

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 34th MEETING HELD ON THURSDAY
19 OCTOBER 2006

Members Present:

Transporter Representatives: R Hewitt (National Grid NTS), A Raper (National Grid UKD), L Spierling (Wales & West Utilities), B Grubb (Scotia Gas Networks) and R Cameron-Higgs (Northern Gas Networks)

User Representatives: P Broom (Gaz de France), M Young (British Gas Trading), A Barnes (BG Group), C Wright (British Gas Trading) and C Sykes (Statoil)

Ofgem Representative(s):
D Edward

Consumers Representative(s):
.

Joint Office:
T Davis (Chairman), J Bradley (Deputy Secretary)

34.1 Note of any alternates attending meeting:

C Sykes for S Rouse (Statoil), M Young for P Bolitho (EON) and C Wright for M Young (British Gas Trading)

34.2 Record of apologies for absence:

S Rouse (Statoil), P Bolitho (EON) and J Majdanski (Joint Office)

34.3 Record invitees to meeting:

None

34.4 Receive report on status of Urgent Modification Proposals:

- a) Proposals 0117/0117a "Amendment to Invoice Billing Period"
Status = Representations Close Out 02/11/2006

34.5 Consider New, Non-Urgent Modification Proposals.

Before discussion of this Agenda item, the Panel voted UNANIMOUSLY to approve L Spierling, S Trivella and W Bedbrough to be added to the list of Subject Matter Experts

- a) Proposal 0118 "Entry Capacity Transfers in the Constrained Period"
Following a presentation from R Hewitt (National Grid NTS), the Panel voted by Panel Majority for the Proposal to proceed to consultation, the following Members casting votes:- P Broom, C Wright, M Young, R Hewitt, B Grubb, L Spierling, A Raper and R Cameron-Higgs.
They then voted UNANIMOUSLY to extend the period for consultation to twenty (20) days and appoint G Blanchard as Subject Matter Expert.

- b) Proposal 0119 “Amendment to the Entry Overrun Charge”
Following a presentation from R Hewitt (National Grid NTS), the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with G Blanchard as Subject Matter Expert.
- c) Proposal 0120 “Introduction of an SO Commodity Charge for NTS Storage Exit Flows”
Following a presentation from R Hewitt (National Grid NTS), the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with D Harrison as Subject Matter Expert.
They also voted UNANIMOUSLY to align the close out date of the period for consultation with that of the associated Transportation Charging Consultation Paper.
- d) Proposal 0121 “The Provision of Ex-Post Demand Information for all NTS Offtakes”
Following a presentation from S Leedham (EDF Energy), the Panel failed to make a determination to proceed to consultation, with no votes cast in favour.
The Proposal was therefore referred to the Transmission Workstream.

34.6 Existing Modification Proposals for Reconsideration.

- a) Proposal 0053 “Extending established Uniform Network Code governance arrangements to include the Network Code Operations Reporting Manual referenced in Section V9.4”
Following a discussion the Panel voted UNANIMOUSLY to defer consideration of this Proposal. (L Spierling was not present for this vote)
- b) Proposal 0059 “Extending established Uniform Network Code governance arrangements to include the Network Code Validation Rules document referenced in Section M1.5.3”
Following a discussion the Panel voted UNANIMOUSLY to defer consideration of this Proposal. (L Spierling was not present for this vote)

34.7 Consider New Proposals for Review.

None.

34.8 Consider Terms of Reference.

None.

34.9 Consider Workstream Monthly Reports.

- a) Distribution
Proposal 0099 "Management of erroneous Domestic AQs during the Registration process"
Following a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with A Jennings as Subject Matter Expert.
(R Cameron-Higgs was not present for this vote)
- b) Transmission

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

Following a discussion, the Panel voted by Panel Majority for the Proposal to proceed to consultation, the following Members casting votes:- C Wright, M Young, R Hewitt, B Grubb, L Spierling, A Raper and R Cameron-Higgs. They then voted UNANIMOUSLY to appoint L McGoldrick as Subject Matter Expert. (R Cameron-Higgs was not present for this vote)

c) Governance

34.10 Consider Review/Development Work Group Reports.

- a) Proposal 0088 "Extension of DM service to enable Consumer Demand Side Management".
Monthly report accepted
- b) Proposal 0090 "Revised DN Interruption Arrangements"
Following a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to consultation with W Bedbrough as Subject Matter Expert.

34.11 Consideration of Final Modification Reports.

- a) Proposal 0089: "Clarification of Timescales to Revise AQ for Small Supply Point threshold-crossers"
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Some Members considered that implementation of the Proposal could be expected to lead to more accurate meter readings being available and so further the GT Licence 'code relevant objective' *'facilitating effective competition between relevant Shippers'*. Others believed implementation would create uncertainty and so not facilitate this Relevant Objective. Some Panel Members also believed that implementation would clarify timescales and so further the GT Licence 'code relevant objective' *'efficiency in the implementation and administration of the UNC'*. The Panel then voted and five votes were cast in favour of implementation, P Broom, A Barnes, M Young, C Sykes and B Grubb Therefore the Panel did not recommend implementation.
- b) Proposal 0091: "Extending Uniform Network Code to allow Users to raise Class 3 UK Link modification proposal"
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 objectives' *'facilitating effective competition between relevant Shippers'* and *'efficiency in the implementation and administration of the UNC'*, and voted UNANIMOUSLY to recommend implementation of the Proposal. (R Cameron-Higgs was not present for this vote)
- c) Proposal 0098: "Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology"
Panel Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. Shipper 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'*, *'facilitating effective competition between relevant Shippers'* and *'efficiency in the implementation and*

administration of the UNC' whereas, because of the Proposed change in methodology, Transporter Members did not. The Panel then voted and five votes were cast in favour of implementation, P Broom, A Barnes, C Wright, M Young and C Sykes. Therefore the Panel did not recommend implementation.

- d) Proposal 0098a: "Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology"
- 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, by improving governance, 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'*, *'facilitating effective competition between relevant Shippers'* and *'efficiency in the implementation and administration of the UNC'* whereas Shipper Members did not.
- The Panel then voted and five votes were cast in favour of implementation, R Hewitt, B Grubb, L Spierling, A Raper and R Cameron-Higgs. Therefore the Panel did not recommend implementation.

In addition the Panel considered which of the two Proposals, 0098 and 0098a, would better facilitate the achievement of the Relevant Objectives, however they were unable to determine this, with Shipper Members voting in favour of 0098 and Transporter Members voting in favour of 0098a.

- e) Proposal 0102 "Removal of Failure Notices in respect of Energy Balancing Credit"
- 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 objectives of *'the efficient and economic operation of the pipe-line system'* *'facilitating effective competition between relevant Shippers'* and *'efficiency in the implementation and administration of the UNC'*, and voted UNANIMOUSLY to recommend implementation of the Proposal.
- f) Proposal 0103: "Introduction of the right for the Energy Balancing Credit Committee to instruct National Grid NTS as to appropriate Recovery Steps in respect of Energy Balancing debt"
- 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 objectives of *'the efficient and economic operation of the pipe-line system'* *'facilitating effective competition between relevant Shippers'* and *'efficiency in the implementation and administration of the UNC'*, and voted UNANIMOUSLY to recommend implementation of the Proposal.
- g) Proposal 0110 "Amendment of Px's Network Entry Agreement"
- 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 objectives of *'the efficient and economic operation of the pipe-line system'* and *'facilitating effective competition between relevant Shippers'* and voted UNANIMOUSLY to recommend implementation of the Proposal.

34.12 Receive report on status of Consents.

No new consents.

34.13 Any Other Business

The Chairman identified that, following the previous Panel Meeting on 12 October 2006, the Joint Office had circulated, in accordance with the Modification Rules, the Draft Modification Report for 0116 and 0116A 'Reform of the NTS Offtake Arrangements'. Subsequently, alternative Proposals 0016B and 0116C had been raised. The Modification Rules do not specifically address whether a revised Draft Modification Report should be issued in this situation. The Panel then discussed the proposition that a revised Draft Modification Report be issued, covering the original Proposal and the three Alternative Proposals, and determined by Panel Majority that a revised report should be issued, the following Members casting votes:- P Broom, A Barnes, C Wright, M Young, C Sykes, B Grubb, L Spierling, A Raper and R Cameron-Higgs.

The Panel discussed whether the transporters should be requested to prepare legal text for each of the three Alternative Proposals. The Ofgem Representative pointed out that it was Ofgem's preference for legal text to accompany each Proposal that proceeds to consultation, although he did recognise the logistical difficulties in preparing legal text for Proposals of this complexity. The Panel then voted UNANIMOUSLY that preparation of legal text was not required for the three alternative Proposals 0116A, 0116B and 0116C.

34.14 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 16 November 2006.