

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 70th MEETING
HELD ON THURSDAY 04 DECEMBER 2008

Members Present:

Transporter Representatives: R Hewitt (National Grid NTS), C Warner (National Grid UKD), S Sherwood (Scotia Gas Networks), S Trivella (Wales & West Utilities) and R Cameron-Higgs (Northern Gas Networks).

User Representatives: A Barnes (BG Group), C Wright (British Gas Trading), R Fairholme (E.ON UK) and A Bal (Shell)

Ofgem Representative(s):

J Dixon, P O'Donovan

Terminal Operators Representative

C Purdie

Joint Office:

T Davis (Chairman) and J Bradley (Secretary)

70.1 Note of any alternates attending meeting

S Sherwood for A Gibson (Scotia Gas Networks), R Fairholme for P Broom (Gaz de France), C Purdie for R Monroe

70.2 Record of apologies for absence

A Gibson, P Broom, R Monroe

70.3 Record invitees to meeting

A number of persons attending the Transmission Workstream on that day were invited to the meeting. Their names are listed in the minutes of that Workstream.

70.4 Existing Modification Proposals for Reconsideration

0195AV: "Introduction of Enduring NTS Exit Capacity Arrangements"

This meeting had been called at short notice with the agreement of all Panel Members to discuss issues raised in the Ofgem letter "Uniform Network Code – Enduring offtake reform Modification proposals", published on 2 December 2008. This letter had made it clear that the Authority had given its approval to this Proposal based on the information it had at that time.

The reason for this meeting was that it had subsequently been brought to the attention of Ofgem that the legal text of Proposal 0195AV envisaged the Distribution Networks paying commodity charges to National Grid NTS. There is no provision in their licences for these charges to be recovered and it was not the intention of the Proposer to amend the present arrangements in this respect. Ofgem had therefore requested the industry to bring forward suitable changes to the proposed legal text for 0195AV to resolve the perceived problem and reach a consensus on the merit of any such changes before returning the text to Ofgem.

TD outlined the alternative routes that the Panel might take in response and suggested that Members may wish to consider the possibility of reconsultation on this Proposal. To assist this, National Grid NTS had prepared revised text, which addressed the concerns raised, and this had been placed on the Joint Office website. Whilst acknowledging this, A Barnes asked whether the revised legal text reflected the Modification Proposal.

T Davis stated that it did - the Proposal itself was silent on the SO Commodity Charge aspect.

In response to a question from a Member, P O'Donovan confirmed that Ofgem had considered various options for proceeding and decided that the industry should consider the way forward rather than Ofgem simply issuing an implementation notice.

R Street felt the key question was whether consultation responses would have been different if the recently revised legal text had been included. In response, Members did not believe that it would have made any difference to the responses received. Questions were also asked in respect of the 0116 series of Proposals. National Grid NTS pointed out that commodity charging for DNs was partly included in 0116V due to the flexibility commodity charge element. P O'Donovan pointed out that there was no provision in the DN licences at that time but those provisions now exist.

National Grid NTS indicated that, whilst the implementation timetable was tight, the inclusion of a ten day consultation should not affect the implementation date of 01 April 2009. The DNs stated a preference for the Final Modification Report simply to be reissued with the revised legal text for Ofgem decision, but indicated that they would support reconsultation if other Members wished this to take place. P O Donovon expressed a preference for reconsultation to take place and a number of Members expressed the desire for progress, which might be best achieved by reconsultation.

The Panel then voted UNANIMOUSLY, in accordance with 9.5.2 of the Modification Rules, for a ten day supplementary consultation to be undertaken.

70.5 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next Panel meeting is due to be held at Elexon, 350 Euston Road, on 18 December 2008.