

UNC Final Modification Report	At what stage is this document in the process?
<h1>UNC 0815S:</h1> <h2>DSC Committee Quoracy</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 01 Modification </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 02 Workgroup Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 10px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>To amend the minimum quoracy requirements for Data Services Contract (DSC) Committees for Shippers from three to two in line with the Uniform Network Code (UNC) Modification Rules for the Modification Panel and UNC Committee.</p>	
<p>Next Steps:</p> <p>The Panel determined that this Self-Governance Modification should be implemented.</p>	
<p>Impacted Parties:</p> <p>High:</p> <p>Medium:</p> <p>Low: Shippers and Transporters</p>	
<p>Impacted Codes:</p> <p>None identified as this is a governance matter for parties to the UNC and DSC arrangements.</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	28 July 2022	
Date Modification Raised	03 August 2022	
New Modification to be considered by Panel	18 August 2022	
First Workgroup Meeting	31 August 2022	
Workgroup Report to be presented to Panel	17 November 2022	
Modification Report issued for consultation	17 November 2022	
Consultation Close-out for representations	08 December 2022	
Final Modification Report available for Panel	12 December 2022	
Modification Panel decision	19 January 2023	

 Any questions?

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Joint Office of Gas Transporters

 enquiries@gasgovernance.co.uk

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SEFE Energy Ltd.

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Xoserve

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1 Summary

What

At the moment the current Data Services Contract (DSC) Committees (CoMC) arrangements set out in the UNC General Terms Section D require a minimum of three Shipper Representatives to be present for the meeting to be quorate. However, there is a risk that minimum quoracy number may not be achieved for one or more of the DSC Committees due to the limited number of nominations received during the UNC User Representatives Appointment Process.

Why

Following the closure of this year's UNC User Representatives Appointment Process, Shipper nominations for the DSC Committees have in one case failed to reach the minimum quoracy number for one Committee and have the minimum number required for another Committee. This has created a risk that there might be a failure in the good governance and oversight of the DSC Arrangements and that DSC Changes might be stalled if meetings are not quorate. Although additional nominations have been sought, aligning the minimum quoracy numbers for DSC Committees with those in the UNC would reduce the risk of meetings not being quorate.

A consequential change would be required to the Shippers minimum quoracy number to align it with the UNC Modification Rules. However, this is not expected to a material impact.

How

It is proposed to align the quoracy requirements of the DSC Committees with those for the UNC Modification Panel and set out in the Modification Rules which only requires two Shipper Representatives to be present for the meeting to be quorate, with no change to the number of required Transporter Representatives.

For the avoidance of doubt, it should be noted that relevant parties can nominate themselves for any of the unfilled vacancies for DSC Committees during a relevant membership year.

2 Governance

Justification for Self-Governance

The Modification is suitable for Self-Governance as it is unlikely to have a material effect on the UNC Modification Rules and governance process as it simply aims to mitigate a risk of non-quorate DSC Committee meetings, by bringing the Shipper quoracy arrangements for DSC Committees in line with the UNC Modification Panel and UNC Committee.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- be issued to Workgroup.

3 Why Change?

At the moment the current Data Services Contract (DSC) Committees arrangements require a minimum of three Shipper Representatives and three Transporter Representatives to be present, with a minimum of 7 votes

available to be cast, for the meeting to be quorate. This is a higher minimum quoracy requirement to that for UNC Modification Panel or UNC Committee, being a minimum of two Shipper Representatives and two Transporter Representatives being present, with a minimum of 6 votes available to be cast for the meeting to be quorate.

Following initial closure of the nomination window for this year's User Representatives Appointment Process for UNC and DSC committee, appointments One of the DSC Committees had failed to reach the minimum number for quoracy and the other has the minimum number required for a quorate meeting.

If no further nominations had been received there would have been a risk that the minimum quoracy number may not have been achieved for one or more of the DSC Committees, which would impact the DSC governance arrangements and associated systems change process from October 2022.

To address this risk, it is proposed to align the Shipper quoracy requirements of DSC Committees with those for the UNC Modification Panel and UNC Committee which only requires two Shipper Representatives to be present for the meeting to be quorate.

For the avoidance of doubt, it should be noted that relevant parties can nominate themselves for any of the DSC Committees unfilled vacancies at any time using the midterm appointments process.

Note 1: By amending the quoracy arrangements for the DSC Committees we are aligning them with those for the Modification Panel:

Modification Rules

5.5 Quorum

5.5.1 Members (of whom two (2) shall be Transporters' Representatives and two (2) shall be Users' Representatives (excluding the Panel Chairperson)) present at a meeting of the Modification Panel who can exercise six (6) votes shall be a quorum.

Note 2: In DSC Committees we have three [3] classes of Shipper and to ensure a degree of diversity we have also included a requirement that the two [2] representatives should represent at least two [2] classes of Shipper.

4 Code Specific Matters

Reference Documents

UNC General Terms Section D – CDSP AND UK LINK

UNC Modification Rules

Guidelines for the User Representatives Appointment Process

Knowledge/Skills

Knowledge of the UNC and DSC governance arrangements would be beneficial.

5 Solution

A simple amendment to the existing rules relating to quoracy as set out below

1. to align the DSC Committee Quoracy with those of the UNC Modification Panel and UNC Committee for Shippers Users so that the minimum quoracy is for 2 Shippers to be present, including the votes available to be cast is 6;
2. Clarify that the 2 Shipper Representatives must be Representatives from 2 Shipper Classes excluding where votes are reallocated from a different Shipper Class:

UNC General Terms Section D - CDSP AND UK LINK1

4.4.2 Committee Representatives (of whom at least ~~three~~ two (2~~3~~) shall be Shipper Representatives representing at least two (2) Shipper Classes (excluding ANC allocated votes) and three (3) shall be DNO Representatives, NTS Representatives or IGT Representatives, excluding the Committee Chairperson) present at a meeting of a DSC Committee who can exercise ~~seven~~ six (6~~7~~) votes shall be a quorum; provided a meeting convened at which the only decisions to be made fall within paragraph 4.3.2(a) in relation to a particular Customer Group shall be quorate notwithstanding the absence of such Committee Representatives provided all the Committee Representatives of the relevant Customer Group are present.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, this Modification would not impact a current SCR as it is only proposing changes to DSC Committee governance arrangements

Consumer Impacts

No impact identified as this Modification is only proposing changes to DSC Committee governance arrangements

What is the current consumer experience and what would the new consumer experience be?

No impact

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Cross-Code Impacts

None identified as this Modification only impact DSC Committee governance arrangements.

EU Code Impacts

None identified as this Modification only impact DSC Committee governance arrangements.

Central Systems Impacts

This Modification will have no impact on Central Systems.

Performance Assurance Considerations

Not relevant.

Panel Questions

Question 1: Consider potential for tied votes and how to mitigate this.

The purpose of the Modification is to amend the minimum meeting attendee requirements for both Shippers only from three to two (with Transporters remaining at three), with the minimum votes available to be cast amongst attendees being reduced from 7 to 6. This is in line with the Uniform Network Code (UNC) Modification Panel and UNC Committee for Shippers.

The Modification would not be changing the voting rules.

The voting rules state that there needs to be a majority to pass a vote, therefore if a tied vote occurs the required threshold would not have been met to pass the vote.

Question 2: Consider imbalance between Shippers and Transporter voting arrangements and transferable votes for Shippers between classes.

The Modification would not be changing the current voting rules. Therefore, Shipper Members (or their appointed Alternates) would still be capable of casting 6 votes and there would be no change to Transporters (including National Grid NTS and IGTs) who would also be able to cast 6 votes.

If Members fail to appoint an Alternate the absence of a Member/Alternate could impact the number of votes being able to be cast, however this risk exists now and is not changed as a result of amending the minimum number of Members to be present for meetings to be quorate.

Workgroup Impact Assessment

A concern was raised at Workgroup around the rules and the potential split and weighting of Transporter and Shipper votes, if the Modification was implemented. Due to the potential for a Shipper to hold a higher number of votes due to vote reallocation, where the Transporters only ever have one vote each – should only two Transporters attend, they would be limited to two votes against a potential six votes for Shippers.

The proposer reiterated that the Modification was addressing the lack of quoracy issue and not the voting redistribution. The Workgroup chair stated that the allocation was set during the User Representations Appointment process where votes are redistributed – each member has the opportunity to request or nominate an alternate. This Modification aimed to address a risk where a meeting might not be quorate because a member or alternate failed to attend at very short notice and was unable to nominate an alternate.

The proposer noted that the solution would not change the existing voting principles in any way and the Workgroup Chair added that the voting within the DSC Change and Contract Committees was undertaken via a collaborative approach based on the customer classes/constituencies implemented by Modification 0565A which was approved by Ofgem.

In line with action 0801 the analysis undertaken between September 2021 and September 2022 shows Shippers averaged 4 attendees with 6 votes and Transporters averaged 5 attendees with 6 votes. Based on this the Workgroup agreed to reduce the Shipper quoracy number only.

The proposer reiterated that this Modification aimed to align the minimum quoracy with the UNC Modification Panel for Shippers.

The Workgroup was advised that the previous issue of non-quorate meetings had now abated due to an extra Shipper User Representative coming forward for the DSC Contract Management Committee from October onwards. However, Workgroup agreed that there was still a need for the Modification moving forwards, to address the non-quoracy risk, especially as many Shippers had now left the market, so the overall pool was considerably smaller.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Modification furthers relevant objective f) Promotion of efficiency in the implementation and administration of the Code as without the change the DSC Committee meeting are at risk of not being quorate which could impact the governance of the DSC arrangements and associated DSC Change process.

Workgroup Assessment of Relevant Objectives

The Workgroup agreed that this Modification furthers relevant objective f).

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised

9 Legal Text

Legal Text has been provided by Cadent and is included below.

Text Commentary

Amend existing rules relating to quoracy within UNC General Terms Section D - CDSP AND UK LINK 4.4.2 Committee Representatives to:

1. Align the DSC Committee Quoracy to that of the UNC Modification Panel and UNC Committee for Shippers Users so that the minimum quoracy is for 2 Shippers and 3 Transporters to be present, including the votes available to be cast is 6;
2. Clarify that the 2 Shipper Representatives must be Representatives from 2 Shipper Classes excluding where votes are reallocated from a different Shipper Class.

Text

Amend UNC General Terms Section D - CDSP and UK Link, paragraph 4.4.2

4.4.2 Committee Representatives (of whom at least ~~three-two (23)~~ shall be Shipper Representatives representing at least two (2) Shipper Classes (excluding ANC allocated votes) and three (3) shall be DNO Representatives, NTS Representatives or IGT Representatives, excluding the Committee Chairperson) present at a meeting of a DSC Committee who can exercise ~~seven-six (67)~~ votes shall be a quorum; provided a meeting convened at which the only decisions to be made fall within paragraph 4.3.2(a) in relation to a particular Customer Group shall be quorate notwithstanding the absence of such Committee Representatives provided all the Committee Representatives of the relevant Customer Group are present.

Workgroup Assessment

The Workgroup were satisfied that the proposed changes to the Legal Text are minimal, agreeing that the Legal Text meets the intent of the Solution and that the Modification can proceed to consultation subject to no issues being raised.

10 Consultation

Panel invited representations from interested parties on 17 November 2022. All representations are encompassed within the Appended Representations section.

The following table provides a high-level summary of the representations.

Implementation was unanimously supported in the 4 representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives
Northern Gas Networks	Support	f) positive

SEFE Energy	Support	f) positive
SGN	Support	f) positive
Wales and West Utilities	Support	f) positive

Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

11 Panel Discussions

Discussion

The Panel Chair summarised that Modification 0815S would amend the minimum quoracy requirements for Data Services Contract (DSC) Committees for Shippers to align the DSC Committee Quoracy with those of the UNC Modification Panel and UNC Committee for Shippers Users, so that the minimum quoracy is for 2 Shippers to be present.

It was clarified that Shipper Members (or their appointed Alternates) would still be capable of casting 6 votes and there would be no change to the Transporters Quoracy arrangements (including National Grid NTS and IGTs). who would also be able to cast 6 votes.

Panel Members considered the representations made noting that implementation was unanimously supported in the 4 representations received.

Panel Members agreed that this Modification would reduce the risk of DSC meetings not being quorate, which if not mitigated, could impact the governance of the DSC arrangements and associated DSC Change process. Non-quorate meetings could stall the decision-making ability.

However, some Panel Members pointed out that having fewer people regularly attending could result in a negative impact on the governance process.

A Panel Member noted that the quoracy requirement is (through this Modification) being corrected to align with other bodies under UNC.

Consideration of the Relevant Objectives

Panel Members considered Relevant Objective *f) Promotion of efficiency in the implementation and administration of the Code*, agreeing that implementation would have a positive impact because without this change the DSC Committee meetings are at risk of not being quorate which could impact the governance of the DSC arrangements and associated DSC Change process.

Determinations

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously that Modification 0815S does not have any Cross Code impacts.

Panel Members voted with 13 votes in favour (out of a possible 14) to implement Modification 0815S.

12 Recommendations

Panel Determination

Panel Members agreed that Modification 0815S should be implemented.

Appended Representations

Representation - Northern Gas Networks

Representation - SEFE Energy

Representation - SGN

Representation - Wales and West Utilities

Joint Office

Enquiries@gasgovernance.co.uk

28th November 2022

Dear Joint Office,

Re: 0815S – DSC Committee Quoracy

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

NGN supports this Modification Proposal.

Reason for support

We support this Modification as it should reduce the risk of potential impact to DSC governance, and the timely delivery of associated systems change processes, being impacted by a DSC Committees not reaching shipper quoracy. We therefore believe that this modification furthers Relevant Objective *f) Promotion of efficiency in the implementation and administration of the Code.*

Implementation:

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no appeal being raised.

Impacts and Costs:

None identified.

Legal Text:

We believe the legal text provided should deliver the Solution set out in the modification.

Are there any errors or omissions in this Modification Report that you think should be taken into account?

We note that 'Note 1' in the 'Why Change?' section refers to the original draft proposal to bring quoracy requirements for both Shippers and Transporters to two. As all other parts of the Report, and the Legal Text, reflect the subsequently agreed retention of three Transporter Representatives and two Shipper Representatives, we believe this to be a non-impacting oversight and not material to the implementation of this Modification.

Please provide below any additional analysis or information to support your representation

No further comments.

I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)

Market Services Manager

Mobile: 07580 215 743

Smell gas?

Call the National Gas Emergency

Service on 0800 111 999

SEFE Energy Representation Draft Modification Report

Modification 0815S - DSC Committee Quoracy

1. **Consultation close out date:** 8th December 2022
2. **Respond to:** enquiries@gasgovernance.co.uk
3. **Organisation:**
SEFE Energy
5th Floor
8 First Street
Manchester
M15 4RP
4. **Representative:**
Steve Mulinganie
Regulation Manager
stevemulinganie@sefe-energy.com
0799 097 2568
5. **Date of Representation:** 6th December 2022
6. **Do you support or oppose Implementation:**
We **Support** implementation of the Modification
7. **Please summarise (in 1 paragraph) the key reason(s) for your position:**
We raised this Modification to address a risk that the existing minimum quoracy levels would not be achieved. The proposal aligns the quoracy requirements of the DSC Committees with those for the UNC Modification Panel and set out in the Modification Rules which only requires two Shipper Representatives to be present for the meeting to be quorate
8. **Are there any new or additional Issues for the Modification Report:**
No
9. **Self-Governance Statement Do you agree with the status?**
Yes

10. Relevant Objectives:

How would implementation of this modification impact the relevant objectives?

As the proposer **we believe the modification is positive** in respect of **Relevant Objective f)** Promotion of efficiency in the implementation and administration of the Code as without the change the DSC Committee meeting are at risk of not being quorate which could impact the governance of the DSC arrangements and associated DSC Change process.

11. Impacts & Costs:

What analysis, development and on-going costs would you face if this modification was implemented?

We **have not** identified any significant costs associated with the implementation of this modification

12. Implementation:

What lead times would you wish to see prior to this modification being implemented, and why?

As soon as practicable

13. Legal Text:

Are you satisfied that the legal text will deliver the intent of the modification?

Yes

14. Is there anything further you wish to be taken into account?

Please provide any additional comments, supporting analysis, or other information that you believe should be taken into account or you wish to emphasise.

No

Representation - Draft Modification Report UNC 0815S DSC Committee Quoracy

Responses invited by: **5pm on 08 December 2022**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Sally Hardman
Organisation:	Scotland Gas Networks and Southern Gas Networks
Date of Representation:	7 th December 2022
Support or oppose implementation?	Support
Relevant Objective:	f) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

SGN supports the intent of Modification 0815S to facilitate the continued quoracy of the Data Services Contract Committees. The modification furthers the relevant objective f) Promotion of efficiency in the implementation and administration of the Code.

Self-Governance Statement: Please provide your views on the self-governance statement.

SGN supports the view that this modification should be self-governance on the basis that this change provides minimal impact.

Implementation: What lead-time do you wish to see prior to implementation and why?

We support the proposed implementation of sixteen business days after approval to implement as per self-governance procedures.

Impacts and Costs: What analysis, development and ongoing costs would you face?

None identified.

Legal Text: Are you satisfied that the legal text will deliver the intent of the Solution?

We are satisfied that the legal text will deliver the intent of the modification.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

We note that the final Modification/Modification Report continue to indicate within the *Purpose of the Modification* and *Section 3 Why Change?* that voting is proposed to align to that of UNC Panel arrangements. It is however clearly indicated in the solution and that of the legal text that the amendments to exclude Transporters from the proposal to reduce minimum quoracy from three to two has been reflected.

Please provide below any additional analysis or information to support your representation

None.

Representation - Draft Modification Report UNC 0815S

DSC Committee Quoracy

Responses invited by: **5pm on 08 December 2022**

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Tom Stuart
Organisation:	Wales & West Utilities
Date of Representation:	25.11.22
Support or oppose implementation?	Support
Relevant Objective:	f) Positive
Relevant Charging Methodology Objective:	Not Applicable

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Wales & West Utilities supports this modification as it reduces the risk of DSC committees not being quorate. This modification furthers relevant objective f) Promotion of efficiency in the implementation and administration of the Code.

Self-Governance Statement: Please provide your views on the self-governance statement.

Wales & West Utilities agrees this mod should be self-governance as it is a change of non-material impact.

Implementation: What lead-time do you wish to see prior to implementation and why?

We agree with the standard sixteen days lead time for a self-governance modification as there are no consequential impacts anticipated.

Impacts and Costs: What analysis, development and ongoing costs would you face?

None

Legal Text: Are you satisfied that the legal text will deliver the intent of the Solution?

Yes

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

None

Please provide below any additional analysis or information to support your representation

None