

**UNIFORM NETWORK CODE MODIFICATION PANEL**

**MINUTES OF THE 81<sup>st</sup> MEETING**

**HELD ON THURSDAY 18 JUNE 2009**

**Members Present:**

**Transporter Representatives:** R Hewitt (National Grid NTS), C Warner (National Grid Distribution), B Dohel (Scotia Gas Networks), J Ferguson (Northern Gas Networks) and S Trivella (Wales & West Utilities),

**User Representatives:** A Barnes (Gazprom), A Bal (Shell), C Wright (British Gas Trading), R Fairholme (E.ON UK) and P Broom (GDF Suez)

**Ofgem Representative(s):**

J Dixon

**Joint Office:**

T Davis (Chairman) and J Bradley (Secretary)

**81.1 Note of any alternates attending meeting**

B Dohel for A Gibson (Scotia Gas Networks)

**81.2 Record of apologies for absence**

A Gibson and R Monroe (Terminal Operators' Representative)

**81.3 Receive report on status of Urgent Modification Proposals**

None

**81.4 Consider New, Non-Urgent Modification Proposals**

None

**81.5 Consider New Proposals for Review**

None

**81.6 Consider Terms of Reference.**

None

**81.7 Existing Modification Proposals for Reconsideration**

None

**81.8 Consider Variation Requests**

None

**81.9 Consider Workstream Monthly Reports**

**Matters for Panel's Attention**

None

**81.10 Consider Final Modification Reports.**

a) Proposal 0209 "Rolling AQ"

TD indicated that no formal request for a View had been sent to Ofgem since the last Panel Meeting. J Dixon suggested that it would be difficult for Ofgem to reach a positive decision in favour of early implementation without more information on costs and benefits over the expected lifetime of any system changes. However, if implementation was to be part of Project Nexus, Ofgem would wish to see how this element fitted into any wider suite of changes. C Warner suggested that xoserve could provide

more information on the impacts and costs, especially around phasing options, but it was information on benefits which was needed.

S Trivella agreed to draft a letter to be sent from the Transporters to Ofgem seeking a View.

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

b) Proposal 0224: “Facilitating the use of AMR in the Daily Metered Elective Regime”

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.

Some members considered that by increasing the incentives to extend the range of contracts to end-users, extending the market for demand side response, providing an alternative to elective DM charging and improving the economic case for AMR rollout, implementation could be expected to reduce risk and improve cost allocations, and so further the GT Licence ‘code relevant objective’ *“the securing of effective competition between relevant shippers”*. However, other members considered that there were sufficient incentives for AMR rollout already such that implementation would not significantly improve the allocation of energy. In light of this, implementation costs may exceed the benefits. Particular concerns were also raised regarding the proposed allocation of development costs to all eligible supply points rather than solely those opting to use the service, with inappropriate cost allocations being inconsistent with *“the securing of effective competition between relevant shippers”*.

Members discussed the User Pays element of the Proposal and why supporting ACS (Agency Charging Statement) changes had not yet been proposed. P Broom explained that indicative costs and charges had been provided and he considered that support or otherwise was not dependent on any lack of detail regarding charge levels. JD indicated that he would prefer Ofgem to be receiving firm ACS change proposals for consideration alongside Modification Proposals.

The Panel then voted whether to recommend implementation of the Proposal, the following members casting votes in favour: R Hewitt, C Warner, J Ferguson, S Trivella, A Barnes, R Fairholme and P Broom - B Dohel clarified that she was neutral in respect of implementation. Therefore, the Modification Panel recommended implementation of this Proposal.

c) Proposal 0229: “Mechanism for Correct Apportionment of Unidentified Gas”

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.

Some Members considered that, by providing an independent process which would lead to improving the accuracy of allocation of costs between the Smaller Supply Point and Larger Supply Point sectors, implementation could be expected to further the GT Licence ‘code relevant objective’ *“the securing of effective competition between relevant shippers”*. However, some members were concerned that the envisaged contracting process

would involve inappropriate risks and hence implementation would be counter to the GT Licence 'code relevant objective' "the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code".

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

#### **81.11 Receive report on status of Consents.**

The following consents are with Ofgem for approval:

C020: "Changes to Document References Contained Within the UNC"

C021: "Changes to Cross References Contained Within UNC TPD Section F – System Clearing, Balancing Charges and Neutrality"

#### **81.12 Any Other Business**

##### **a) Modification Proposal 0233V**

J Bradley identified that a meeting had taken place between members of the Energy Balancing Credit Committee and Ofgem and that a Modification Proposal was likely to be submitted to the July Panel.

##### **b) Ofgem's Consultation on Environmental Objectives**

T Davis asked whether the Panel wished to respond to this consultation.

It was noted that UNC Modification Proposals with significant environmental impacts are rare and hence felt that any requirements should reflect this. The suggested Licence drafting implied some new obligations on Transporters and, consequently, the Panel which appeared to go beyond the suggestions outlined in Ofgem's consultation letter. S Trivella argued that the existing guidance was sufficient and that proposing Licence changes was disproportionate

It was agreed to reconsider this at the July meeting and that members would write to the Joint Office with any views prior to that.

#### **81.13 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 16 July 2009.