

**Record of Determinations: Panel Meeting, 15 November 2012**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Representative	Determination Sought	
		AG	CH (PB)	CWr	PB	RF	CWa	EM	JF	RH	RCH	ER		
0418A - Review of LDZ Customer Charges	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
0436S - Consequential changes to the UNC resulting from RIIO-T1	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 a Self-Governance Modification - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0436S - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the February 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the February 2013 Panel
0437S - Retention of MAM Id in Transporter Systems at Change of Shipper	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 a Self-Governance Modification - with 9 votes in favour and 2 against	✓	✓	✓	✓	✓	X	✓	✓	X	✓	✓	✓	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0437S - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the February 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the February 2013 Panel
	Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Text
0438S - Update of UNC TPD Section Y to reflect Exit Reform arrangements	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 a Self-Governance Modification - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0438S - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the March 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the March 2013 Panel
	Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Text

0418A - 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	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - unanimous vote in favour	X	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 March 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the March 2013 Panel
	Text was not requested - with 2 votes in favour and 9 against	X	X	X	X	✓	X	X	X	X	X	✓	X
0410 - Responsibility for gas off-taken at Unregistered Sites following New Network Connections	Returned to Workgroup - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Further assessment required
	Workgroup to report by February 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by February 2013 Panel
0421 – Improve AQ Performance	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 end on 10 December 2012 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consultation to end on 10 December 2012
0422 - Creating the permission to release data to Meter Asset Provider organisations	Legal text to be prepared - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request the provision of Legal text
0379 - Provision for an AQ Review Audit	Workgroup to report by February Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by February Panel
0425 - Re-establishment of Supply Meter Points – Shipperless sites	Workgroup to report by February Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by February Panel
0428 - Single Meter Supply Points	Workgroup to report by March Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by March Panel
0429 - Customer Settlement Error Claims Process	Workgroup to report by February Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by February Panel

04315 - Shipper/Transporter - Meter Point Portfolio Reconciliation	Workgroup to report by April Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by April Panel
0424 - Re-establishment of Supply Meter Points – prospective measures to address shipperless sites	Legal text to be prepared - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request the provision of Legal text
0426 - Amendment to the NTS System Entry Overrun Charge	Not returned to Workgroup - unanimous vote against	X	X	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
04275 - Estimated Opening Meter Reads Code Amendment	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement

<b>KEY</b>	In favour	Not in Favour	No Vote Cast	Not Present
	✓	X	NV	NP

**UNC Modification Panel**

**Minutes of the 131<sup>st</sup> Meeting held on Thursday 15 November 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 Wright (CWr), British Gas P Broom (PB), GDF Suez and alternate C Hill (CH), First Utility R Fairholme (RF), EON UK	C Warner (CWa), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Cameron-Higgs* (RCH), Wales & West Utilities R Hewitt (RH), National Grid NTS	E Reed (ER), Consumer Focus

**Non-Voting Members:**

<b>Ofgem Representative</b>	<b>Terminal Operators' Representative</b>	<b>Chairman</b>
		T Davis (TD), Joint Office

**Also in Attendance:**

A Miller\* (AM), Xoserve; A Raper (AR), National Grid Distribution; D Ianora (ID), Ofgem; D Mitchell (DM), Scotia Gas Networks; G John (GJ), Corona Energy; L Mason (LM), National Grid NTS; R Fletcher (RF), Secretary and R Street (RS), Corona Energy.

\* By Teleconference

## Record of Discussions

### 131.1 Note of any alternates attending meeting

E Melen for A Musgrave (Scotia Gas Networks)

P Broom for C Hill (First Utility)

R Cameron-Higgs for S Edwards (Wales & West Utilities)

### 131.2 Record of Apologies for absence

A Musgrave, C Hill and S Edwards.

### 131.3 Minutes of the Last Meeting

The minutes of the last meeting were approved.

### 131.4 Short Notice Items

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

Following a short discussion, the Panel determined to consider the Modification at short notice.

### 131.5 Consider New, Non-Urgent Modifications

- a) Modification 0436 - Consequential changes to the UNC resulting from RIIO-T1

RH introduced the modification and its aims. JF felt that it was premature to raise the modification at this stage as the final licence drafting is not available. AR agreed, though he thought it should be a Transporter/Ofgem issue - a modification should not be needed. PB did not agree as a modification allows a degree of visibility to the industry. DI added that Ofgem did not feel a consent to modify was a suitable method for these types of amendment to the UNC - a fast track Self-Governance route would be preferable. TD suggested that there would be value in industry parties considering the cross referencing to ensure the amendments have no unforeseen impacts.

RH advised that it is likely that the modification may need to be considered at short notice at some stage during the process in order to meet an April implementation date.

For Modification 0436, 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 does not have a material impact on parties or competition;

- Workgroup Assessment is required, with a report presented to Panel by February 2013.

b) Modification 0437 - Retention of MAM Id in Transporter Systems at Change of Shipper

AM introduced the modification and its aims on behalf of the proposer. TD asked what the Workgroup was being asked to do. AM advised that it is to verify there are no consequential impacts. It should be noted that the modification is User Pays, 100% funded by Users. Some Members were concerned that the modification should follow the Self-Governance route since it is a User Pays Modification.

RS expected that Users would welcome this change as it was requested during the development of RGMA, and should therefore be processed quickly by the Workgroup.

For Modification 0437, 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 does not have a material impact on parties or competition;
- Workgroup Assessment is required, with a report presented to Panel by February 2013;
- Legal Text should be prepared by the Transporters.

Modification 0438 - Update of UNC TPD Section Y to reflect Exit Reform arrangements

RH introduced the modification and its aims. DI asked for confirmation that the modification does not change the expansion factor methodology. RH confirmed it did not.

For Modification 0438, 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 does not have a material impact on parties or competition;
- Workgroup Assessment is required, with a report presented to Panel by March 2013;
- Legal Text should be prepared by the Transporters.

c) Modification 0418A - Review of LDZ Customer Charges

CWr introduced the modification and its aims. TD explained that this modification was based on one of the options set out in Modification 0418, which was subsequently removed by the proposer.

For Modification 0418A, 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 transportation charges;
- Should be issued to Workgroup 0418 for assessment alongside the original modification;
- Workgroup Assessment is required, with a report presented to Panel by March 2013;
- Legal Text should not be prepared by the Transporters at this stage.

## **131.6 Consider Workgroup Issues**

### **Workgroup Reports for Consideration**

- a) Modification 0410 0410A - Responsibility for gas off-taken at Unregistered Sites following New Network Connections

RH asked if the cost split contained in the User Pays section of Modification 0410 can be verified between the Transporters ie should Transporters in this case be Distribution Networks and not include NTS.

DI asked if Modifications 0410 and 0410A could both be implemented rather than being mutually exclusive. CWa suggested that the modifications were alternatives and could not both be implemented

Members accepted the recommendation in the Workgroup Report and determined that for, Modification 0410(A), further Workgroup Assessment is required, with a report presented by the February Panel.

- b) Modification 0421 – Improve AQ Performance

RH asked if the User Pays Transporter elements could be expanded to ensure that the Transporter cost split between Distribution and Transmission is identified.

PB asked if 0421 should be deferred until the, related, Modification 0379 report is submitted to the Panel. RCH was against this, recalling that the Panel agreed to separate the modifications in order to allow 0421 to proceed at its own pace. RS felt that issuing Modification 0421 to consultation alongside 0379 might cause problems for parties to consider which modification they prefer as it may be dependent on which gas year they were implemented – which might be different due to the date they are issued to consultation.

PB pointed out that there were a number of errors in the units set out in Solution and that these should be corrected prior to consultation. Scottish Power advised that the errors would be amended as follows:

Page 4

Current Text – “SSP AQ Warnings Report – 29,105,666.063kWh, 2,134,516 Meter Points”

Amend to “SSP AQ Warnings Report – 29,105,666,063kWh, 2,134,516 Meter Points”

Page 6

Current Text “It is estimated that the benefits of Modification 0421 are potentially £1185m”

Amend to “It is estimated that the benefits of Modification 0421 are potentially £118.5m (SSP £101.5, LSP £17.5)”

Page 8

Current Text within Column 6 of Table reads “0 .2 6 5 p /kWh”

Amend to “2.65p/kWh”

Members accepted the recommendation in the Workgroup Report and determined that for Modification 0421, as amended during the meeting:

- should proceed to consultation, with a closing date of 10 December 2012;
- that legal text is not required for inclusion in the draft Modification Report;
- that a cost estimate is not required for inclusion in the draft Modification Report.

### **Request the Provision of Legal Text**

Members determined unanimously to request the provision of text for Modification 0422 - Creating the permission to release data to Meter Asset Provider organisations.

### **Consideration of Workgroup Reporting Dates**

Members determined unanimously to extend the date by which a number of Workgroups should report:

- a) Modification 0379 - Provision for an AQ Review Audit is to report to the February 2013 Panel.
- b) Modification 0425 - Re-establishment of Supply Meter Points – Shipperless sites is to report to the February 2013 Panel;
- c) Modification 0428 - Single Meter Supply Points is to report to the March 2013 Panel.
- d) Modification 0429 - Customer Settlement Error Claims Process is to report to the February 2013 Panel.



- e) Modification 0431S - Shipper/Transporter - Meter Point Portfolio Reconciliation is to report to the April 2013 Panel

### **131.8 Existing Modification Proposals for Reconsideration**

None.

### **131.9 Consider Final Modification Reports**

- a) Modification 0424 - Re-establishment of Supply Meter Points – prospective measures to address shipperless sites

TD explained that a number of representations had suggested that new issues had been identified for inclusion in the Modification Report, and asked whether these may be considered of sufficient materiality to seek a view from the Workgroup. DI advised that the proposed legal text had changed recently due to comments provided by Ofgem, and that they would welcome consideration as to whether these changes were of sufficient significance to justify obtaining a view from the Workgroup or there should be further consultation. TD confirmed that the Panel had not formally requested legal text and that this might be a suitable time to do so, such that it could be given visibility and the implications of the text changes could be considered at the next Panel meeting.

For Modification 0424, Members determined unanimously to request the provision of text.

- b) Modification 0426 - Amendment to the NTS System Entry Overrun Charge

The Panel Chair summarised that National Grid NTS has identified that entry overruns can, and have, occurred for which no overrun charge applies. This modification seeks to address this by ensuring that, in all circumstances, a positive overrun charge will apply, thereby providing a financial incentive for Users to book appropriate levels of entry capacity.

Panel Members recognised that, by incentivising Users to book their capacity requirements when there would otherwise be no overrun charge, better information may be provided to National Grid NTS regarding Users' intended use of the National Transmission System. This would enable National Grid NTS to plan the operation of the System accordingly, and so facilitate efficient and economic operation of the system.

In addition to improved signals of short-term capacity requirements in support of system operation, Members also recognised that incentivising appropriate capacity bookings would be expected to improve the information available in support of network planning decisions. Implementation would therefore also be consistent with facilitating National Grid NTS's licence obligations with respect to economic and efficient system development.

A fundamental principle that supports the development of effective competition is that parties should face the costs for which they are responsible. Implementation of this modification would ensure that Users pay for the use of the system when no capacity has been booked and so, relative to a zero charge, could be expected to improve the allocation of

costs between Users and thereby facilitate the development of effective competition.

Panel Members then voted unanimously to recommend that Modification 0426 be implemented.

c) Modification 0427S - Estimated Opening Meter Reads Code Amendment

The Panel Chair summarised that the UNC obliges acceptance of opening meter reads submitted within seven days of supply point transfer. This self-governance modification seeks to extend this to ten days, thereby recognising the present position whereby Xoserve accept opening meter reads up to ten days after supply point transfer.

Members recognised that codifying the existing expectation would help to guarantee continuing acceptance of opening reads, thereby providing confidence to market players and assurance about continuing data accuracy. As such, implementation would be expected to facilitate the securing of effective competition. In addition, making the UNC reflect existing practice is consistent with promotion of efficiency in the implementation and administration of the Code.

Panel Members then voted unanimously in favour of Self-Governance Modification 0427S being implemented.

### 131.10 Any Other Business

a) Panel Response to Codes Governance Review Consultation

TD explained that he was unsure what should be produced as a response on behalf of the Panel to the consultation. He provided a number of examples of what could be presented to Ofgem.

JF agreed that it would be worth considering a response regarding the self-governance criteria. However, RS wanted to understand what was required in the response. No matter how detailed the rules there will always be examples of situations which sit outside those rules. The Panel might, therefore, consider suggesting that Ofgem publish high level principles instead of rules, allowing more discretion for the Panel when considering the suitability of self-governance.

It was noted that the Ofgem consultation was supportive of the UNC Panel's approach and how it had sought to interpret the self-governance criteria. TD said the definition of materiality is always difficult, but Panel practices had demonstrated that the criteria could be worked with and did allow some discretion. PB agreed and added that any concerns should be addressed by aiming for diverse Panel membership in order to ensure wide spread views are considered.

Members agreed that a Panel response was not required as the process appears to be working.

b) Modification Templates

TD presented amended modification templates that the Joint Office proposed to adopt, noting the Ofgem clarification that the Code

Administration Code of Practice templates should be seen as guidance rather than being prescriptive.

Members supported the proposed changes, but requested that three versions of the templates be published rather than one containing all the versions of Relevant Objectives that might apply in a particular case.

JF asked if it is possible for modification to be consider against more than one set of Relevant Objectives and, if so, which template should be used. TD advised that a modification could impact a charging methodology and other UNC sections, and so need assessing against two sets of relevant objectives. In fact this had occurred previously, and the modification reports produced contained assessments against both sets of relevant objectives.

Members unanimously supported introduction of the revised modification template.

### **131.11 Conclude Meeting and Agree Date of Next Meeting**

10:30 20 December 2012, at the ENA.