

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 63rd MEETING HELD ON THURSDAY
15 MAY 2008

Members Present:

Transporter Representatives: C Logue (National Grid NTS), A Raper (National Grid UKD), S Trivella (Wales & West Utilities), L Spierling (Wales & West Utilities) and R Cameron-Higgs (Northern Gas Networks).

User Representatives: C Wright (British Gas), R Fairholme (E.ON UK) and S Leedham (EDF Energy).

Ofgem Representative(s):

J Dixon

Consumers' Representative(s):

None

Joint Office:

T Davis (Chairman), J Bradley (Deputy Secretary)

63.1 Note of any alternates attending meeting:

C Logue for R Hewitt, A Raper for C Warner, L Spierling for B Grubb, S Trivella for L Spierling, C Wright for A Barnes and S Leedham for P Broom.

63.2 Record of apologies for absence:

R Hewitt, C Warner, B Grubb, A Barnes, P Broom and J Majdanski.

63.3 Record invitees to meeting:

C Temperley (Gas Forum)

63.4 Receive report on status of Urgent Modification Proposals:

Proposal 0212 "Revision of the Rough Storage Connection Agreement" was considered under item 63.11 below

63.5 Consider New, Non-Urgent Modification Proposals

- a) Proposal 0213: "Introduction of User Pays Governance Arrangements into the UNC"

Following a presentation from S Leedham (EDF Energy), the Panel voted UNANIMOUSLY for the Proposal to proceed to the Governance Workstream.

- b) Proposal 0214: "Reservation of Firm NTS Exit Capacity at new NTS Exit Points in the transitional period"

Following a presentation from C Hill (RWE), the Panel voted UNANIMOUSLY for the Proposal to proceed to the Transmission Workstream.

- c) Proposal 0215: “Enduring Arrangements for Supply Point Capacity decrease at an Interruptible Supply Point”

Following a presentation from S Trivella (Wales & West Utilities), the Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation for an extended period, with consultation closing on 4 July 2008.

The Panel did not determine that legal text was required, with no votes cast in favour.

Proposal 0216: “Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity”

The Panel agreed to consider this Proposal at short notice. Following a presentation from C Logue (National Grid NTS), the Panel decided by Panel Majority for the Proposal to proceed to Consultation, with the following Members casting votes: C Logue, A Raper, S Trivella, L Spierling, R Cameron-Higgs, C Wright (also proxy vote for A Barnes), S Leedham (also proxy vote for P Broom).

The Panel did not determine that legal text was required, with no votes cast in favour.

63.6 Consider New Proposals for Review.

None

63.7 Consider Terms of Reference.

None

63.8 Existing Modification Proposals for Reconsideration.

None

63.9 Consider Variation Requests

None

63.10 Consider Workstream Monthly Reports.

- a) Workstream Reports

Proposal 0202 “Improvement to More Frequent Readings Provisions to allow benefits of AMR”

The Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation. The Panel then voted whether to require the preparation of legal text, the following Members casting votes: R Cameron-Higgs, L Spierling and S Trivella. Therefore the Modification Panel did not require preparation of legal text.

Proposal 0211 “RbD Audit Governance Arrangements”

The Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation. They did not determine that legal text was required, with no votes cast in favour.

b) Review Group Reports

Proposal 0162 “Review of information provision to Shippers in respect of forecasting the future path of transportation charges”

The Review Group report was accepted, no further work required.

63.11 Consider Final Modification Reports.

a) Proposal 0185VV: “Meter Error Notification Process”

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that, by introducing a clear and modifiable process for notifying meter errors, implementation of the Proposal could be expected to further the GT Licence ‘code relevant objectives’ of “*the securing of effective competition between relevant shippers*” and “*the promotion of efficiency in the implementation of the uniform network code*” and voted UNANIMOUSLY to recommend implementation of the Proposal. On behalf of Ofgem, J Dixon requested the provision of legal text.

b) Proposal 0196: "Alterations to shipper penalties for end user failure to interrupt"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Some Members considered that, by removing an undue potential penalty and so reducing the risk of operating in the market, implementation of the Proposal could be expected to further the GT Licence ‘code relevant objective’ of “*the securing of effective competition between relevant shippers*” Other Members disagreed, believing that the penalty was appropriate and that the existing arrangements had proven effective. The Panel then voted whether to recommend implementation of the Proposal, the following Members casting votes: S Leedham (also proxy vote for P Broom) and R Fairholme. Therefore the Modification Panel did not recommend implementation of the Proposal.

c) Proposal 0201: " Small value invoice payment deferral "

The Panel agreed to consider this Proposal at short notice. As two new issues had been raised, Panel Members agreed UNANIMOUSLY to defer consideration and to seek further views from the Distribution Workstream. The new issues were whether the relevant Transporter could require deferral if the User had not consented and whether or not the Capacity Neutrality Invoice was included.

d) Proposal 0203V: "Revision to DN Shrinkage Regime"

The Panel agreed to consider this Proposal at short notice. Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Some Members considered that, by improving the targeting of shrinkage gas costs, implementation of the Proposal could be expected to further the GT Licence ‘code relevant objective’ of “*the securing of effective*

competition between relevant shippers” Others disagreed and were concerned that the change in cost allocations would be less appropriate. The Panel then voted whether to recommend implementation of the Proposal, the following Members casting votes: C Logue, A Raper, S Trivella, L Spierling, R Cameron-Higgs and C Wright. Therefore the Modification Panel recommended implementation of the Proposal.

- e) Proposal 0207: “Change to Telemetry Requirements in OAD for SOMSA Exit”

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that, by avoiding unnecessary investment, implementation of the Proposal could be expected to further the GT Licence ‘code relevant objective’ of *“the efficient discharge of its obligations under this licence”* and voted UNANIMOUSLY to recommend implementation of the Proposal.

- f) Proposal 0212: “Revision of the Rough Storage Connection Agreement”

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that, by allowing increased gas flows, implementation of the Proposal could be expected to further the GT Licence ‘code relevant objectives of *“the efficient and economic operation of the pipe-line system to which this licence relates”* and *“the securing of effective competition between relevant shippers”*, and voted UNANIMOUSLY to recommend implementation of the Proposal.

63.12 Receive report on status of Consents.

Consent C023 “Revision to UNC References in TPD Section M from ‘National Grid’ to ‘the Transporter” was approved by Ofgem on 22 April 2008.

63.13 Any Other Business

T Davis advised the Panel that if proposed Ofgem guidance on the treatment of environmental costs was confirmed, references to the relevant objectives in modification pro-formas might be amended so that where Standard Condition A11.1 (a) and A11.1 (b) was referred to, the words “including, where applicable, environmental impacts” could be added. It was agreed that the Panel would consider the matter once the Ofgem guidance was confirmed.

63.14 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next meeting is due to be held at Elexon, 350 Euston Road, on 19 June 2008.