

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 68th MEETING
HELD ON THURSDAY 16 OCTOBER 2008

Members Present:

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

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

Ofgem Representative(s):

J Dixon

Joint Office:

T Davis (Chairman) and J Bradley (Secretary)

68.1 Note of any alternates attending meeting

B Dohel for A Gibson (Scotia Gas Networks).

68.2 Record of apologies for absence

A Gibson

68.3 Record invitees to meeting

C Temperley (Gas Forum)

68.4 Receive report on status of Urgent Modification Proposals

None

68.5 Consider New, Non-Urgent Modification Proposals

- a) Proposal 0225: "Revised Timescales for LDZ Shrinkage Arrangements"

Following a presentation from S Trivella (Wales & West Utilities) and a discussion, 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) Proposal 0226: "Additional data Requirements for the Administration of CSEP Supply Points"

Following a presentation from C Warner (National Grid Distribution) and a discussion, 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 0227: "Implementation of an Industry AMR database to facilitate the change of supply process"

Following a presentation from R Street (Corona Energy) and a discussion, the Panel voted UNANIMOUSLY that the Proposal should be referred to the Distribution Workstream for development, reporting to the Panel by April 2009.

- d) Proposal 0228: "Correct Apportionment of NDM Error – Energy"

A discussion followed a presentation from M Donnelly (British Gas Trading). The Joint Office and Ofgem were invited to comment on the Modification Rules since the Proposal was contingent on implementation of Proposal 0194 "Framework for correct apportionment of NDM error".

The Chair responded that the Modification Rules are silent on contingency, but that each Proposal had to be considered on its own merits and that production of legal text would be problematic on this basis. J Dixon (Ofgem) felt it would be inappropriate for the Panel to make a recommendation on a contingent Proposal but that this did not prevent development taking place prior to a decision being taken on Proposal 0194. R Hewitt (National Grid NTS) suggested that, to avoid contingency, the Proposer might wish to consider expanding Proposal 0228 to incorporate all of the provisions of Proposal 0194.

The Panel then voted UNANIMOUSLY to defer consideration of Proposal 0228.

e) Proposal 0229: "Mechanism for correct apportionment of unidentified gas"

Following a presentation from A Bal (Shell) and a short discussion, the Panel voted UNANIMOUSLY that the Proposal should be referred to the Distribution Workstream for development, reporting to the Panel by January 2009.

f) Proposal 0230: "Amendment to the QSEC and AMSEC Auction Timetables"

Following a presentation from R Hewitt (National Grid NTS) and a short discussion, the Panel voted by PANEL MAJORITY to refer the Proposal to the Transmission Workstream, the following Members casting votes: A Barnes, C Wright, R Fairholme, P Broom, A Bal, R Hewitt, C Warner and B Dohel.

g) Proposal 0231: "Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft"

The Panel failed to determine to consider this item at short notice, with C Wright and R Hewitt casting votes in favour.

h) Proposal 0232: "Allocation of Unidentified Gas via the Distribution Networks Charges"

The Panel determined by PANEL MAJORITY to consider this item at short notice, the following Members casting votes: A Barnes, C Wright, P Broom, A Bal, C Warner and B Dohel.

Following a presentation from R Street (Corona Energy) on behalf of Total Gas and Power Limited and a short discussion, the Panel voted by PANEL MAJORITY that the Proposal should be referred to the Distribution Workstream for development, reporting to the Panel by January 2009, the following Members casting votes: A Barnes, C Wright, R Fairholme, P Broom, A Bal, R Hewitt, C Warner, R Cameron-Higgs and B Dohel.

68.6 Consider New Proposals for Review

None

68.7 Consider Terms of Reference.

Proposal 0221: "Review of Entry Capacity and the Appropriate Allocation of Financial Risk"

The Terms of Reference were approved UNANIMOUSLY.

68.8 Existing Modification Proposals for Reconsideration

None

68.9 Consider Variation Requests

None

68.10 Consider Workstream Monthly Reports

68.11 Matters for Panel's Attention.

- a) Review Proposal 0217: "Gemini Code Contingency Arrangements"

The Panel agreed to extend the time for the Review Group to report until the March 2009 Panel meeting.

- b) Proposal 0219: "Publication of GB Wholesale Gas Market Liquidity Data"

The Proposer stated that he wished to vary the Proposal to include OCM trades within the Proposal. Following a discussion, the Panel then failed to determine that they should proceed to Consultation, with R Fairholme and A Bal casting votes in favour. The Panel agreed the Proposal should be referred back to the Transmission Workstream.

- c) Proposal 0220: "Invoicing Arrangements For Late Payments"

Following a discussion, 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.

68.12 Consider Final Modification Reports.

- a) Proposal 0218: "Amendment to the base period used to define Seasonal Normal weather"

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 Work Group, with no votes cast in favour.

Some Members considered that, by providing the opportunity to use the best available data, the accuracy of AQs may be improved. As a result of increased accuracy regarding AQs, 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"* as a result of an improved view of future system demand; and *"the securing of effective competition between relevant shippers"* through improved cost allocation and targeting. Some Members disagreed, believing that, as AQs were not a building block of planning or system security activities, implementation would not affect *"the efficient and economic operation of the pipe-line system to which this licence relates"* nor for similar reasons would it affect *"the securing of effective competition between relevant shippers"*. Concern was also expressed that allowing discretion in the choice of forecast data, and the cost of obtaining data, may be inconsistent with facilitating the 'code relevant objective' *"the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code"*.

Panel Members then voted whether to recommend implementation of the Proposal, the following Members casting votes in favour of implementation: A Barnes, C Wright, R Fairholme, P Broom and A Bal. Therefore the Modification Panel did not recommend implementation of the Proposal.

On behalf of Ofgem, J Dixon requested that the Transporters prepare legal text for this Proposal.

- b) Proposal 0222: "Amendment of Interconnector UK's Minimum Wobbe Limit"

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 Work Group.

Members considered that, by permitting gas flow which might otherwise be precluded at IUK, implementation of the Proposal could increase the amount of gas available to the system and hence 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*". Members then voted UNANIMOUSLY to recommend implementation of the Proposal.

- c) Proposal 0223: "Provision of day ahead Gas Flow Nomination data at major Aggregated System Entry Points"

The Panel failed to determine to consider this item at short notice, with no votes cast in favour.

68.13 Receive report on status of Consents.

The following consents are with Ofgem for approval.

- a) C020: "Changes to Document References Contained Within the UNC"
b) C021: "Changes to Cross References Contained Within UNC TPD Section F – System Clearing, Balancing Charges and Neutrality"
c) C022: "Amendment to the Original Legal Text for UNC Modification 0090 to Reflect Market Changes"
d) C026: "Revision to the reference in TPD Section X4.1"

68.14 Any Other Business

The Chair reminded the meeting that the January Panel would be held on the fourth Thursday, 22 January 2009.

68.15 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 20 November 2008.