

Record of Determinations: Panel Meeting 21 November 2013

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Representative	Determination Sought		
		AG	CWr	GE	PB	RF	ARS	CWa	EM	JE	RH	KES			
0471 - Amending the start time that a Day-ahead Market Offer can be accepted	Not related to the Significant Code Review - unanimous vote against	NP	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review	
	Is a Self-Governance Modification - 10 votes in favour and 1 vote against	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	Modification should follow Self-Governance Procedures	
	Legal Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request legal text	
	Not issued to consultation - 1 vote in favour and 10 against	X	X	✓	X	X	X	X	X	X	X	X	X	X	Issue to Consultation
	Issued to Workgroup 0471 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0471
	Workgroup to report by the February 2014 Panel - 10 votes in favour and 1 vote against	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the February 2014 Panel
0472 - Restricting the number of registration attempts by a supplier	Considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To consider at short notice	
	Not related to the Significant Code Review - unanimous vote against	X	X	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	X	X	Modification should follow Self-Governance Procedures	
	Issued to Workgroup 0472 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup 0472	
	Workgroup to report by the April 2014 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the April 2014 Panel	
0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation	
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR	
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR	

0432 – Project Nexus – gas settlement reform	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - 10 votes in favour and 1 vote against	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - 10 votes in favour and 1 vote against	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 06 January - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend consultation
0434 - Project Nexus – Retrospective Adjustment	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 06 January - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend consultation
0448 - Aligning UNC with Licence Conditions relating to European legislative change and Alternative Modification Proposals	Consider at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To consider at short notice
	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
	Consultation to close out on 10 December - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Shorten consultation
0450 0450A 0450B - Monthly revision of erroneous SSP AQs outside the User AQ Review Period	Legal Text requested - unanimous vote in favour	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	Request legal text
	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
0454 - Introduction of a Long Term Non Firm Capacity Product	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR

0425V - Re-establishment of Supply Meter Points – Shipperless sites	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 - 5 votes in favour			✓			NP	✓	✓	✓	✓		Whether to recommend implementation
0452 - Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)	Returned to Workgroup - 9 votes in favour and 2 against	✓	✓	✓	✓	✓	✓	X	✓	✓	X	✓	Did consultation raise new issues
	Workgroup to report by the December 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the December 2013 Panel
0465 - Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA), Weighted Average PARCA Security	Returned to Workgroup - 9 votes in favour and 2 against	✓	✓	✓	✓	✓	✓	X	✓	✓	X	✓	Did consultation raise new issues
	Workgroup to report by the December 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the December 2013 Panel
0457S - Extending the use of the UK Link Network (Information Exchange (IX)) to Meter Asset Provider (MAP) organisations	Not returned to Workgroup - unanimous vote against	X	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
	✓	X	NV	NP

UNC Modification Panel

Minutes of the 150th Meeting held on Thursday 21 November 2013 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (Total) C Wright (CWr), British Gas G Evans (GE), WatersWye P Broom (PB), GDF Suez R Fairholme (RF), E.ON UK	A Ross-Shaw (ARS), Northern Gas Networks C Warner (CWa), National Grid Distribution E Melen (EM), Scotia Gas Networks J Edwards (JE), Wales & West Utilities R Hewitt (RH), National Grid NTS	K Elliott-Smith (KES), Consumer Focus

Non-Voting Members:

Chairman	Ofgem Representative
T Davis (TD), Joint Office	A Rooney (ARo), Ofgem

Also in Attendance:

A Miller (AM), Xoserve; A Raper (ARa), National Grid Distribution; C Baldwin (CB), E.ON UK; L Jenkins (LJ), National Grid NTS; G Jago* (GJ), RWE npower; G Waters* (GW), EDF Energy; N Ranatunga (NR), EDF Energy; R Cameron-Higgs* (RCH), First Utility; R Fletcher (RF), Secretary; S McGoldrick (SMc), National Grid NTS and S Pearce* (SP), RWE npower.

* by Teleconference

Record of Discussions

150.1 Note of any alternates attending meeting

A Ross-Shaw for J Ferguson (northern Gas Networks)

E Melen for A Musgrave (Scotia Gas Networks)

G Evans for A Barnes (Gazprom)

J Edwards for S Edwards (Wales & West Utilities)

150.2 Record of Apologies for absence

A Barnes, A Musgrave, J Ferguson and S Edwards.

150.3 Minutes of the Last Meeting

The minutes of the last meeting were accepted.

150.4 Consider New, Non-Urgent Modifications

- a) Modification 0471 - Amending the start time that a Day-ahead Market Offer can be accepted

NR provided a presentation introducing the modification and its aims and explaining why EDF would like it issued to consultation - they do not see any benefit from assessment as the change is simple. The principle had been discussed at earlier industry meetings. RH was concerned that this modification has not been discussed in an appropriate gas industry forum, as the discussions referred to were electricity centric. He was concerned that more sections of code may be impacted and other participants should be allowed to consider the proposed changes prior to consultation.

RH pointed out that, in line with the UNC requirements, the cashout price is not published by National Grid NTS until 13.30hrs, so the modification does not achieve its aims. GW disagreed, explaining that traders would be looking for market prices, not the cashout price. NR added that no change to the cashout rules was considered necessary, bearing in mind that all trades would be incorporated in cashout irrespective of the publication time.

RF asked if there would be an impact on Modification 0461 - Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes. NR confirmed it would not.

AM was concerned that the User Pays section needs to be developed as there is no clear proposal for apportioning the costs and so allow an ACS to be published.

For Modification 0471, 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 met as this modification is not expected to have a material impact on competition nor consumers;
- To request Legal text;
- The modification be issued to Workgroup 0471 for assessment with a report presented by the February 2014 Panel.

b) Modification 0472 - Restricting the number of registration attempts by a supplier

GJ introduced the modification and its aims, explaining why npower would like it issued to consultation. GJ confirmed that Transporters were not expected to validate or police in any way the 5th or subsequent attempts for registration – there would be no sanctions introduced into Code. CWr asked if the process should be clarified as restrictions per contract attempt and not for the life of the site.

PB asked if the rules should be placed in a Code of Practice rather than the UNC, as it is not proposed to police the process. CWa suggested it might be better placed in SPAA. SP confirmed that npower want this to progress as a UNC modification.

For Modification 0472, Members determined:

- To consider the modification at short notice;
- 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 is expected to have a material impact on competition;
- The modification be issued to Workgroup 0472 for assessment with a report presented by the April 2014 Panel.

150.5 Consider Workgroup Issues

Workgroup Reports for Consideration

a) Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation

Members accepted the recommendations in the Workgroup Report. EM suggested that a shortened consultation be adopted, but this was not supported. CWr suggested that, rather than shorten the consultation period, the Panel could be asked to consider the Final Modification Report at short notice. Members then determined for Modification 0431 that:

- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report.

b) Modification 0432 - Project Nexus – gas settlement reform

CWa confirmed the legal text previously provided is final and no further changes are envisaged.

RH was concerned that the report does not reflect that there might be changes to Gemini, which would lead to User Pays charges to Users – National grid NTS had asked Xoserve but no impacts had been notified to them. CB was concerned that if these costs were unknown it may be inappropriate for the modification to progress, but as noted in the Workgroup Report Shippers were under the impression that any cost recovery issues would be resolved through Transporter discussions with Ofgem. AR advised that funding had been allowed for all Transporters and if there was a shortfall for one or all of them, they would need to discuss it with Ofgem at the appropriate time – this modification would not, therefore, lead to any User Pays charges.

Members determined for Modification 0432 that:

- It should proceed to consultation;
- 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 06 January 2014.

c) Modification 0434 - Project Nexus – Retrospective Adjustment

Members accepted the recommendations in the Workgroup Report and determined for Modification 0434 that:

- It should proceed to consultation;
- 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 06 January 2014.

d) Modification 0448 - Aligning UNC with Licence Conditions relating to European legislative change and Alternative Modification Proposals

CWr was concerned that the legal text seeks to assign obligations to the Modification Panel; this is out of step with usual practice and potentially ineffective since the Modification Panel is not a UNC party. SMc confirmed that the text and modification were driven by Licence, including references to the Panel.

SMc requested that the consultation period be shortened, explaining that this would assist the Transporters in meeting their licence obligations in this regard.

Members accepted the recommendations in the Workgroup Report and determined for Modification 0448 that:

- Consider the modification at short notice;
- It should proceed to consultation;
- 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 10 December 2013.

e) Modification 0450 0450A 0450B - Monthly revision of erroneous SSP AQs outside the User AQ Review Period

CWa explained the recent changes made to the proposed legal text subsequent to the Workgroup Report having been completed were not material.

Members accepted the recommendations in the Workgroup Report and determined for Modification 0450 that:

- Legal text be requested (CWa confirmed that the text provided subsequent to completion of the Workgroup Report could be regarded as final);
- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report.

f) Modification 0454 - Introduction of a Long Term Non Firm Capacity Product

Members accepted the recommendations in the Workgroup Report and determined for Modification 0454 that:

- It should proceed to consultation;
- Legal text is not required for inclusion in the draft Modification Report; and
- A cost estimate is not required for inclusion in the draft Modification Report.

g) Modification 0462 - Introducing Fast Track Self Governance into the Uniform Network Code

EM requested that the consultation period be shortened since the Transporters Licence requires that these a fast track self-governance process be implemented in the UNC by 31 December 2013. Members accepted the recommendations in the Workgroup Report and determined for Modification 0462 that:

- The modification be considered at short notice;
- Legal text be requested (EM confirmed that the Suggested text considered by the Workgroup could be regarded as final)
- It should proceed to consultation;
- 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 10 December 2013.

Consideration of Workgroup Reporting Dates and Legal Text Requests:

Members determined unanimously to extend the following Workgroup reporting date:

Workgroup	Reporting Date
0458 – Seasonal LDZ System Capacity Rights	February 2014
0461 – Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes	February 2014

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

0440 – Project Nexus – iGT Single Service Provision
0455S – Updating of Meter Information by the Transporter
0458 – Seasonal LDZ System Capacity Rights
0461 – Changing the UNC Gas Day to Align with the Gas Day in EU Network Codes
0463S – Recognition of the ‘2 nd January’ Scottish Bank Holiday as a Business Day for Supply Point related transactions

150.6 Disapplication of Modification rules

- a) Modification 0451 0451A – Individual Settlements For Pre-Payment & Smart Meters

TD explained the reasons why the consultation process had taken place and that no representations had been received. ARo indicated that he expected the time by when legal text was likely to be available would be confirmed within a week.

Members determined to recommend the disapplication of part of Modification Rule 12.7 for Modifications 0451 and 0451A.

150.7 Final Modification Reports

- a) Modification 0418 0418A - Review of LDZ Customer Charges

EM requested a shortened consultation period so that the change could be included in this Nexus analysis - otherwise implementation may need to be delayed until April 2016. There was a general discussion about the implementation timescales given the indication that inclusion in the Nexus evaluation is required for a modification to be able to be implemented in April 2015. CB was concerned that the modification was initially raised in 2012 so Xoserve should be aware of its potential impacts and this should not be used as a reason to shorten the consultation. AM emphasised that Xoserve was keen for an early decision so that it can inform the Nexus analysis, which was nearing completion.

Members accepted the recommendation in the Workgroup Report that further consultation be undertaken in light of the additional cost information that had been added to the FMR. Members determined for Modifications 0418(A) that:

- It should be issued to consultation in order to give an opportunity for parties to consider if whether they wish to amend their representations, or submit a first representation, in light of the additional cost information; and
- Consultation should close on 10 December 2013.

- b) Modification 0425V - Re-establishment of Supply Meter Points – Shipperless sites

The Panel Chair summarised that Modification 0425V focuses on previously registered sites where it is found that gas is being consumed but with a different meter to that used previously. It is proposed that the UNC is modified to place an obligation on the last registered Shipper to take responsibility for resolving the issue within three months from the date of notification. In the absence of any other resolution, the previous Shipper would be registered and responsible for gas offtaken.

Members accepted that implementation would create a route through which gas offtaken at a number of shipperless sites would be allocated to a Shipper, reducing both the number of shipperless sites and the volume of unallocated gas. Some Members considered that this would generate positive incentives for Shippers, helping to ensure that appropriate steps are taken to prevent gas being offtaken at sites following withdrawal and helping to ensure that identified cases of gas being consumed at shipperless sites are investigated and resolved, with costs appropriately allocated to the responsible Shipper, with a deemed supply contract created to facilitate the recovery of costs from the consuming party. By creating appropriate incentives and improving the accuracy of cost allocations, these Members considered that implementation would be expected to facilitate the securing of effective competition.

Some Members considered that implementation would expose Shippers to risks and liabilities over which they have no control since they should not be held responsible for actions on a site in which they have no involvement - any fitting of a new meter would be expected to be by a third party. By increasing risk, implementation would be deleterious to the securing of effective competition since it would introduce inappropriate risks for Shippers. In addition, these Members considered that it would be inappropriate for costs to be allocated to Shippers at sites from which they had properly withdrawn such that the allocation of costs would be less rather than more appropriate, to the detriment of securing effective competition – if implemented, Shippers would have an incentive to physically isolate a site, increasing disconnection and reconnection costs.

Members then voted and with five votes in favour (out of a possible 10), failed to determine to recommend implementation of Modification 0425V.

c) Modification 0452 - Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)

A number of Members raised concerns about the issues raised in representations and suggested that these should be considered by the Workgroup. ARo advised that Ofgem would prefer to consider Modifications 0452 and 0465 at the same time.

For Modification 0452 Members determined that:

- It should be returned to Workgroup 0452 for further assessment, with a report presented by the December Panel.

d) Modification 457S - Extending the use of the UK Link Network (Information Exchange (IX)) to Meter Asset Provider (MAP) organisations

The Panel Chair summarised that this enabling modification permits Meter Asset Providers (MAPs) to choose to utilise IX for the purpose of communicating with Meter Asset Managers (MAMs).

Members recognised that providing MAPs with the opportunity to use established secure information exchange mechanisms should assist MAPs when communicating with MAMs. Providing access to efficient and consistent communication routes could be expected to promote efficiency in the implementation and administration of the Code, and potentially lead to improved information in due course. Members therefore considered that implementation would be expected to further the Relevant Objectives.

Members then voted unanimously that self-governance Modification 0457S should be implemented.

- e) Modification 0465 - Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA), Weighted Average PARCA Security

For Modification 0465 Members determined that:

- It should be returned to Workgroup 0465 for further assessment, with a report presented by the December Panel.

150.8 Consents to Modify

- a) Consent to Modify C052 - Revision to the legal text associated with the implementation of UNC Modification 0376S Increased Choice when Applying for NTS Exit Capacity”

ARo provided a statement on behalf of Ofgem recognising that the Panel is working to improve the modification process and legal text. They feel the number of instances where corrections to legal text are needed post-implementation should be kept to an absolute minimum by ensuring robust analysis before modifications are approved. The fast track self-governance process has been introduced as an alternate process for the approval of ‘Consent to Modify’ changes but should in no way lead to a reduction in quality control of all Modifications as the aim should always be to ensure that they are ‘right first time’.

150.9 Any other business

- a) Replacement Panel Chair

TD drew attention the Ofgem letter accepting LJ as replacement Panel Chair with effect from December 2013. The Transporters expect to bring a proposed way forward to the December Panel meeting, setting out how they intend addressing the points made in Ofgem’s letter.

150.10 Conclude Meeting and Agree Date of Next Meeting

10:30 19 December 2013, at the ENA.