

**Uniform Network Code Committee**

**Minutes of the 99<sup>th</sup> Meeting held on Thursday 20 December 2012  
at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representative</b>
A Green (AG), Total C Hill (CH), First Utility C Wright (CWr), British Gas P Broom (PB), GDF Suez R Fairholme* (RF), EON UK	A Ross-Shaw (ARS), Northern Gas Networks C Warner (CWa), National Grid Distribution E Melen (EM), Scotia Gas Networks R Cameron-Higgs (RCH), Wales & West Utilities R Hewitt (RH), National Grid NTS	E Reed (ER), Consumer Focus

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>
T Davis (TD), Joint Office	

**Also in Attendance:**

A Miller (AM), Xoserve; A Miller (AM1), Centrica Storage; C Whitehand (CWh), GL Noble Denton; D Ianora (ID), Ofgem; F Cottam (FC), Xoserve; G Evans (GE), WatersWye; G Wood\* (GW), British Gas; M Bagnall\* (MB), British Gas; M Lapper (ML), National Grid Distribution and R Fletcher (RF), Secretary  
\* by Teleconference

**99.1 Note of any alternates attending meeting**

A Ross-Shaw for J Ferguson (Northern Gas Networks)  
E Melen for A Musgrave (Scotia Gas Networks)  
R Cameron-Higgs for S Edwards (Wales & West Utilities)

**99.2 Apologies for Absence**

A Musgrave, J Ferguson and S Edwards

**99.3 Minutes and Actions from the previous meeting**

The Minutes from the previous meeting were approved.

**99.4 Matters for the UNC Committees Attention**

a) AUGS Update

CWh explained the reasons for his recent letter to the UNCC and how analysis is progressing based on the information being provided. He explained the recent activities, since the last UNCC update in October.

CWh advised that data issues had caused a delay and this has impacted the production of the methodology and draft AUGS. He explained that they have received over 400m lines of data from Xoserve for analysis this year and that this is taking time to prepare and analyse.

CWh then summarised the options/questions for UNCC consideration regarding how to take forward this year's AUGS.

GE felt that the rules in the AUGE guidelines help. These were constructed on the basis of a process that required time for completion and allowed for consultation. Analysis should not be rushed to meet an artificial deadline this year if more time is required to identify and give confidence in the correct values/volumes.

TD asked how this would address the questions in the letter. GE explained that this is not an easy process to manage, that all parties should be consistent in their approach and have full confidence in the values. He did not think the timelines proposed in options 1 & 2 allowed time to reflect the changes to prices in contracts and to explain to consumers the reasons for the charges.

CWh explained that what he would regard as a very good draft AUGS had now been published, albeit later than intended. He agreed it would take time for others to review this version of the AUGS and to fully understand the data provided and what is proposed.

ER asked for an indication of the materiality between the previous methodology and the new methodology proposed for the AUGS. CWh advised that the estimated volume based on the new analysis is around 11 to 12TWh – the LSP share is 2 to 3TWh and, using an average SAP of 2p per kWh, about £70m might be projected. The previous year's methodology had produced a figure of £26m. GE was concerned that indicative values have changed significantly over the periods of analysis and it would be prudent

to wait until the analysis is finalised before concluding what the likely outcome would be.

MB asked for the AUGÉ's view on the statistical confidence of which methodology would provide the most accurate level. CWh indicated that the draft AUGS shows that the (new) consumption based methodology has marginally better statistical confidence. MB added that Energy UK had established that its Members, covering most industry participants, felt the amended timescales would be achievable. Bearing in mind that the criteria should be which is the most statistically reliable methodology, the revised approach certainly should not be discounted. GE disagreed that there was time to implement the new methodology for April 2013, and indicated that this view had been confirmed by all ICoSS members.

CWh advised that confidence in the two methodologies is close but both would benefit from further detailed analysis. At this stage, however, the consumption methodology is considered the most accurate. MB was concerned that parties were using pricing reasons to delay the process. TD advised that the guidelines set a timetable. However, the timeline expired last September and the UNCC has allowed time beyond this at a previous meeting. The AUGÉ is now seeking views on whether a further extension to that timetable might be appropriate.

MB asked if an effective AUGS publication date of February is too late to meet an April effective date. GE advised that when the guidelines were drafted the timeline was set out to allow sufficient time to discuss price changes and impacts with consumers – it would cause significant problems for ICoSS members to implement at such short notice.

MB asked what the AUGS publication date was in the previous year. CWh confirmed it was 24 December. GE noted that, at the time, concerns were raised in UNCC that this allowed insufficient time to allow pricing changes and a number of modifications had been raised to try and ameliorate the impacts. This year's proposals were running even later. MB remained concerned that the process should be based on what is the best approach for the industry and customers, not what the pricing issues were.

PB agreed that all parties want to see costs shared fairly. However, is 01 February realistic, as costs really need to be known around November, which is usual industry practice for indicative charges? In addition, it should be remembered that parties have been calling for more certainty regarding network charges, and late delivery is inconsistent with the desire for reduced pricing volatility. He did not believe parties would be able to explain these changes to customers at short notice with any confidence; he did not think the option of further delay was credible.

CWr expressed concerns about the time being allowed to process the data lines provided – would we still have the same issue of confidence next year? CWh agreed there would always be an element of risk. However, the volume of UAG is necessarily an estimate at all times and, in context, it is a relatively minor value when compared to total system throughput.

AG disagreed with MB's assertion that the most accurate methodology should necessarily be implemented – it was an issue around timing and how it could be implemented with sufficient notice, bearing in mind that some consumers are directly impacted. There also needs to be confidence in the methodology to ensure parties agree it is the most appropriate, and time is required for assessment.

DI asked what the UNCC was being asked to agree? TD explained that the main reason for the discussion is to consider whether how advise the AUGÉ regarding the timing in the current year, given that the timings in the Guidelines have already been set

aside. The decision on the appropriate methodology rests solely with the AUGGE, but the AUGGE was deliberately adopting an open approach in order to try and meet the industry's aspirations and expectations.

TD explained that the UNCC is being asked to provide views on the following options, as set out in the AUGGEs letter:

- 1) reduce the consultation period from that previously advised to allow the AUGS to be published at the end of January for UNCC approval in February;
- 2) UNCC to approve the new AUGS in March; or
- 3) roll forward the previous years approach.

ER considered that, given the process is designed to allocate costs accurately to industry parties, it should have the most up to date and accurate values. However, he recognised that this may cause a credibility problem for some parties. He wondered if it would be possible to agree a level of pragmatism. He accepted that parties need time to consider proposals and take the new values into account, but 12 months seemed too long to wait for the change. Could it instead be implemented other than on 1 April, say in 6 rather than 12 months.

CWa explained that if a different approach is required then the UNCC would need to approve an amendment to the AUGGE guidelines. Otherwise the 01 April is the effective date. TD believed that a UNC modification would be necessary to agree a different timescale, with the current drafting being based on values that are set for a full year.

When requested to express which of the options they would support the AUGGE adopting, votes were indicated as follows:

( Y = preference for the option )

	Option 1	Option 2	Option 3
AG			Y
CH			Y
CWr	Y	Y	
PB			Y
RF			Y
ARS			Y
CWa			Y
EM			Y
RH			
RCH			Y
ER	Y	Y	

TD said that, as provided for in the guidelines, it would now be for the AUGGE to decide the proposed course of action in light of the guidance that had been provided.

**99.5 Matters of Implementation**

- a) Modification 0376S 0376SA - Increased Choice when Applying for NTS Exit Capacity

An implementation date is awaited. National Grid NTS has confirmed that implementation for the July 2013 window is anticipated.

- b) Modification 0378 - Greater Transparency over AQ Appeal Performance

The modification was implemented on 01 December. However, the legal text in the Final Modification Report, as approved by Ofgem, did not incorporate revisions to the text that had been agreed between Ofgem and the Transporters, and provided to the Joint Office. The text in the Final Modification Report had been implemented within the UNC and this will now have to be amended either by a subsequent modification or through the Consent to Modify route.

- c) Modification 0420 - New Connections Interruptible loads

An implementation date is awaited.

**99.6 Any Other Business**

None.

**99.7 Next Meeting**

Thursday 17 January 2013, at the ENA London, immediately after the Modification Panel meeting.