

**Record of Determinations: Panel Meeting, 20 September 2012**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Determination Sought
		AG	CH	CWr (RF)	PB (AG)	RF	AR	EM	JF	RH	RCH	
0432 - Project Nexus – gas settlement reform	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 0432 - 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
0424 - Re-establishment of Supply Meter Points – prospective measures to address shipperless sites	Consultation to close on 02 November 2012 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend consultation
0426 - Amendment to the NTS System Entry Overrun Charge	Consultation to close on 02 November 2012 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend consultation
0427S - Estimated Opening Meter Reads Code Amendment	Consultation to close on 02 November 2012 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend consultation
0422 - Creating the permission to release data to Meter Asset Provider organisations	Returned to Workgroup - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Further assessment required
	Workgroup to report by December Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by December Panel
0418 - Review of LDZ Customer Charges	Workgroup to report by December Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by December Panel

0338V - Remove the UNC requirement for a 'gas trader' User to hold a Gas Shipper Licence	Consideration deferred - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
0384S - UNC Modification Rules; housekeeping, clarity and minor drafting changes	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
0415 - Revision of the Gas Balancing Alert Arrangements	Not returned to Workgroup - 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to recommend implementation
0416S - Extending the data provision permissions created by Modification 0279 regarding historic asset and read data provision	Not returned to Workgroup - with 9 votes against and 1 abstention	X	X	NV	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - with 9 votes in favour and 1 vote against	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0420 - New Connections Interruptible loads	Not returned to Workgroup - 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	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to recommend implementation

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

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>
A Green (AG), Total C Hill (CH), First Utility 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 Hewitt (RH), National Grid NTS R Cameron-Higgs (RCH), Wales & West Utilities

**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 Ross (AR), Northern Gas Networks; D Ianora (DI), Ofgem; D Mitchell (DM), Scotia Gas Networks; J Linton, (JL), First Utility; M Connor (MC), National Grid NTS and R Fletcher (RF), Panel Secretary

## **Record of Discussions**

### **129.1 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)  
R Fairholme for C Wright (British Gas)

### **129.2 Record of Apologies for absence**

A Gibson, C Warner, C Wright, P Broom and S Edwards

### **129.3 Minutes of the Last Meeting**

The minutes of the last meeting were approved.

### **129.4 Consider New, Non-Urgent Modifications**

- a) Modification 0432 - Project Nexus – gas settlement reform

AR introduced the modification and explained the proposed settlement regime changes and 4 associated products. The modification proposes to replace the RbD regime and implement a rolling AQ regime. AR advised that legal text is to be developed as soon as possible to aid Workgroup discussions.

AG asked if the modification is proposed as User Pays? AR explained the statement in the modification and the uncertainty around the funding mechanism going forward - it is hoped to clarify these aspects during the Workgroup stage of the modification.

AG suggested clarity was needed regarding whether any funding was allowed in the previous price control and if this should be included as offsetting the cost. AR explained the potential routes for funding the changes envisaged. RH advised that no Gemini impacts had been included in previous funding and that National Grid NTS needed clarity from Ofgem on how to fund any potential changes. He also suggested a review of Gemini impacts be considered during the modification's assessment.

AM advised that, at this stage, Xoserve were unaware of the impacts on Gemini and it is unlikely that these will be understood until April 2013.

RH asked if the proposed EU Balancing code changes have been taken into account - if not, they should be.

AG suggested a view is needed from Ofgem regarding funding since it would be hard to progress the modification without an understanding of the financial implications. He also felt it would be helpful to know how

similar changes in the electricity market were to be funded, and suggested the funding arrangements should be consistent between the markets. TD clarified that the Modification Rules require the user Pays position to be clarified prior to completion of the modification process.

DI agreed to seek a view on funding within Ofgem and present back to a future Panel meeting.

For Modification 0432, 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 parties;
- Workgroup Assessment is required, with a report presented to Panel by March 2013 but with an aspiration of December 2012.

The Workgroup is asked to consider:

- Potential project funding methodologies;
- Potential impacts from European Code changes on Balancing rules;
- Physical impacts on Gemini and how these would be funded.

#### **129.5 Consider Legal Text**

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

No issues were raised regarding the text, and Modification 0424 will therefore be issued to consultation, with Members agreeing a closing date of 02 November 2012.

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

No issues were raised regarding the text, and Modification 0426 will therefore be issued to consultation, with Members agreeing a closing date of 02 November 2012.

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

No issues were raised regarding the text, and Modification 0427S will therefore be issued to consultation, with Members agreeing a closing date of 02 November 2012.

## 129.6 Consider Workgroup Issues

### Workgroup Reports for Consideration

- a) Modification 0422 - Creating the permission to release data to Meter Asset Provider organisations

Members accepted the recommendation in the Workgroup Report and determined that for Modification 0422:

Further Workgroup Assessment is required, with a report presented by the December Panel.

### Consideration of Workgroup Reporting Dates

- a) Modification 0418 - Review of LDZ Customer Charges is to report by the December Panel.

## 129.7 Existing Modification Proposals for Reconsideration

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

Members determined that consideration of the modification should be deferred.

## 129.8 Consider Final Modification Reports

- a) Modification 0384S - UNC Modification Rules; housekeeping, clarity and minor drafting changes

The Panel Chair summarised that Modification 0384S seeks to allow formal legal text to be requested by the Modification Panel at additional points in the Modification Rules; to define a Panel Majority as being a majority of votes exercisable in the case of a recommendation as to whether or not to implement a modification, but exercised in all other cases; and to introduce some housekeeping style changes.

Members recognised that clarifying areas of the Modification Rules is consistent with promoting efficiency in the implementation and administration of the UNC. It was similarly recognised that that this relevant objective would be facilitated by providing for more flexibility in the provision of legal text, and for changes to the text to be considered by the Modification Panel.

Members then voted and unanimously determined that Self-Governance Modification 0384S should be implemented.

- b) Modification 0415 - Revision of the Gas Balancing Alert Arrangements

The Panel Chair summarised that the modification seeks to create two types of gas balancing alert rather than the present single definition. This would allow notice of potential system balancing issues to be issued both on the day and at the day ahead stage. The modification also defines

methodologies for when these notices will be issued, and creates flexibility by allowing notices to be withdrawn when appropriate to do so.

Members recognised that the modification seeks to improve the information made available to the market at times of potential system distress. This improved market information would be expected to lead to parties taking informed actions in light of the potential system imbalance, with an expectation that these may address any issues and so avoid the need for intervention by the system operator. By avoiding system operator actions and facilitating the market addressing system issues, implementation of this modification would be consistent with facilitating economic and efficient operation of the system.

Members noted that implementation would be consistent with the requirements of European Regulation Article 10, Emergency Plans and Crisis levels, by recognising an additional stage of emergency - with an early warning level in addition to the existing alert and emergency level). As such, implementation would be consistent with facilitating the relevant objective of 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.

Members then unanimously determined to recommend implementation of Modification 0415.

- c) Modification 0416S - Extending the data provision permissions created by Modification 0279 regarding historic asset and read data provision

The Panel Chair summarised that this modification seeks to remove the restriction that meter read history and meter asset data may only be released to an incoming Shipper at one point in the year.

Members noted that removing the restriction would allow data to be released more frequently. Incoming Shippers may therefore have more timely access to information to assist them in addressing issues and ensuring, for example, that AQs are set at an appropriate level. AQs are used for calculating transportation charges and as a fundamental component of energy allocation, and hence improving the accuracy of AQs would be expected to lead to costs being allocated to the parties causing those cost to arise. Some Members therefore expected that implementation of the modification could be expected to facilitate the securing of effective competition between Shippers. In addition, relaxing the restriction on when data can be released was felt to be consistent with promoting efficient implementation of the UNC.

One Member was concerned that, as part of their market strategy, some Shippers may be more proactive than others in obtaining and maintaining information. Making this more readily available to an incoming Shipper may undermine legitimate competitive advantage and disincentivise data collection and submission. Also the provision of more frequent data may allow Shippers to be more selective about the way in which data is used and AQs are challenged. This could create an opportunity for selective data use, which would not be in the interests of accurate cost allocations. As such, implementation would be inconsistent with facilitating the securing of effective competition among Shippers.

Members then voted and, with nine votes in favour and one against implementation, determined that Self-Governance Modification 0416S should be implemented.

d) Modification 0420 - New Connections Interruptible loads

The Panel Chair summarised that the modification addresses the situation where a new Daily Metered customer wishes to connect to a distribution network, but firm capacity cannot be made available in the desired timescale. The modification would allow connection on an interruptible basis until firm capacity is available.

Members noted that allowing earlier network connection (when desired by the customer) would increase utilisation of the system and so could be regarded as facilitating economic and efficient operation of the pipeline system. In addition, the expansion of the market for gas, through an additional load being available for supply, could be regarded as consistent with facilitating competition among Shippers.

Members discussed whether there was potential for the modification to be regarded as unduly discriminatory since the service would be available only to new connections and not to existing customers wishing to expand their load. However, it was recognised that existing loads could take part in the interruptible tender process and so effectively access the same service. It was not therefore, considered to be unduly discriminatory.

Members then voted unanimously to recommend implementation of Modification 0420.

**129.10 Any Other Business**

None raised.

**129.11 Conclude Meeting and Agree Date of Next Meeting**

10:30 18 October 2012, at the ENA.