

UNC Workgroup 0831/0831A Minutes

Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method

Allocation of LDZ UIG to Shippers (Class 3 and 4) Based on a Straight Throughput Method

10:00 Thursday 27 July 2023

via Microsoft Teams

Attendees		
Bob Fletcher (Chair)	(BF)	Joint Office
Ben Mulcahy (Secretary)	(BM)	Joint Office
Andy Clasper	(AC)	Cadent
Andy Eisenberg	(AE)	EON Next
Charlotte Gilbert	(CG)	BU-UK
Daniel Wilkinson	(DW)	EDF
David Addison	(DA)	CDSP (Xoserve)
David Mitchell	(DM)	SGN
Edd Green	(EG)	EON Next
Fiona Cottam	(FC)	CDSP (Xoserve)
Gurv Dosanjh	(GD)	Cadent
Harry Hailwood	(HH)	Brook Green Trading
James Lomax	(JL)	Cornwall Insight
Kathryn Adeseye	(KA)	CDSP (Xoserve)
Kevin Clark	(KC)	Utilita
Lee Greenwood	(LG)	British Gas
Louise Hellyer	(LH)	TotalEnergies Gas & Power
Mark Jones	(MJ)	SSE Energy Supply
Oorlagh Chapman	(OC)	Centrica
Slama Akhtar	(SA)	Northern Gas Networks
Steve Mulinganie	(SM)	SEFE
Tom Stuart	(TSt)	Wales & West Utilities
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0831>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 September 2023.

Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0831/270723>

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (22 June 2023)

The minutes from the previous meeting held on 22 June were approved.

1.2. Approval of late papers

No late papers were recorded.

1.3. Review Outstanding Actions

Action 0502: Proposers to provide Joint Office with New drafts of 0831/0831A Modifications with revised BRs.

Update: BF confirmed that revised drafts of both Modifications had been provided by the Proposers and published by the Joint Office.

Action Closed.

2. Amended Modification 0831

Mark Jones (MJ) talked the Workgroup through the amendments made to the Modification. He stated there were a few minor tweaks and highlighted the change made under Section 8 Implementation where it was now stated that at least six weeks lead time (with implementation on the 1st day of the month) were required after a decision to implement or allowed for when a date was determined by the Authority.

3. Amended Modification 0831A

Harry Hailwood (HH) talked through the changes to Modification 0831A, noting the only difference between the Modifications was the approach to Product Class 1 sites, and as such the changes aligned with those made in Modification 0831.

Steve Mulinganie (SM) asked if Modification 0831A set out in the Relevant Objectives as to why it was thought to be a better solution other than that already given for Modification 0831.

Harry Hailwood (HH) confirmed that the case was laid out at the start of the Modification and asked if this should also be detailed in the Relevant Objectives section.

SM responded that he thought that as Modification 0831A was an Alternate Modification it was important to clearly demonstrate to the Authority why the Proposer felt it provided a better solution to that given in Modification 0831.

BF confirmed that it should be a feature of the Relevant Objectives. He also noted that Legal Text and a revised ROM had been received.

4. Legal Text consideration

As the Legal Text provider, Andy Clasper (AC) talked the Workgroup through the Legal Text, sharing that the Explanatory table had not yet been provided.

Kathryn Adeseye (KA) asked after the rationale behind removing the word 'prevailing' from TPD C 1.5.3 and E 1.1.6, as, within the CDSP's process requirements, UIG reconciliation would still need to refer to the previous AUG table introduced prior to 0831/0831A, which they felt the inclusion of the word 'prevailing' enabled.

Fiona Cottam (FC) confirmed that the tables were applicable for allocation and then, in turn, for reconciliation and this needed to remain possible.

AC asked if the word 'prevailing' was left in place would it meet these CDSP requirements, adding that this presumably included four years' time with the 'Line in the sand' application.

FC agreed, suggesting it also allowed for any scenario where, if Modification 0831 was implemented now and something similar to Modification 0831A was later implemented, retaining the wording 'prevailing' would enable the required transition. She added that she understood

that the word 'prevailing' had been consciously added as part of Modification 0610S - *Project Nexus - Miscellaneous Requirements*.

SM suggested that 'relevant' was more pertinent, stating that 'prevailing' had a particular aspect to it, and referring to the 'relevant' table would be more fitting.

FC acknowledged that the key aspect was that a suitable qualifier of some description was required, as the CDSP processes that use the UIG Allocation table do not all switch to the latest table from day one.

AC committed to obtaining the lawyer's view and providing amended legal text if required.

BF asked if this was a feature of the Business Rules within the Modifications.

AC confirmed that it was not, stating the Business Rules were about changing the UIG Allocation tables.

SM noted that both UNC 0831 and UNC 0831A were prospective Modifications, adding that if they had been retrospective, they would have needed to assess such considerations in the Business Rules and suggested that this was perhaps why it was thought correct to take the word 'prevailing' out, as it crystallised the table. He reconfirmed his view that 'relevant' was a better word to add as it recognised that processes had differing purposes for which different tables were relevant.

FC shared her belief that the discussion had clarified the issue for the Legal Text provider to discuss with the drafting lawyers.

AC resumed reviewing the proposed Legal Text, noting that the deletion of TPD E paragraphs 1.1.14 & 9 removed the direction for the CDSP to appoint the AUGÉ. He ended by highlighting the directions that deleted the current Annex E-1 and replaced the table with those specified in either UNC 0831 or 0831A.

FC asked that as there will no longer be any variation between the LDZ entries in the table should it be simplified with entries just for EUC 1 and EUC 2 etc, thereby making it easier to read, with the distinctions between the current fifteen entries being somewhat obscure to most parties.

KA suggested that doing so may complicate matters should there be any future Modifications to the process, adding her understanding was that the intent was to minimise making changes wherever possible.

AC shared that there had been a further question raised by Ellie Rogers (CDSP) about whether the Legal Text needed to include updating references to the table in the Defined Terms document. He added that his understanding was that this was not required of the Legal Text, and this was a consideration that the Joint Office managed, noting that if the Legal Text under discussion was added to the UNC the Defined terms would be pointing to the wrong place.

BF confirmed that the Defined Terms found in front of Code provided a link to the location in Code each Term was used but he would check if this was normally outside of the Legal Text provision and was indeed maintained by the Joint Office outside of instruction by the Legal Text provider.

AC confirmed that currently, the Defined Terms pointed to paragraph 9 which was to be deleted as a result of implementation of either of these Modifications. He added that the Legal Text for Modification 0831A was exactly the same, with the only difference being the zeros listed in the table for Class 1 sites.

BF summarised that, regarding the Legal Text, the Workgroup was to await legal advice on the inclusion of the word 'prevailing' or other suitable qualifier.

5. Rough Order of Magnitude (ROM)

KA presented the ROM for both Modifications, adding that an amended version had been provided to identify a couple of clarifications in response to questions raised in the previous Workgroup meeting. She explained that now, under the Timescales section, it was clarified that a 5 to 6-week lead time (with a go-live day of 1st day of the month) was required for any implementation other than the first day of the gas year.

The DSC Change process was also clarified, with Change XRN5658 already formally entered into the Change process for the Modifications. She explained that the additional lead time detailed in the ROM for Change were dependencies governed by the Change Management Committee, and that the intention was to have UNC0831/0831A ready to commence implementation once the Authority decision was confirmed.

Finally, KA highlighted that a reference to Modification 0831A previously missing in the section on Cost Saving had been added.

6. Development of Workgroup Report (WGR)

BF opened the WGR for the Workgroup to review, noting that the additional text provided by the proposer supporting Relevant Objective d) for Modification 0831A could be added.

The Workgroup reviewed the proposed Authority Direction governance for the Modifications and no opposing views were expressed.

The receipt of an Initial Representation was noted, and SM surmised that the commentary related to Modification 0831 and a response could be that Modification 0831A recognised the concern raised and addresses it.

AC expressed his view that as a statement the Representation was factually correct.

MJ shared that he was not convinced that it was the case.

The Workgroup noted the commentary made regarding the Modifications' subsequent impact on information available to drive the reduction of UIG, as detailed in the 23 February 2023 Distribution Workgroup minutes, as the Proposer response to Panel Questions on the issue was detailed.

SM expressed concern with the use of the word 'stable' in describing UIG allocation within the section providing the Proposer's view of Relevant Objectives, suggesting that UIG will still be variable, adding that, in comparison, he felt the use of the word 'consistent' was appropriate as the Table would be fixed.

LH reflected that it was not possible to make UIG stable by its very nature, but fixing the table was a realistic step, and made a case for a more stable UIG than before.

SM responded that it was consistency that was achieved by the static values, not stability.

LH suggested that Parties were aware of the nature of UIG anyway and that the Modifications were lowering risk with fewer unknowns to deal with.

SM noted that there was a degree of risk driven by a number of factors versus the variable volume throughput.

KA shared that discussions within the CDSP had been held concerning if either Modification were approved such that 01 January may be considered as a possible implementation date, adding that the CDSP view was this scenario should be avoided, with 01 January being a Bank Holiday and a Non-system Supply-point Day, proposing that implementation would be better deferred to 01 February in such a scenario.

SM asked if Implementation for January would instead be the first Working Day.

LH shared her understanding that implementation within a calendar month was tricky on an allocation basis as that process was only done monthly.

FC confirmed that the CDSP did not have the facility to split reconciliation within the calendar month, adding that 01 January would also be within a period of Code Freeze.

SM questioned if six weeks' notice was already allowed for within the implementation rules within the Modifications, and that the only action required was converting table values to one surely an extra day would be sufficient.

FC countered that a period of hypercare would need to be included in the implementation actions taken.

SM noted that the cost of gas within January was always high, making timely implementation of the Modifications all the more impactful, suggesting alternatively a seven-week implementation lead time instead.

BF advised that if an Authority Decision was provided such that implementation may be on 01 January the consideration expressed could be taken to the UNCC, noting that implementation was a Transporter decision subject to DSC Change Management Committee decisions on system implementation and priority.

SM shared that he did not think reviewing the issue to be very helpful at this stage.

BF stated that unless a Workgroup participant wanted to add something specific into the report there was a question within the consultation process on implementation that parties could use to make their views known at the time, and as such asked if the Workgroup felt that the Workgroup Report was suitably developed to report back to the Modification Panel.

AC highlighted that the feedback from the lawyer to the question about the use of the word 'prevailing' in the Legal Text was an unknown and as such was the Workgroup happy to not review the Legal Text again.

SM responded that there was no argument as to what the Modifications were looking to achieve or that they were contentious.

AC agreed that was almost certainly right but noted that if the lawyers added a sentence to the Legal Text the Workgroup should be able to review it.

BF summarised the two options available to the Workgroup, being either to agree to return the WGR and take the risk of a complicated Legal Text response which he thought would be problematic as the Modification Panel would then likely seek to discuss that eventuality, or to convene a further Workgroup.

Oorlagh Chapman (OC) shared that she was conscious of the recent Legal Text discussions at Modification Panel, and how a potentially unresolved Legal Text issue would be unlikely to be accepted.

SM stated that the Workgroup's hope was that the query would result in amended Legal Text that simply had the word 'prevailing' added, asking that any participants present had any issues with that view needed to share them within Workgroup immediately. He acknowledged that if the Lawyer's response was to make changes to ten paragraphs or something similar it would be a very different matter to address.

BF shared that from a process point of view, the Workgroup Report did not need to be published until Friday 04 August, so if the question regarding the Legal Text raised a concern by then the reporting process could be stopped and a Workgroup view sought through a reconvened meeting.

SM expressed the view that the issue was not immaterial, so arranging a short Workgroup meeting to discuss the Legal Text feedback would provide a means to assurance on the matter.

Accordingly, BF suggested the Workgroup reconvene on Friday 04 August at 10am to review ahead of a decision as to whether to progress reporting back to the Modification Panel.

The Workgroup agreed to the proposal, noting that it was sufficient lead time for the Legal Text provider to obtain feedback from the lawyer and would also provide confidence to the Modification Panel that the feedback had been considered by the Workgroup.

Next Steps

Legal Text Provider to obtain feedback from lawyers on inclusion of ‘prevailing/relevant’ wording in TPD C 1.5.3 and E 1.1.6

The Joint Office is to schedule an Extraordinary Workgroup 0831 meeting for Friday 04 August at 10am to review the legal feedback and consider if the Workgroup Report is sufficiently developed to report back to the Modification Panel in August.

7. Any Other Business

No other business was raised.

8. 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	Workgroup Programme
Friday 10:00 04 August 2023	N/A	Microsoft Teams	<ul style="list-style-type: none"> Consider Legal feedback Develop the Workgroup Report 0831/A (combined report) Consider reporting back to the Modification Panel in August

0831/0831A Workgroup Action Table

Action Ref	Meeting Date	Minutes Ref	Action	Owner	Reporting Month	Status Update
0502	25/05/23	3	Proposers to provide Joint Office with New drafts of 0831/0831A Modifications with revised BRs to be provided to JO. before 14 June	Proposers 0831(MJ) 0831A (HH)	June 2023 July 2023	Closed