

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 52nd MEETING HELD ON THURSDAY
16 AUGUST 2007

Members Present:

Transporter Representatives: A Raper (National Grid UKD), L Spierling (Wales & West Utilities) and R Hewitt (National Grid NTS)

User Representatives: R Fairholme (EON), C Wright (British Gas Trading), A Barnes (BG Group), P Broom (Gaz de France), and #C Sykes (Statoil) by teleconference for item 52.12 only

Ofgem Representative(s):

J Dixon

Consumers Representative(s):

None

Joint Office:

T Davis (Chairman), M Berrisford (Deputy Secretary)

52.1 Note of any alternates attending meeting:

C Wright for M Young (British Gas Trading), R Fairholme for P Bolitho (EON), C Sykes for S Rouse (Statoil) and A Raper for C Warner (National Grid UKD) and R Cameron-Higgs (Northern Gas Networks)

52.2 Record of apologies for absence:

M Young (British Gas Trading), P Bolitho (EON), S Rouse (Statoil), B Grubb (Scotia Gas Networks), R Cameron-Higgs (Northern Gas Networks) and C Warner (National Grid UKD)

52.3 Record invitees to meeting:

C Temperley (Gas Forum)

52.4 Receive report on status of Urgent Modification Proposals:

- a) Proposal 0169: "Transfer and Trading of Capacity between ASEPs"
Status = Representations close out 17/08/2007
- b) Proposal 0169A: "Transfer and Trading of Capacity between ASEPs"
Status = Representations close out 17/08/2007

52.5 Consider New, Non-Urgent Modification Proposals

- a) Proposal 0165 "Change to Measurement Provisions Change Process"
Following a presentation from R Hewitt (National Grid NTS) the Panel voted UNANIMOUSLY for the Proposal to proceed to Consultation. They also voted UNANIMOUSLY that legal text was required.

- b) Proposal 0167 “Changes to Reconciliation Arrangements Under CSEP NExA”
Following a presentation from A Raper (National Grid UKD), on behalf of B Grubb (Scotia Gas Networks), 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.
- c) Proposal 0164: “Bi-Directional Connection Point Overrun Charge Calculation”
Following a presentation from R Monroe (Centrica Storage), 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.

52.6 Consider New Proposals for Review.

- a) Proposal 0166: “Review of necessary reform of NTS Offtake Arrangements”
Following a presentation from C Wright (BGT) and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Review.
- b) Proposal 0168: “Individual Meter Point Reconciliation”
Following a presentation from C Wright (BGT) and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Review.

52.7 Consider Terms of Reference.

- a) Proposal 0157: “Review of IGT Settlement and Reconciliation Arrangements”
Terms of Reference approved by the Panel.
- b) Proposal 0158: “Review of User Suppressed Reconciliation Values’ incentive arrangements”
Terms of Reference approval deferred until the September meeting.
- c) Proposal 0162: “Review of information provision to Shippers in respect of forecasting the future path of transportation charges”
Terms of Reference approval deferred until the September meeting.
- d) Proposal 0166: “Review of necessary reform of NTS Offtake Arrangements”
Terms of Reference approval deferred until the September meeting.
- e) Proposal 0168: “Individual Meter Point Reconciliation”
Terms of Reference approval deferred until the September meeting.

52.8 Existing Modification Proposals for Reconsideration.

- a) Proposal 0104 "3rd Party Proposal: Storage Information at LNG Importation Facilities"

In discussion, members once again expressed their concerns at the delay in an Ofgem decision. J Dixon (Ofgem) acknowledged members frustration and indicated that he anticipated a decision being issued in the near future.

The Panel then voted by Panel Majority to defer making a decision until the next full meeting, the following Members casting votes: C Wright, A Raper, R Cameron-Higgs, L Spierling and R Hewitt. However, two Members (R Fairholme and P Broom) voted in favour of writing to the Authority to ascertain when a decision was likely to be made.

52.9 Consider Variation Requests

None

52.10 Consider Workstream Monthly Reports.

- a) Distribution
- b) Transmission

On behalf of Ofgem, Jon Dixon directed National Grid to provide legal text for Modification Proposals 0149 and 0149A.

- c) Governance
- d) Offtake

52.11 Consider Review/Development Work Group Reports.

- a) Proposal 0131 "LDZ RbD Reconciliation Notification Process
- b) Proposal 0140 "Review of Information Provision on National Grids Information Exchange"
- c) Proposal 0157 "Review of IGT Settlement and Reconciliation Arrangements"
- d) Proposal 0158 "Review of User Suppressed Reconciliation Values' Incentive Arrangements"
- e) Proposal 0162 "Review of Information provision to Shippers in respect of forecasting the future path of transportation charges"

52.12 Consider Final Modification Reports.

- a) #Proposal 0152V: "Limitation on Retrospective Invoicing and Invoice Correction"

Panel 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.

Most Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' "*the economic and efficient operation of the pipeline system*"; "*the securing of effective competition between relevant shippers*"; "*the efficient discharge of the*

licensee's obligations" and "the promotion of efficiency in the implementation and administration of the code". However, some members were concerned that a timing mismatch with the Statute of Limitations meant implementation would not facilitate *"the securing of effective competition between relevant shippers"*. The Panel then voted and five votes were cast in favour of implementation: C Wright, A Barnes, A Raper (also proxy vote for R Cameron-Higgs) and L Spierling. Therefore the Panel recommended implementation of this Proposal.

b) #Proposal 0152AV: "Limitation on Retrospective Invoicing and Invoice Correction"

Panel 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.

Most Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' *"the economic and efficient operation of the pipeline system"*; *"the securing of effective competition between relevant shippers"*; *"the efficient discharge of the licensee's obligations"* and *"the promotion of efficiency in the implementation and administration of the code"*. The Panel then voted and seven votes were cast in favour of implementation: C Wright, P Broom, #C Sykes, A Raper (also proxy vote for R Cameron-Higgs), L Spierling and R Hewitt. Therefore the Panel recommended implementation of this Proposal.

c) #Proposal 0152VB: "Limitation on Retrospective Invoicing and Invoice Correction"

Panel 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.

Most Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' *"the economic and efficient operation of the pipeline system"*; *"the securing of effective competition between relevant shippers"*; *"the efficient discharge of the licensee's obligations"* and *"the promotion of efficiency in the implementation and administration of the code"*. The Panel then voted and eight votes were cast in favour of implementation: R Fairholme, C Wright, A Barnes, P Broom, A Raper (also proxy vote for R Cameron-Higgs), L Spierling and R Hewitt. Therefore the Panel recommended implementation of this Proposal.

The Panel then proceeded to vote on which of the three Proposals would better facilitate achievement of the Relevant Objectives. Of the 8 Voting Members present, capable of casting 9 votes, 5 votes (C Wright, A Barnes, A Raper (also proxy vote for R Cameron-Higgs) and L Spierling) were cast in favour of implementing Modification Proposal 0152V in preference to Modification Proposals 0152AV or 0152VB, whereas 2 votes (#C Sykes and R Hewitt) were cast in favour of implementing Modification Proposal 0152AV in preference to Modification Proposals 0152V or 0152VB, and 2 votes (R Fairholme and P Broom) were cast in favour of implementing Modification Proposal 0152VB in preference to Modification Proposals 0152V or 0152AV.

Therefore the opinion of the Panel was that implementation of Proposal 0152V would better facilitate the achievement of the Relevant Objectives.

- d) #Proposal 0159: “National Grid NTS discretionary release of Interruptible NTS Entry Capacity”

Panel 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.

Most Members considered that implementation of the Proposal could be expected to further the GT Licence ‘code relevant objectives’ *“the economic and efficient operation of the pipeline system”* and *“the securing of effective competition between relevant shippers”*. The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

52.13 Receive report on status of Consents.

None since last meeting.

52.14 Any Other Business

- a) Draft Consent to Modify "0083: Proposal to insert obligations to process data received from iGTs in line with the requirements as outlined within Annex A of the Connected System Exit Point (CSEP) Network Exit Agreement (NExA)"

S Trivella (Wales and West Utilities) provided members with an overview of the draft consent informing them that xoserve are following the business rules of the original Modification Proposal and hence working to the proposed legal text revisions as contained within the draft consent. As such, he argued the consent to modify route may be appropriate rather than raising a formal Modification Proposal to correct the legal text.

During discussions surrounding the scale and rationale for this proposed consent to modify the UNC, Members voiced concerns that this could be seen as a precedent for others opening a ‘back door’ for the raising of similar consents and that raising a Modification Proposal would be more appropriate solution, ensuring visibility and appropriate governance for any proposed change.

- b) A Raper (National Grid UKD) requested that Proposal 0154 “Enduring Provisions for LDZ System Entry Points” be placed on the agenda for the Panel to consider at 23 August meeting, which members agreed to.

52.15 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next Panel meeting is due to be held at 1.00pm on 23 August 2007 at Elexon, 350 Euston Road, after the Distribution Workstream meeting, by teleconference, with the next full monthly meeting at Elexon, 350 Euston Road, on 20 September 2007.