

Record of Determinations: Panel Meeting 15 January 2015

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Member	Determination Sought	
		AG	AM	CH	PB	RF	CW	DM	JF	RP	FH	CA		
0506A – Gas Performance Assurance Framework and Governance Arrangements	Not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Is an alternate to 0506 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be an alternate to 0506
	Issued to Workgroup 0506 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Refer to Workgroup 0506 for assessment
	Workgroup to report by the June 2015 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the June 2015 Panel
0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges, Rolling Average to Reduce Volatility in Annual Charges	Not a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Is an alternate to 0517 - with 6 votes in favour and 5 votes against.	✓	✓	✓	✓	✓	X	✓	X	X	X	X	X	Should be an alternate to 0517
	Issued to Workgroup 0517 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Refer to Workgroup 0517 for assessment
	Workgroup to report by the September 2015 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the September 2015 Panel
0479S - Inclusion of email as a valid UNC communication	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR

	Consultation to close out on 05 February 2015 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should consultation end on 05 February 2015
0501 0501A 0501B 0501C - Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 12 February 2015 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should consultation end on 12 February 2015
	FMR to be considered at short notice at the February 2015 Panel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider the FMR at short notice at the February 2015 Panel
0509 - Permission to release Protected Information to an Authorised Third Party for Performance Assurance settlement risk analysis	Workgroup to report by June 2015 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to June 2015 Panel
0510 - Reform of Gas Allocation Regime at GB Interconnection Points	Legal Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0519 - Harmonisation of Reference Conditions at Interconnection Points	Legal Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0500 - EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures	No new issues identified - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)

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

UNC Modification Panel

Minutes of the 170th Meeting held on Thursday 15 January 2015 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total A Margan (AM), British Gas C Hill (CH), Cooperative Energy P Broom (PB), GDF Suez R Fairholme (RF), E.ON UK	C Warner (CW), National Grid Distribution D Mitchell (DM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Pomroy (RP), Wales & West Utilities F Healey (FH), National Grid NTS	C Alexander (Citizens Advice)

Non-Voting Members:

Chairman	Ofgem Representative
A Plant (AP), Chair	A Rooney (ARo), Ofgem

Also in Attendance:

A Love* (AL), ScottishPower; D Addison (DA), Xoserve; J Chandler* (JC), SSE; H Chapman (HC), Xoserve; K Elliott-Smith (KES), Cornwall Energy; L Jenkins (LJ), Joint Office; M Jones* (MJ), SSE; R Fletcher (BF), Secretary and S Witter* (SW), ENI.

* by teleconference

Record of Discussions

170.1 Note of any alternates attending meeting

D Mitchell for E Melen (Scotia Gas Networks)
R Pomroy for S Edwards (Wales & West Utilities)

170.2 Record of Apologies for absence

E Melen and S Edwards.

170.3 Minutes and Actions of the Last Meeting(s)

Members approved the minutes from the 18 December meeting.

170.4 Consider New Non-Urgent Modifications

- a) Modification 0506A – Gas Performance Assurance Framework and Governance Arrangements

MJ introduced the modification and its aims. CW felt the modification is a useful alternate to Modification 0506 and that it would be worth the effort to consider both models against each other. Members noted that the modification proposes a sunset clause for the proposed administrator role. They requested that the workgroup should clarify what would happen when this time period elapses.

AL questioned the timing of the alternate as they were working to very tight timescales with Modification 0506, which requires a tender process to be completed ahead of Nexus implementation.

Questions for the Workgroup:

Q1. Clarity required around the proposed timeline for the PAFA role, what happens when the proposed administrator service times out?

Q2. Consider the costs of the service to be provided and include benefits analysis?

For Modification 0506A, Members determined:

- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition;
- That modification 0506A is an alternate to 0506 and is issued to Workgroup 0506 for assessment, with a report to be presented no later than the June 2015 Panel.

- b) Modification 0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges, Rolling Average to Reduce Volatility in Annual Charges

JC introduced the modification and its aims. FH asked if it is proposed to apply the solution to both entry and exit as it may introduce volatility in charges? JC advised that he did not have answer at this time and that he would expect the Workgroup to consider this issue.

FH was also concerned that this modification extends the scope of 0517. He suggested it is not a true alternate to 0517 as it does not change any of the original modification.

RP felt that this proposal could be implemented separately and therefore progressed in its own Workgroup and timeline. PB agreed it is an enhancement to Modification 0517 but argued that it is attempting to resolve volatility, which is a genuine issue and that we should seek to resolve this issue and those in 0517. RF agreed with this view and felt it was appropriate for this subject to be discussed in the same Workgroup.

FH challenged this view as Modification 0517B does not change the merit order proposed in Modification 0517, so they should not be considered separately as they do not impair each other. Modification 0517 is attempting to reorder an existing process and does not create the volatility, which is an existing issue and would still be an issue if there were no changes to the merit order.

JF challenged whether the issues being addressed in Modification 0517B should be considered/resolved in the UNC when it is more typically a licence issue.

For Modification 0517B, Members determined:

- The criteria for Self-Governance are not met as this modification is expected to have a material impact on the commercial arrangements between Shippers and Transporters;
- That Modification 0517B is an alternate to 0517 and is issued to Workgroup 0517 for assessment, with a report presented by the September 2015 Panel.

170.5 Existing Modification Proposals for Reconsideration

- a) Modification 0440 – Project Nexus – iGT Single Service Provision

AR advised that Ofgem had issued the implementation direction to the Joint Office for 01 October 2015 implementation. Panel welcomed this development.

170.6 Consider Workgroup Issues

Workgroup Reports for Consideration

- a) Modification 0479S - Inclusion of email as a valid UNC communication

Members accepted the recommendations within the Workgroup Report.

Members then determined that:

- It should proceed to consultation;
- Further legal text is not required for inclusion in the draft Modification Report;

- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should close on 05 February 2015.

b) Modification 0501 0501A 0501B 0501C - Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations

PB suggested that the consultation period should be extended due to the complexity of the issues being addressed within these modifications. A debate followed where views were raised on the amount of time required to provide the analysis being requested, allow for adequate responses to the additional questions being posed by Panel, and to avoid putting the overall timeframes of the process at risk.

Following discussion on the Relevant Objectives and User Pays sections of the Workgroup Report, Members requested that the following questions be included in the consultation response template so that respondents can provide views:

Q1: Do you agree Modification 0501C should be considered a User Pays Modification; if so do you agree with the proposed split for recovering costs?

Q2: Do you have any specific views on the optionality to flow (as proposed by 0501C) following the proposed creation of the Bacton and IP ASEPs?

Q3: 0501C proposes that shippers with Bacton UKCS Residual Capacity, and that need to buy Bacton IP bundled capacity in order to flow via an interconnector, should receive a rebate for the additional Bacton capacity that was purchased. What are your views on whether the shipper should offer one of the elements of the Bacton capacity back to the market in advance of the particular gas day in order to receive the rebate? Conversely, what are your views on providing a rebate if the shipper retains the optionality to flow via both routes (whether or not they actually choose to do so)?

Q4: What do you think the impact will be on the TO entry commodity charge of the possibility to hand-back capacity in each of the alternatives 0501A, 0501B and 0501C?

Members accepted the recommendations in the Workgroup Report and determined that:

- It should proceed to consultation;
- Further legal text is not required for inclusion in the draft Modification Report;
- A cost estimate is not required for inclusion in the draft Modification Report; and
- Consultation should be extended to close on 12 February 2015;
- To consider the FMR at short notice at the February 2015 Panel.

Consideration of Workgroup Reporting Dates and Legal Text Requests:

Members determined unanimously to extend the following Workgroup reporting dates:

Workgroup	Reporting Date
0509 - Permission to release Protected Information to an Authorised Third Party for Performance Assurance settlement risk analysis	June 2015

Members determined unanimously to request Legal text for the following modifications:

Modification
0510 - Reform of Gas Allocation Regime at GB Interconnection Points
0519 - Harmonisation of Reference Conditions at Interconnection Points

170.7 Final Modification Reports

- a) Modification 0500 - EU Capacity Regulations - Capacity Allocation Mechanisms with Congestion Management Procedures

Members determined unanimously to recommend the implementation of Modification 0500.

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0500

170.8 Any Other Business

- a) Scotia Gas Networks – Change of Panel Representative

AP advised that Andrew Musgrave had stepped down as Scotia Gas Networks Panel representative and that Erika Melen had been nominated to attend as their representative at future meetings.

On behalf of members, AP thanked Andrew Musgrave for his contributions during his time as a Panel representative and welcomed Erika Melen.

- b) Modification 0469 - Transporter Gas Safety Visit Reporting

LJ advised that a minor paragraph numbering error had been identified in the legal text for this modification and it is proposed to correct the error when the text is inserted into Code. Members agreed the numbering should be corrected at this time.

170.9 Conclude Meeting and Agree Date of Next Meeting

09:30 23 January 2015 by teleconference.

10:30 19 February 2015, at the ENA.