

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 36th MEETING HELD ON THURSDAY
16 NOVEMBER 2006

Members Present:

Transporter Representatives: R Hewitt (National Grid NTS), L Spierling (Wales & West Utilities) and A Raper (National Grid UKD). B Grubb (Scotia Gas Networks) was present for discussion of Modification Proposal 0116 and its Alternatives only.

User Representatives: A Barnes (BG Group), P Broom (Gaz de France), S Rouse (Statoil), C Wright (British Gas Trading) and P Bolitho (E.ON)

Ofgem Representative(s):
D Edward

Consumers Representative(s):

Joint Office:
T Davis (Chairman), M Berrisford (Deputy Secretary)

36.1 Note of any alternates attending meeting:
C Wright for M Young (British Gas Trading) and A Raper for B Grubb (Scotia Gas Networks) and R Cameron-Higgs (Northern Gas Networks)

36.2 Record of apologies for absence:
M Young (British Gas Trading), R Cameron-Higgs (Northern Gas Networks) and J Majdanski (Joint Office of Gas Transporters)

36.3 Record invitees to meeting:
None.

36.4 Receive report on status of Urgent Modification Proposals:

- a) Proposals 0117/0117A "Amendment to Invoice Billing Period"
Status = 0117A withdrawn 07/11/2006 and 0117 FMR with Panel for recommendation (*see item 36.10*)
- b) Proposals 0122 "Restriction of invoice billing period to Price Control"
Status = Proposal out for representations, consultation ends 27/11/2006
The Panel voted (informally) UNANIMOUSLY to recommend to the Authority acceptance of an amendment to Modification Proposal 0122 with no change to the timetable.
- c) Proposals 0123 "Provision of Demand Information to Meet the 14:00 Total System Demand Forecast"
Status = FMR with Panel for recommendation (*see item 36.10*)

36.5 Consider New, Non-Urgent Modification Proposals.

- a) Proposal 0124 "Amendment to the window for acceptance of Meter Reads by the Transporter"
Following a presentation from C Wright (British Gas Trading), the Panel failed to make a determination to proceed to consultation, with one member (C Wright) casting a vote. The Proposal was therefore referred to the

Distribution Workstream with a request for a report back to the December 2006 Panel meeting.

- b) Proposal 0125 "Introduction of new balancing neutrality charge for cost of residual balancer collateral on the OCM"
Following a presentation from R Hewitt (National Grid NTS), the Panel failed to make a determination to proceed to consultation, with two members (C Wright and R Hewitt) casting votes. The Proposal was therefore referred to the Transmission Workstream with a request for a report back to the 7 December 2006 Panel meeting.

36.6 Existing Modification Proposals for Reconsideration.

None.

36.7 Consider Variation Requests.

- a) Proposal 0107 "Specially Commissioned Credit Ratings"
Following a presentation from A Raper (National Grid UKD), the Panel voted UNANIMOUSLY that the variation request was immaterial. Therefore Modification Proposal 0107 was deemed withdrawn and replaced by Modification Proposal 0107V "Specially Commissioned Credit Ratings" which is to continue forward from the same point in the process (*see item 36.10*).
- b) Proposal 0116 "Reform of the NTS Offtake Arrangements"
Following a presentation from P Roberts (National Grid NTS), the Panel failed to make a unanimous determination that the variation request was immaterial with six members (A Barnes, P Broom, S Rouse, C Wright, P Bolitho and R Hewitt) casting votes. Therefore Modification Proposal 0116 was deemed withdrawn to be replaced by Modification Proposal 0116V "Reform of the NTS Offtake Arrangements " which is to commence from the beginning of the process as for any other new Proposal.
- c) Proposal 0116V "Reform of the NTS Offtake Arrangements"
The Panel voted UNANIMOUSLY for the Proposal to proceed to consultation and for the close-out date for the consultation period to be 06/12/2006. The Panel failed to determine that legal text was required, with no votes cast in favour.
- d) Alternative Proposals 0116A, B and C "Reform of the NTS Offtake Arrangements"
The Panel voted UNANIMOUSLY for alignment of their respective close-out dates for the consultation period, to match 0116V at 06/12/2006.
- e) Proposal 0116B "Reform of the NTS Offtake Arrangements"
Following a presentation from S Rose (RWE Trading GmbH), the Panel failed to make a unanimous determination that the variation request was immaterial with six members (A Barnes, P Broom, S Rouse, C Wright, P Bolitho and R Hewitt) casting votes. Therefore Modification Proposal 0116B was deemed withdrawn to be replaced by Modification Proposal 0116BV "Reform of the NTS Offtake Arrangements " which is to commence from the beginning of the process as for any other new Proposal.
- f) Proposal 0116BV "Reform of the NTS Offtake Arrangements"
The Panel voted UNANIMOUSLY for the Proposal to proceed to consultation and for the close-out date for the consultation period to be 06/12/2006. The Panel failed to determine that legal text was required, with no votes cast in favour.

- g) Proposal 0116C "Reform of the NTS Offtake Arrangements"
Following a presentation from C Wright (British Gas Trading), the Panel failed to make a unanimous determination that the variation request was immaterial with six members (A Barnes, P Broom, S Rouse, C Wright, P Bolitho and R Hewitt) casting votes. Therefore Modification Proposal 0116C was deemed withdrawn to be replaced by Modification Proposal 0116CV "Reform of the NTS Offtake Arrangements " which is to commence from the beginning of the process as for any other new Proposal.
- h) Proposal 0116CV "Reform of the NTS Offtake Arrangements"
The Panel voted UNANIMOUSLY for the Proposal to proceed to consultation and for the close-out date for the consultation period to be 06/12/2006. The Panel failed to determine that legal text was required, with no votes cast in favour.

36.8 Consider Workstream Monthly Reports.

- a) Distribution
- b) Transmission
- c) Governance

36.9 Consider Review/Development Work Group Reports.

- a) Proposal 0088 "Extension of DM service to enable Consumer Demand Side Management".
Following a presentation by G Evans (Total), the Panel accepted the Development Work Group Report and voted UNANIMOUSLY for the Proposal to proceed to consultation. The Panel then voted UNANIMOUSLY that the Development Work Group Report should constitute the Draft Modification Report. The Panel failed to determine that legal text was required, with no votes cast in favour. Finally, the Panel voted UNANIMOUSLY to delay inviting Representations until high-level systems cost analysis is available.

36.10 Consideration of Final Modification Reports.

- a) Proposal 0107V: "Specially Commissioned Credit Ratings"
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Members considered that implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' *'facilitating effective competition between relevant Shippers'*. The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.
- b) Proposal 0117: "Amendment to Invoice Billing Period "
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Members believed that, by creating an incentive to improve data quality, implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' *'facilitating effective competition between relevant Shippers'* and *'the efficient and economic operation of the pipe-line system'*. Others considered that implementation would create inappropriate cost allocations and incentives and so would not further the Relevant Objectives.

The Panel then voted and two votes were cast in favour of implementation, P Broom and S Rouse. Therefore the Panel did not recommend implementation.

- c) Proposal 0123: "Provision of Demand Information to Meet the 14:00 Total System Demand Forecast"
- Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Transporter Members considered that 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'* and *'efficiency in the implementation and administration of the UNC'* however, some Shipper Members remained uncertain that it would. The Panel then voted and eight votes were cast in favour of implementation, A Barnes, S Rouse, C Wright, R Hewitt, L Spierling, A Raper, B Grubb and R Cameron-Higgs. Therefore the Panel recommend implementation of the Proposal.

36.11 Receive report on status of Consents.

No new consents.

36.12 Any Other Business

The Chairman reminded the Panel that they were required to approve the form of Modification Proposals. It was agreed that the Joint Office should prepare a revised form of proposal which takes into account implementation of Modification Proposal 0084.

36.13 Conclude Meeting and Agree Date of Next Meeting:

The Panel noted that the next full monthly Panel meeting is due to be held at Elexon, 350 Euston Road, on 21 December 2006, with an extra meeting arranged for 7 December.