

UNC Workgroup 0743S Minutes
Revisions to User Termination Provisions
Thursday 03 December 2020
via Microsoft Teams

Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Andrew Pearce	(AP)	BP
Angus Paxton	(APa)	AFRY
Anna Shrigley	(AS)	Eni Trading & Shipping
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Daniel Hisgett	(Dhi)	National Grid
Debra Hawkin	(DH)	TPA Solutions Ltd
Emma Buckton	(EB)	Northern Gas Networks
Jeff Chandler	(JCh)	SSE
Jennifer Randall	(JR)	National Grid
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamila Nugumanova	(KM)	ESB
Lea Sloker	(LS)	Ofgem
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick Wye	(NW)	Waters Wye Associates
Nigel Bradbury	(NB)	EIUG
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Ritchard Hewitt	(RH)	Hewitt Home and Energy Solutions
Richard Fairholme	(RF)	Uniper
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	Gazprom
Steven Britton	(SB)	Cornwall Insight
Terry Burke	(TB)	Equinor
Will Webster	(WW)	Oil & Gas UK

Copies of all papers are available at: www.gasgovernance.co.uk/0743/031220

The Workgroup Report is due to be presented at the UNC Modification Panel 18 February 2021.

1.0 Outline of Modification

LOS invited Phil Lucas (PL) to introduce the modification and explain the purpose of the Modification:

Changes are required to the Uniform Network Code (UNC) following the implementation of the Corporate Insolvency and Governance Act 2020 ('CIGA'). Whilst CIGA does not directly mandate change to the UNC, it has the effect of limiting the circumstances in which a Termination Notice can be issued to a User. Therefore, it is appropriate to acknowledge these limitations in the UNC.

In providing an explanation of the modification, PL advised, Termination Notices are issued when the User has a User Default, this is covered under UNC TPD V4.

PL explained that User Default events include where:

- the User is proposed to enter a Voluntary Arrangement;
- an administrative receiver is appointed; or
- an administration order is made.

PL advised there is new legislation, Corporate Insolvency & Governance Act 2020, which was enacted in June 2020, this new legislation inserts a new provision (section 233B) into the Insolvency Act 1986 and prevents cessation of contracts for the supply of services (subject to certain exceptions) where the relevant company is subject to a 'relevant insolvency procedure'.

PL highlighted some considerations and advised that legislation overrides UNC to the extent UNC conflicts, hence the current rights under the UNC for a Transporter to issue a Termination Notice to a User is already subject to the new legislation. He added that whilst the option of 'no change' was considered (the above principle would apply regardless), it is considered preferable for the UNC to acknowledge the implications of the new legislation.

PL advised it is proposed that the relevant User Termination provisions in TPD V4.3 are amended to reflect they are subject to the new legislation and Relevant Objective (f) Promotion of efficiency in the implementation and administration of the Code would remove or align the conflict between legislation and the unconditional entitlement in the UNC for a Transporter to issue a Termination Notice where a User Default has occurred.

2.0 Initial Discussion

PL informed Workgroup that the solution has been developed with input from all Gas Transporters.

LOS shared a view of the Modification and informed Workgroup that UNC Panel in November determined the criteria for Self-Governance are met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes. Phil Hobbins (PH) advised that it is UNC Panel's expectation that this will be delivered early as this is purely bringing Code into line with legislation that is already in place.

PL confirmed the new legislation was enacted 25 June 2020 and clarified that if there have been any instances since that date, the requirements of CIGA have been followed.

PL talked through the suggested legal text to support the solution.

LOS advised workgroup that the EBCC/DSC Credit Committees have discussed this at their most recent meeting from which there were no concerns raised and it was agreed that there is a requirement for a minor change to EBCC Credit Rules.

3.0 Next Steps

LOS confirmed that the Workgroup Report will be created and published before the next meeting with the intention to report to UNC Panel in January 2021.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 07 January 2021	Monday 28 December 2020	Microsoft Teams	Detail planned agenda items. <ul style="list-style-type: none"> • • Development of Workgroup Report

Action Table (as at 03 December 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
No actions outstanding					