

Record of Determinations: Panel Meeting 18 June 2015

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Member	Determination Sought	
		AG	AM	PB	RF	SM	CW	EM	FH	JF	JF (SE)	CA		
0536 - Project Nexus - deferral of implementation of elements of Retrospective Adjustment arrangements	Consideration deferred to July Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To defer consideration to next Panel meeting
0537 - Change of Project Nexus Implementation Date to 1st April 2016	Consideration deferred to July Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To defer consideration to next Panel meeting
0538 - Correcting legal text errors – gas Security of Supply Significant Code Review	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Is a Fast Track Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the fast Track Criteria
	Implemented - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be implemented (only votes in favour recorded)
0539 - Removal of NTS Exit Commodity Charges for Distributed Gas	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0539 with a report presented by the November 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup 0539 with a report presented by the November 2015 Panel
0501 0501A 0501B 0501C - Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations	Consideration deferred to July Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To defer consideration to next Panel meeting
	Is to be considered at short notice - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To be considered at short notice
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation

0498 0502 – Amendment to Gas Quality NTS Entry Specification at BP/px (TGPP) System Entry Point	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	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 24 July 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 24 July 2015
0517 0517A 0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges	Proceed to Consultation - <i>unanimous vote in favour</i>	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	NP	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	NP	X	X	X	X	X	X	X	X	X	X	Is a Cost estimate required for inclusion in DMR
	Consultation to close out on 24 July 2015 - <i>unanimous vote in favour</i>	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 24 July 2015
0525 - Enabling EU Compliant Interconnection Agreements	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	Should DMR be Issued to Consultation
	Legal text not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	NP	Is further Legal text required for inclusion in DMR
	Cost estimate not required - <i>unanimous vote against</i>	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 09 July 2015 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Consultation end on 09 July 2015
	Is to be considered at short notice at the July Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	To be considered at short notice at the July Panel
0522 - Inclusion of email as a valid UNC Communication	Workgroup to report by October 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to October 2015 Panel

0528 - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)	Workgroup to report by August 2015 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extend Workgroup reporting date to August 2015 Panel
0506 - Gas Performance Assurance Framework and Governance Arrangements	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0506A - Gas Performance Assurance Framework and Governance Arrangements	Legal Text requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
0535 - Implementation of Non-Effective Days to enable Annual AQ Review (independent of Nexus transition)	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	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 177th Meeting held on Thursday 18 June 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 P Broom (PB), GDF Suez R Fairholme* (RF), E.ON UK S Mulinganie (SM), Gazprom	C Warner (CW), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks and for S Edwards, Wales & West Utilities F Healy (FH), National Grid NTS	C Alexander (CA)

Non-Voting Members:

Chairman	Ofgem Representative
A Plant (AP), Chair	Rory Edwards (substitute)

Also in Attendance:

F Cottam (FC), Xoserve; H Chapman (HC), Xoserve; K Elliott-Smith (KES), Cornwall Energy; L Jenkins (LJ), Joint Office, R Fletcher (RF), Secretary and T Davis* (TD), Barrow Shipping.

* *via teleconference*

Record of Discussions

177.1 Note of any alternates attending meeting

AP welcomed Rory Edwards from Ofgem to the meeting, who was substituting for Andrew Lam

J Ferguson for S Edwards (Wales & West Utilities)

177.2 Record of Apologies for absence

S Edwards

177.3 Minutes and Actions of the Last Meeting(s)

HC requested an amendment to the minutes listed against Modification 0528 below. Members agreed that the comment attributed to HC should be deleted.

AP invited AM to expand upon British Gas' points raised in its representation. AM set these out and added that meetings held since its submission had failed to address/resolve these. There were concerns regarding movement and timing, and the actual mechanics of implementing it. CW believed it was still sustainable. HC observed that consequential impacts on potential Nexus implementation date movement were being reviewed.

Members then approved the minutes from the previous meeting (21 May 2015).

177.4 Consider New Non-Urgent Modifications

- a) Modification 0536 - Project Nexus - deferral of implementation of elements of Retrospective Adjustment arrangements

Members determined unanimously to defer consideration of Modification 0536 to the July UNC Modification Panel meeting.

- b) Modification 0537 – Change of Project Nexus Implementation Date to 1st April 2015

AG confirmed that he intends to withdraw the modification.

Members determined unanimously to defer consideration of Modification 0537.

Post Meeting Update: The proposer has withdrawn Modification 0537.

- c) Modification 0538 - Correcting legal text errors – gas Security of Supply Significant Code Review

FH advised that the modification had been raised to correct an error in a definition introduced into Code following the implementation of changes required by the gas security of supply Significant Code Review.

RF commented that this might be a flaw in the SCR process indicating

that proper scrutiny was not given to the text prior to its implementation.

For Modification 0538, Members determined:

- The criteria for Self-Governance are met as this modification is not expected to have a material impact on transportation, competition or consumers;
- The criteria for Fast Track Self-Governance are met as this modification is properly a housekeeping modification required as a result of some error or factual change;
- That Modification 0538FT should be implemented.

d) Modification 0539 - Removal of NTS Exit Commodity Charges for Distributed Gas

TD introduced the modification and its aims, advising that it was based on the previously withdrawn Modification 0508.

SM challenged the view on Self-Governance as this may be a non-material impact today but there could be growth in the market, which could have a material impact at a later date. Other members agreed with this view.

JF felt that this modification should be considered to be an NTS methodology issue and not a DN issue. TD was unconcerned in which workgroup the modification was assessed but pointed out the impact is in the DN section of Code.

FH requested the workgroup to review the issues, which required the withdrawal of Modification 0508 to ensure any similar issues, were considered and where possible resolved.

For Modification 0539, Members determined:

- The criteria for Self-Governance are not met by this modification as it is expected to have a material impact on the transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes;
- That Modification 0539 is issued to Workgroup 0539 for assessment, with a report to be presented no later than the November 2015 Panel.

177.5 Existing Modifications for Reconsideration

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

AP drew attention to the checkpoint included in the Modification Rules, that Panel shall reconsider a modification once four months have elapsed since it was sent to Ofgem for decision.

RE advised that the Regulatory Impact Assessment had closed the previous day and that Ofgem were reviewing the responses. It is

understood a decision is required by 21 July to ensure there were no implementation impacts.

Asked for its views, the Panel then determined to defer further consideration to the July Panel meeting unless a decision was received in the interim.

177.6 Consider Workgroup Issues

None for discussion.

177.7 Workgroup Reports for Consideration

- a) Modification 0498 - Amendment to Gas Quality NTS Entry Specification at BP Teesside System Entry Point and 0502 - Amendment to Gas Quality NTS Entry Specification at the px Teesside System Entry Point

FH confirmed that the legal text provided was suitable for inclusion in the Draft Modification Report.

PB asked if consideration was given to security of supply. LJ advised that this was considered but did not factor as an impact within the relevant objectives. FH commented that security of supply features under National Grid Transmission license conditions. However, LJ advised that the workgroup felt that this modification did not impact security of supply as gas would enter the UK market at a different point. It was agreed to amend Relevant Objective d) to capture this view.

A number of comments were raised about additional information/questions required during consultation and it was agreed to include these in the response template.

FH was concerned about questions related to electricity supply and how this modification should be judged on an impact, which is outside of UNC. RF agreed with this view. Others felt that the information would be useful to seek the information as Panel has a duty to consider cross Code issues.

Members agreed the question on electricity supply should remain but it should not be overly weighted.

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modifications 0498/0502:

- 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 24 July 2015

- b) Modification 0517 0517A 0517B - Review of the Supply Matching Merit Order in Setting Capacity Charges

PB asked if one or all of these modifications would impact charging

volatility. SM was under the impression they would soften volatility but would not remove it. LJ explained the potential impacts on volatility for each modification and confirmed that these views were expressed in the report.

FH confirmed that the legal text provided was suitable for inclusion in the Draft Modification Report.

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0517:

- 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 24 July 2015.

c) Modification 0525 - Enabling EU Compliant Interconnection Agreements

FH confirmed that the legal text provided was suitable for inclusion in the Draft Modification Report.

Members accepted the recommendation within the Workgroup Report.

Members then determined that Modification 0525:

- 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 09 July 2015 and the Final Modification Report is to be considered at short notice at the July Panel.

177.8 Consideration of Workgroup Reporting Dates and Legal Text Requests

Members determined unanimously to extend the following Workgroup reporting dates:

Workgroup	New Reporting Date
0522 - Inclusion of email as a valid UNC Communication	October 2015
0528 - Implementation of Supply Point Administration, gas allocation and settlement arrangements (Project Nexus transitional modification)	August 2015

Members noted at that a number of Workgroups had not progressed recently as the proposer was on leave. BF was requested to contact the proposer to

get a view on whether the modifications would be progressed at the next Distribution Workgroup meeting.

Members determined unanimously to request Legal text for the following modification(s):

Modification
0506 - Gas Performance Assurance Framework and Governance Arrangements
0506A - Gas Performance Assurance Framework and Governance Arrangements

177.9 Consideration of Variation Requests

None for consideration.

177.10 Final Modification Reports

- a) Modification 0535 - Implementation of Non Effective Days to enable Annual AQ Review (independent of Nexus transition)

For Panel discussion see the Final Modification Report published at www.gasgovernance.co.uk/0535

Members determined unanimously recommend the implementation of Modification 0535.

177.11 Any Other Business

- a) Ofgem letter on Code Governance – UNC Panel consideration

AP summarised the content of the proposed response to Ofgem and asked whether Members felt this could be submitted as a Panel response.

SM did not think it was appropriate to agree a response when it may not fully represent all Panel members' views. PB agreed, as Shipper representatives have to provide constituency views and not just an individual member view.

SM did not agree with some of the points raised in the letter and felt they should not therefore be put forward as a Panel view.

RF felt that a response could go in from the Joint Office.

CA felt it would be of benefit if Panel could provide a response, however, if this were the case then he would provide an individual response to the consultation.

AP suggested he may also put in a response as Independent Chair.

177.12 Conclusion of Meeting and agreed Date of Next Meeting

10:30, Thursday 16 July 2015, at the ENA.