

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 66th MEETING
HELD ON THURSDAY 21 AUGUST 2008

Members Present:

Transporter Representatives: R Hewitt (National Grid NTS), P Lucas (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), S Leedham (EDF Energy), R Fairholme (E.ON UK) and P Broom (Gaz de France)

Ofgem Representative(s):

J Dixon

Joint Office:

T Davis (Chairman) and J Bradley (Secretary)

66.1 Note of any alternates attending meeting

B Dohel for A Gibson (Scotia Gas Networks), P Lucas for C Warner (National Grid Distribution)

66.2 Record of apologies for absence

A Gibson, C Warner.

66.3 Record invitees to meeting

None

66.4 Receive report on status of Urgent Modification Proposals

None

66.5 Consider New, Non-Urgent Modification Proposals

- a) Proposal 0219: "Publication of UK Wholesale Gas Market Liquidity Data"

Following a presentation from R Fairholme and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to the Transmission Workstream to prepare a report for the November 2008 Panel meeting. Members requested that the Workstream consider whether the proposal could be implemented through a change to the Network Code Operations Reporting Manual rather than modification of the UNC.

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

Following a presentation from R Fairholme and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to the Distribution Workstream to prepare a report for the November 2008 Panel meeting.

66.6 Consider New Proposals for Review

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

Following a presentation from R Hewitt and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Review, with the Review Group to prepare a report for the March 2009 Panel meeting.

66.7 Consider Terms of Reference.

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

Terms of Reference, for Panel approval, to be finalised at the initial meeting but should include reference to Ofgem best practice credit guidelines.

66.8 Existing Modification Proposals for Reconsideration

None.

66.9 Consider Variation Requests

- a) Proposal 0201V: "Small value invoice payment deferral"

Following a presentation from C Wright, the Panel did not determine that the Variation Request was immaterial with no votes cast in favour. Therefore Modification Proposal 0201V was deemed withdrawn and replaced by Modification Proposal 0201VV "Small value invoice payment deferral".

The Panel then proceeded to vote UNANIMOUSLY for the varied Proposal 0201VV to proceed to Consultation with a ten Business Day period for representations. The Panel did not determine that legal text was required, with no votes cast in favour.

66.10 Consider Workstream Monthly Reports

66.11 Matters for Panel's Attention.

- a) Proposal 0197: "Increasing User Incentives for the Investigation and Detection of Theft through the Reasonable Endeavours Regime"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Review Group to report until November 2008.

- b) Proposal 0208: "Information relating to Unallocated Energy"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Development Work Group to report until February 2009.

- c) Proposal 0194: "Framework for Correct Apportionment of NDM Error"

Members noted that the Development Work Group did not reach a consensus on whether the Proposal was sufficiently clear to proceed to Consultation and discussed whether they felt this to be the case. The Panel then voted whether the Proposal should proceed to Consultation, with C Wright and S Leedham casting votes in favour. Therefore the Panel did not determine that the Proposal should proceed to Consultation.

The Panel then voted UNANIMOUSLY for the Proposal to be referred back to the Development Work Group with a request to consider whether the Proposal is sufficiently clear to proceed to Consultation and to report to the September Panel.

- d) Proposal 0199: "Clarification around the application of the UNC Dispute Resolution Process"

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

66.12 Consider Final Modification Reports.

Proposal 0192: "Introduction of DNO obligations to facilitate resolution of unresolved USRVs"

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 improving cost allocation, implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' of "*the securing of effective competition between relevant shippers*". One Member believed that implementation would be inconsistent with the GT Licence obligations in respect of User Pays and therefore would not be expected to further the GT Licence 'code relevant objective' of "*the efficient discharge of the licensee's obligations under this licence*". The Panel then voted by PANEL MAJORITY to recommend implementation of the Proposal, the following Members casting votes: R Hewitt, P Lucas, B Dohel, R Cameron-Higgs, S Trivella, A Barnes, C Wright, R Fairholme and P Broom.

66.13 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"

The following consent was approved by Ofgem on 13 August 2008

- a) C025: "Revision to the reference in TPD Section F3.2.1"

66.14 Any Other Business

P Broom identified that GDF intended to raise a Modification Proposal for the September 2008 Panel Meeting following the completion of the work of Review Group 0175.

J Dixon confirmed that only energywatch is currently on the Ofgem register to allow it to propose Third Party Modification Proposals. Ofgem was working on transferring this role to the National Consumer Council. It was similarly noted that the Modification Rules provide for a Consumer Representative to sit on the Panel and the National Consumer Council may wish to provide a Representative.

66.15 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 18 September 2008.