AM), Xoserve, B Fletcher (BF), Panel Secretary, D Mitchell (DM), Scotia Gas Networks, D Ianora (DI), Ofgem, and J Martin (JM), Scotia Gas Networks

by teleconference

M Clark (MC), ScottishPower

Record of Discussions

124.1 Note of any alternates attending meeting

A Green for P Broom (GDF Suez)
A Raper for C Warner (National Grid Distribution)
E Melen for A Gibson (Scotia Gas Networks)
R Cameron-Higgs for S Edwards (Wales & west Utilities)

124.2 Record of Apologies for absence

A Gibson, C Warner, P Broom and S Edwards

124.3 Minutes of the Last Meeting

The minutes of the last meeting were approved.

124.4 Short Notice Items

a) Modification 0399 - Transparency of Theft Detection Performance

For Modification 0399, Members determined to consider the revised Final Modification Report at short notice.

b) Modification 0417S - Notice for Enduring Exit Capacity Reduction Applications

For Modification 0417S, Members determined to consider the Workgroup Report at short notice.

124.5 Consider New, Non-Urgent Modifications

a) Modification 0418 - Review of LDZ Customer Charges

JM introduced the modification and its aims. RCH asked if the aim was to have one solution, since two are highlighted in the modification. JM confirmed that the aim was to agree a preferred solution rather than put forward alternatives.

For Modification 0418, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification could have an impact on competition between Shippers;
- Workgroup Assessment is required, with a report presented to Panel by the October 2012.

- b) Modification 0419 - Redefining the capacity of the Specified Exit Point used in the calculation of the NTS Optional Commodity tariff

RH introduced the modification and its aims. On behalf of the Authority, DI requested the preparation of legal text, and RH advised this would be prepared in time for Workgroup discussion.

For Modification 0419, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification would have a material impact on specific types of customers;
- Workgroup Assessment is required, with a report presented to Panel by May 2012.

- c) Modification 0420 - New Connections Interruptible loads

DM introduced the modification and its aims. RF asked if the qualifying threshold is likely to be lowered during development. DM advised that currently there is no intention to reduce the thresholds.

RH asked for clarification that this modification applies to DNO connections only and not NTS connections. He also asked for clarification that interruption applies to transportation contracts and not gas supply contracts.

CH asked what the interruption would be used for e.g. to meet local constraints or national emergencies. JM advised it would be for local constraints only.

Members agreed that the Workgroup should meet on the same day as the Distribution Workgroup.

For Modification 0420, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification could have a material impact on Transporters and specific types of Consumer;
- Workgroup Assessment is required, with a report presented to Panel by October 2012.

124.6 Consider Legal Text

- a) Modification - 0411S - Removal of the Obligation to Publish Firm Gas Monitor from the UNC

For Modification 0411S, Members determined that consultation should close on 01 June 2012.

- b) Modification 0413S - DN Adjustment of notices for the reduction of Enduring Annual NTS Exit (Flat) Capacity

For Modification 0413S, Members determined that consultation should close on 08 May 2012.

124.7 Consider Workgroup Issues

Workgroup Reports for Consideration

- a) Modification 0417S - Notice for Enduring Exit Capacity Reduction Applications

Members accepted the Workgroup Report and determined that Modification 0417S should proceed to consultation.

Consider Workgroup Report Dates

The Panel reviewed the work plan for modifications currently under assessment and unanimously agreed to amend the following Workgroup reporting dates:

- a) Modification 0379(A) – Provision for an AQ Review Audit.

MC advised that Scottish Power wanted to decouple this modification from Modification 0379 so that it can move forward under its own timetable. This was being requested as the modification should no longer be seen as an alternative since, in light of changes made during the assessment phase, both modifications could be implemented. Decoupling would also ensure that one is not held back by delays in developing the other.

TD advised that if Panel agree it would be appropriate to decouple the modifications, this could be achieved by creating a new Workgroup to which 0379A could be allocated. For clarity, it would also seem appropriate to give 0379A a new identifier, renumbering it as 0421.

DI indicated that it would be easier for Ofgem to make a decision if both reports could be available for consideration at the same time. While this was not an essential requirement, the potential interactions meant that this was likely to be the most efficient approach from an Ofgem perspective.

AR noted that the proposed implementation date is November, such that there is no pressing reason to decouple due to time constraints. MC responded that there is no guarantee that Modification 0379 will be completed in the same timescale as 0379(A), and so there was no certainty the implementation timetable can be achieved and no justification for delaying 0379(A).

For Modification 0379(A), Members determined:

- The modification should be issued to a new Workgroup 0421 for assessment, with a report presented to the Panel by June 2012.

- b) Modification 0368 - Smoothing of Distribution Charge Variation is to report by the July Panel.
- c) Modification 0383 - Profiling payment of LDZ transportation charges is to report by the July Panel.

124.8 Existing Modification Proposals for Reconsideration

- a) Modification 0335 - Offtake Metering Error - Payment Timescales

For Modification 0335, Members determined that consideration should be deferred until the July Panel.

- b) Modification 335A - Significant Offtake Metering Error -Small Shipper Payment Timescales

For Modification 0335A, Members determined that consideration should be deferred until the July Panel.

- c) Modification 0399 - Transparency of Theft Detection Performance

TD advised that the Final Modification Report had been amended to incorporate updated legal text. EM advised that paragraph numbering issues in the text had been addressed, references changed from Supplier to Shipper.

For Modification 0399, Members were content that no further consultation should be undertaken and determined that consideration should be deferred.

124.9 Consider Final Modification Reports

- a) Modification 0338V – Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence

The Panel Chair summarised that the UNC requires any acceding party to hold a Gas Shipper licence. This modification seeks to remove this restriction and allow any party to accede to the UNC. Further, the modification creates a new category of user – a trader user – and identifies the UNC sections that do or do not apply to this category of user.

Members noted that some UNC users may not undertake any activities that would require them to hold a Shipper licence, and consequently that accession to the UNC is the only reason why a Shipper licence is held by these parties. Members also noted that Ofgem has recognised this issue and consulted on the possibility that a Shipper licence should only be issued to parties that intend to undertake activities which require a Shipper licence to be held. Allowing parties that do not hold a Shipper Licence to accede to the UNC would therefore remove a barrier to entry,

which would be consistent with facilitating effective competition, In addition, Members noted that compliance costs could be reduced for Trader Users since the sections of the UNC that they have to comply with would be pre-defined and mean that they do not need to consider the whole UNC and identify the areas with which they need to comply. This would also be expected to offer a marginal benefit to competition.

While acknowledging the potential competition benefits, Members noted that no evidence had been presented to indicate that this is a significant barrier at present – with no indication that any party has decided not to enter the market in light of the need to hold a Shipper licence. As such, Members felt it hard to conclude that removing the requirement would facilitate the securing of effective competition. However, if Ofgem were not to issue Shipper licences to non-shipping parties, such as traders, in future, Members recognised that this would create a significant barrier to entry that would not arise if the modification were implemented.

Members also noted that implementation created the potential for a detrimental impact on competition because removing the requirement to hold a Shipper Licence would remove a level of regulatory oversight from one section of the market. The reduced oversight may mean that some regulatory checks and sanctions cannot be applied, thereby increasing market risk for all participants.

Members noted that European developments envisage the establishment of Europe wide passports that market participants would be required to hold. This could introduce a requirement for all to be licensed. Removing the requirement to hold a licence at this time when a similar requirement could be implemented shortly may be regarded as inconsistent with efficient implementation and administration of the Code as well as with compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Some Members felt that the modification is unnecessarily complex, creating fragmentation and making it more difficult than necessary to be clear with any confidence, which obligations apply to a particular party. This is detrimental to efficient implementation and administration of the Code. However, one Member emphasised that the modification had been structured in this way in order to be as clear as possible regarding the specific obligations that apply to each category User.

Members then voted and with one vote in favour and eight against implementation, did not determine to recommend implementation.

b) Modification 0373 – Governance of NTS connection processes

RF advised that there were a number of issues with the text and that a deletion had taken place in error, therefore consideration should be deferred. RH advised that the deletion was in error and that the deletion was to be reinstated.

DI requested the provision of Text and RH confirmed it would be provided to Ofgem.

The Panel Chair summarised that this modification seeks to introduce into the UNC a series of steps when a party is seeking to establish a new NTS connection. This includes standards of service that National Grid NTS is

required to meet, and defines the application fees that those seeking to connect will face.

Members noted that the definition of timescales and costs would provide increased certainty and confidence for potential NTS connectees and, as such, would be expected to facilitate development of new connections. This would in turn facilitate the development of effective competition to the extent that additional entry or exit points would either exist, or be created in a more timely fashion.

Members also felt that implementation would help to ensure all parties are treated equally, and provide transparency that this is the case. While there has been no suggestion that National Grid NTS has treated any connecting party in an unduly discriminatory manner, implementation would assist this being demonstrably the case and, as such, could be regarded as consistent with facilitating the achievement of both National Grid NTS' licence obligations and effective competition (ensuring that no shipper gains any unfair advantage).

Members recognised that National Grid NTS has undertaken to follow the newly defined process irrespective of whether this modification is implemented. However, it was argued that codifying this would ensure that there is no ambiguity regarding what is expected, and secure continuing commitment to the revised process.

Members noted that the proposed methodology for setting the application fee is based on the costs incurred by National Grid NTS and, as such, is consistent with the relevant objective that compliance with the connection charging methodology results in charges which reflect, as far as is reasonably practicable (taking account of implementation costs), the costs incurred by the licensee in its transportation business and, where the Act enables, to charge a reasonable profit.

Members then voted and unanimously determined to recommend that Modification 0373 be implemented.

On behalf of the Authority, DI requested that legal text be provided.

c) Modification 0389VS – Simplification of points of telemetry

The Panel Chair summarised that the points of telemetry to be provided by DNs to National Grid NTS are set out in the UNC. This modification seeks to amend these points and to update the definitions of the individual points of telemetry. The proposed changes reflect an assessment of operational requirements by the DNs and National Grid NTS in light of each DN assuming responsibility for its own system operation.

Members recognised that bringing the UNC in line with operational requirements should help to ensure continuing economic and efficient operation of the system, and that aligning the UNC with an assessment of best operational practice promotes efficiency in the implementation and administration of the Code.

Members then voted and unanimously determined that Modification 0389VS be implemented.

d) Modification 0397S – Amendments to Section I of the OAD to reflect Offtake Profile Notice rules & recognition of different NTS/LDZ Offtake sensitivities

The Panel Chair summarised that this modification proposes that the most significant NTS/LDZ Offtakes should face separate rules from the majority of offtakes when determining flow tolerance levels. In addition, a number of changes are proposed such that the UNC better reflects the working practices of National Grid NTS and the DNs.

Members recognised that focussing on the most significant offtakes is likely to be an efficient approach, and consequently that implementation would be consistent with the promotion of efficiency in the implementation and administration of the code. Members further noted that this relevant objective would be facilitated by updating the UNC to be consistent with working practices.

Members then voted and unanimously determined that Modification 0397S be implemented.

e) Modification 0400S – Removal of obligation to install duplicate Telemetry Equipment

The Panel Chair summarised that the UNC obliges National Grid NTS to install telemetry equipment at all DN offtakes when the existing equipment reaches the end of its life. There is therefore an expectation that duplicate telemetry equipment will be installed in future.

Modification 0400S removes the obligation on National Grid NTS to install telemetry equipment. By avoiding the need to invest in unnecessary equipment, implementation of the modification would reduce the cost of system operation. Members noted that this would be consistent with economic and efficient system operation, and with promotion of efficiency in the implementation and administration of the Code.

Members then voted and determined unanimously that Modification 0400S be implemented.

f) Modification 0401S – Amendments to the provisions for agreeing pressures at the Offtakes from the National Transmission System to Distribution Networks

The Panel Chair summarised that Modification 0401S seeks to change the process by which offtake pressures are agreed between National Grid NTS and DNs. It is proposed that significant offtakes be identified and subject to a daily process, with a default process applying elsewhere.

Members recognised that focussing on the most significant offtakes is likely to be an efficient approach, and consequently that implementation would be consistent with the promotion of efficiency in the implementation and administration of the code.

A Member was concerned that setting the default Applicable Offtake Pressure at the lesser of either 38 barg or the Assured Pressure could reduce pressures at offtakes, which would adversely impact DN system operation and hence be inconsistent with promoting efficient and economic system operation. Other members noted that a DN would be able to designate all offtakes as significant and hence avoid any detriment that might otherwise arise. However, it was also recognised that the benefits of implementation would be removed if every offtake were to be designated as significant.

Some members were concerned that no evidence had been presented to provide assurance that there would be no detrimental impact on other exit points as a result of implementation. In consequence, they could not be confident that implementation would not be detrimental to competition since it could impact different NTS Users differently, and so not facilitate the relevant objectives.

Members then voted and with six votes in favour and one against, determined that Modification 0401S should be implemented.

g) Modification 0404 – Profiling payment of LDZ capacity transportation charges for Small Shipper Organisations

The Panel Chair summarised that, being largely capacity based, DN transportation charges are payable in roughly equal monthly amounts. This is not aligned with income received by Shippers when their income is consumption based and gas is predominately consumed in the winter months. It has been suggested that this can create cashflow issues for Shippers, and that supplying domestic customers can be loss making in the summer months. To address this, Modification 0404 seeks to allow, subject to a size threshold, Shippers to defer payment of part of their transportation charges during the summer months, with consequently higher payments in the winter period.

Members recognised that, by more closely aligning income and costs for those Shippers that meet the qualifying criteria, implementation could be expected to provide a cashflow benefit and remove the disincentive to acquire customers in the summer months. Implementation could therefore be consistent with facilitating the securing of effective competition. However, Members also noted that restricting availability of the option to a subset of Shippers could be regarded as unduly discriminatory, and could also create a disincentive to business growth once a qualifying threshold is approached. Members noted that no evidence had been presented during the assessment process, nor in response to the consultation, to indicate that the benefits would outweigh the potential disadvantages to competition.

Members noted that deferring payments would increase the amount due and consequently increase the risk faced by other Shippers in the event of default. While recognising that the ability to defer payments may prevent a Shipper defaulting, conversely it could merely delay default and increase the cost of default. Implementation may, therefore, be detrimental to the securing of effective competition since market risk would be increased.

Members noted that the Transporters would need to make offline arrangements to monitor the payments received and due, and that this would potentially be complex and would increase costs. No evidence had been presented during the assessment process, nor in response to the consultation, to indicate that the benefits of implementation would be sufficient to outweigh the potential costs. As such, implementation could be considered to be detrimental to promotion of efficiency in the implementation and administration of the Code.

Members then voted, and with one vote cast in favour of implementation and eight against, did not determine to recommend that Modification 0404

be implemented.

- h) Modification 0408S – Moffat and Bacton Interconnectors: Changes to Agreements to Align to UNC Modification 0195AV

The Panel Chair summarised that the concept of interruptible NTS exit capacity will not exist from October 2012. In respect of both the existing GB interconnectors with physical exit capability, this modification enables ancillary agreements to be modified such that references to exit capacity reflect the UNC. The opportunity is also being taken to make other housekeeping changes to the agreements.

Members noted that the UNC would be unchanged by implementation of this modification. However, facilitating bringing the relevant ancillary agreements in line with the UNC through the most efficient available mechanism – this modification – implementation would be consistent with promotion of efficiency in the implementation and administration of the Code.

Members then voted and unanimously determined that Modification 0408S should be implemented.

- i) Modification 0409S – Removing the restriction on the Users' application quantity for Annual NTS Exit (Flat) Capacity

The Panel Chair summarised that the UNC includes a restriction that the amount of capacity bid for should be "not greater than the Remaining Available NTS Exit Flat Capacity". This could prevent National Grid NTS releasing capacity, at its discretion, in excess of the remaining amount. This could mean that Users are not allocated exit capacity even though National Grid NTS would otherwise be willing to meet Users' requirements.

For the July 2011 application window for annual NTS exit capacity starting, National Grid NTS, after discussion with Ofgem, did not seek to enforce the restriction. Implementation would therefore regularise the established position. Members recognised that implementation would therefore be expected to facilitate the promotion of efficiency in the implementation and administration of the Code since the modification clarifies a potential inconsistency in the UNC, and removes an obligation that has been disregarded in practice.

Members then voted and unanimously determined that Modification 0409S should be implemented.

124.10 Consents to Modify

None.

124.11 Any Other Business

- a) Project Nexus Pre-Modification Consultation

TD advised that a Pre-Modification Consultation process is being

developed for Project Nexus to help understand the industry costs and benefits associated with the proposed requirements. Members agreed that the Pre-Modification Consultation process should be developed and undertaken, and could be issued as a consultation on behalf of the Panel.

b) Q1 2012 Code of practice KPIs

TD explained the KPIs for Q1 2012. He also advised that a Code Administration Code of Practice review meeting is due to be held the following week and one of the items for discussion is KPIs - feedback on their usefulness would be helpful.

124.12 Conclude Meeting and Agree Date of Next Meeting

10:30 17 May 2012, at the ENA.