

Record of Determinations: Panel Meeting 19 April 2018

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought	
		AG*	AL	CZ	GW	RF	SM*	CW	DL	HC	JF	RP	NR*	SH*	EP		
<b>0636D - Updating the parameters for the NTS Optional Commodity Charge while complying with the EU Tariff Codec)</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy Self-Governance criteria?
	Is an alternative to UNCO636 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification an alternative to UNCO636?
	Proceed to Consultation, with consultation closing out on 11 May 2018 - <i>majority vote against</i>	X	X	X	X	X	X	X	X	X	X	X	✓	X	✓	X	Should Modification 0363D be issued to consultation, ending on 11 May 2018 (and therefore taken at short notice at the May Panel)?
	Legal Text Requested - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Request Legal Text?
	Issued to Workgroup 0636 with a report presented by the 17 May 2018 Panel - <i>majority vote against</i>	X	✓	X	X	X	X	X	X	X	X	X	✓	✓	✓	X	Should Modification be issued to Workgroup with a report by the 17 May 2018 Panel?
	Issued to Workgroup 0636 with a report presented by the 23 May 2018 Panel - <i>majority vote in favour</i>	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	Should Modification be issued to Workgroup with a report by the 23 May 2018 Panel?
<b>0654 - Mandating the provision of NDM sample data</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is not a Self-Governance Modification - <i>majority vote against</i>	X	X	X	X	X	X	✓	✓	✓	✓	✓	X	X	X	Does Modification satisfy Self-Governance criteria?	
	Issued to Workgroup 0654 with a report presented by the 19 July 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the July 2018 Panel?
<b>0655 - Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Is a Self-Governance Modification - <i>majority vote in favour</i>	X	X	X	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	X	X	Does Modification satisfy Self-Governance criteria?

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		AG*	AL	CZ	GW	RF	SM*	CW	DL	HC	JF	RP	NR*	SH*	EP		
	Issued to Workgroup 0655S with a report presented by the 19 July 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the July 2018 Panel?
<b>0636/A/B/C - Updating the parameters for the NTS Optional Commodity Charge</b>	Issued to Workgroup 0636/A/B /C with a report presented by the 23 May 2018 Panel - <i>majority vote in favour</i>	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	Should Modification 0636/A/B/C be referred back to Workgroup with a report by the 23 May 2018 Panel?
<b>0631R - Review of NDM algorithm post-Nexus</b>	Workgroup 0631R is closed - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Request Workgroup 0631R be closed?
<b>0641S - Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations</b>	Proceed to Consultation, with consultation closing out on 11 May 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0641S be issued to consultation, ending on 11 May 2018 (and therefore taken at short notice at the 17 May Panel)?

In favour	Not in Favour	No Vote Cast	Not Present
✓	X	NV	NP

## UNC Modification Panel

Minutes of the 221 Meeting held on Thursday 19 April 2018

at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

### Attendees

#### Voting Members:

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
A Green* (AG), Total A Love (AL), Independent C Ziviani (CZ), Corona Energy G Wood (GW), British Gas R Fairholme (RFa), Uniper S Mulinganie* (SM), Gazprom	C Warner (CW), Cadent D Lond (DL), National Grid NTS H Chapman (HC), SGN J Ferguson (JF), NGN R Pomroy (RP), WWU N Rozier* (NR), BUUK Infrastructure	E Proffitt (EP), MEUC S Horne* (SH), Citizen's Advice

#### Non-Voting Members:

<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
M Shurmer (MS), Chair	R Elliott (RE)	N Anderson (NA) Electralink

#### Also in Attendance:

D Hawkin (DH) TPA Solutions; C Friel (CF), Ofgem; J Dixon (JD), Ofgem; K Dudley\* (KD) EON UK; K Jones (KJ) Joint Office; M Bellman (MB) ScottishPower; N Smith (NS), Ofgem; N Wye\* (NW) WatersWye; P Cunningham\* (PC), Energy-Link Partnership; P Garner (PG), Joint Office; R Fletcher (RFI), Secretary; R Hinsley (RHi), Xoserve and S Britton (SBr), Cornwall Insight.

\* by teleconference

## **Record of Discussions**

### **Introduction**

MS welcomed all attendees, introduced the meeting and then set out the order of business. In particular he drew Panel's attention to the discussion on governance under AOB and suggested that some changes were required in order to improve governance and effectiveness of the Panel.

#### **221.1 Note of any alternates attending meeting**

C Ziviani for E Wells, Corona Energy

G Wood for A Margan, British Gas

#### **221.2 Record of Apologies for absence**

A Margan

E Wells

#### **221.3 Minutes and Actions of the Last Meeting(s)**

AL clarified that she was in attendance until 12.45 at the March Panel. Members then approved the minutes from the previous meeting on 15 March 2018.

#### **Panel Actions from 15 March 2018 meeting:**

**Panel 0301:** PG to draft letter for panel to review (the letter should be addressed to Natalie Smith and Lesley Nugent) to be sent to Panel Members for review, aiming to finalise and send to Ofgem at the earliest opportunity. **UPDATE:** PG advised the letter had been circulated to members and subsequently sent to Ofgem for their consideration. **Closed.**

**Panel 0302:** Joint Office to make sure a note explaining 0636D became 0636C when 0636C was renumbered to 0653 and ensure this is put on the Joint office website. **UPDATE:** PG advised that the post Panel notifications and website had been updated accordingly. **Closed.**

#### **221.4 Consider Urgent Modifications**

##### **a) UNC Modifications 0642 (Urgent), 0642A and 0643 (Urgent)**

MS noted that Panel provided a recommendation on Modifications 0642, 0642A and 0643 to Ofgem at 15 February 2018 meeting and that a decision was still outstanding.

JD advised that Ofgem were minded to reject all of the Urgent UIG modifications subject to undertaking a consultation and Impact Assessment.

JD advised that Ofgem were unable at this time to make a decision on these modifications without further justification demonstrating the benefits of each. A letter is to be sent to the industry identifying a number of issues that should be addressed which would help to support the identification of UIG, including meter reads. In addition, Ofgem were considering issuing an impact assessment for 28 day consultation to seek further information to justify implementing one of these modifications.

JD clarified that the overall aim is to increase the submission of daily meter reads as this will help to address the main concerns in terms of available data and impacts on settlement accuracy. He explained that Ofgem are, reluctant to change the methodology without further data: he noted that Nexus was developed over 9 years and implemented less than a year ago.

JD clarified that the industry should work to address sample sizes that support each EUC Band as this would support DESC activities and for PAC to identify the optimum sample size going forward, to provide confidence that the process and methodology is robust. In hindsight this should have been done prior to Nexus go-live on 01 June 2017, however it was not too late to undertake this activity. He did not rule out mandating change if required.

AL asked if Ofgem was minded not to implement any of the mods at this time. JD felt that could be assumed but the impact assessment is key in identifying the course of actions which might include implementing one of these modifications, however this requires evidence rather than blindly moving UIG across the different market sectors.

NA asked if there were benefits in aligning the AUGE review group and PAC activities. JD felt there were overlaps but that the ToR for the AUGE is very specific to identify weighting factors and is not about incentivising shipper performance. However, focus could be given to the AUGE to support an incentive regime in terms of providing supporting analysis while leaving the PAC to review and address issues around actual performance.

AL asked why specifically PAC would be involved as this seemed to be a DESC issue. JD felt that PAC would be given an objective to identify optimal sample sizes, including how these would be provided and DESC would validate their use in terms of NDM samples and EUC Bands.

EP was concerned why there is a reluctance by industry to implement and mandate meter readings for SMART and AMR enabled meters, consumers wanted the data made available as it might influence their overall bills as this information would support more accurate settlement.

JD agreed that this is desirable to do so and that the regime does to a degree incentivise daily reads in terms of the allocation of UIG being less for daily read sites. However, the alignment meter reading submission to the CMA recommendation was being undertaken in line with the recommendations in the report undertaken by Workgroup 0594R - Meter Reading Submission for Advanced & Smart Metering.

Members agreed that they would consider the next steps once they had receipt of the letter advised above.

## **221.5 Consider New Non-Urgent Modifications**

### **a) Modification 0636D – Updating the parameters for the NTS Optional Commodity Charge while complying with the EU Tariff Code**

NW introduced the Modification, summarising that EU TAR must come into force by end May 2019, with new charging arrangements in place from October 2019. This change would only apply to IP Exits Points and non IP Exit Points as follows:

- Allow for separate treatment of IP Exit Points only and non- IP Exit Points;
- For IP Exit Points the existing OCC formula should be applied;
- For non-IP Exit Points an alternative OCC formula should be applied. This is based on underlying costs uplifted by RPI.

AL was concerned that if a month development time was sufficient considering the complexity of the changes proposed, as it might not allow sufficient time for analysis to be provided. NW felt this in part this would replicate the analysis undertaken for UNC0636B and in part for UNC 0636C and would not be too onerous.

RP asked if the nature of the impact was identified and available. DL felt that analysis was still to be agreed and resources were challenged support UNC0621 which was being driven by an Ofgem direction to report to the May Panel.

AL was concerned that the timeline for UNC0636 was being significantly impacted in terms of its proposed implementation, which was originally from 01 April 2018. It was noted that the Workgroup Report for UNC0636 identified an implementation date by 01 October 2018.

AL asked if this modification was covered in the scope of UNC0621. NW confirmed that there was cross over in the scope between UNC0636D and UNC0621, however there were differences and the proposed implementation dates are different.

Some concerns were raised that the original modification is being delayed beyond what is usually expected for a modification of this nature. SM felt the process allows for alternatives to be raised and Panel should manage the process based on the rules as they stand.

CW wanted to understand the impact of this modification, Workgroup 0636 and the priorities around UNC0621 – what are the options

NS wanted to understand the impacts on each of the groups of modifications (UNC0621 and UNC0636), would this be factored into the Workgroup Reports. However, when considering priorities UNC0621 is about compliance with EU law and its timetable should not be compromised.

RP felt the process could be successfully concluded and supported should UNC0636 being issued to consultation asap (including UNC0636D) as its consultation could be concluded prior to UNC 0621 being issued to consultation.

GW was concerned about the interaction between UNC0621, UNC0636 and UNC0653, particularly as the latter is being timed out by industry priorities when it should be included in the decision process for UNC0636.

There was a discussion around next steps and Workgroup process in terms of time and industry priorities.

NS confirmed that no decision had been made on a Regulatory Impact Assessment (RIA) as it should be down to the Workgroup to assess the impacts against the relevant objectives fully in the first instance. AL was concerned that the Workgroup can't make a full assessment as they won't have the required commercial information. NS wanted evidence for why Ofgem needed to consider undertaking a RIA. NS noted the importance of robust analysis on the impacts on the relevant objectives to be included as part of the workgroup process to inform the industry consultation and such that the Panel can make an informed decision prior to submitting its recommendation to Ofgem.

DH expressed significant concerns that the timetable has been extended to a point that the process has become critical. Analysis has been made available although the debate should be extended wider via a consultation process rather than in a closed Workgroup environment which appeared to be detracting from the discussions and conclusions.

DL asked any analysis provided for this modification and other UNC0636 modifications should be clearly identified as to the provider as he felt this was unclear. DH advised that this could clarify this very quickly but that she could only influence UNC0636.

There was a view that UNC0636D plus the other UNC0636 modifications should be issued to consultation following this meeting. NW was against this option as there would be very little supporting analysis for UNC0636D which would be unfair in the circumstances.

Panel were asked to consider options in terms of consultation and being issued to Workgroup 0636 with reports to the May or June Panel.

SM asked for an extraordinary Panel later in May to consider the Workgroup report.

MS summarised the options for Panel to consider and votes were held on whether UNC0636 should go straight to consultation – this was unanimously rejected; or submitted to Work Group for assessment, returning to Panel in May – also unanimously rejected – or to an extraordinary panel around 24 May – agreed by a majority. In light of this, no vote was taken on the question of returning to June Panel.

Workgroup Questions:

- Ofgem have requested that the interactions between UNC0636 and UNC0621 be evaluated and understood;
- That the Relevant Objectives are reviewed, and impacts identified;
- That the analysis provider is clearly referenced in the Workgroup Report.

For Modification 0636D, Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are not met, as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas, by unanimous vote;
- Not to request Legal Text at this time, by unanimous vote;
- The Modification is an alternative to UNC0636, by unanimous vote; and
- That UNC0636D be issued to Workgroup 0636 for assessment, with a report to be presented no later than the 23 May 2018 Panel, by majority vote (extraordinary Panel meeting to be confirmed).

#### **b) Modification 0654 - Mandating the provision of NDM sample data**

KD introduced the Modification and explaining that it aimed to mandate the provision of smart metering data to support the NDM sample data set, which should improve allocation accuracy and supports the activities proposed in UNC0644.

AL asked if this a minimum set of proposals and would the requirements be extended following Workgroup discussions. KD felt that this was their initial proposals and would not be extended unless requested by the Workgroup.

EP asked what the minimum process volumes were now, and this was advised to be 100 Meter Supply Points per EUC Band and that this was to be retained. AL asked for this to be clarified in the modification.

Workgroup Questions:

- To consider the interactions with the AUGGE, PAC and DESC when reviewing meter reading submissions.

For Modification 0654, Members determined:

- It is not related to the Significant Code Review by unanimous vote;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas, by majority vote; and
- That Modification 0654 be issued to Workgroup 0654 for assessment, with a report to be presented no later than the 17 July 2018 Panel, by unanimous vote.

**c) Modification 0655 - Requiring a Meter Reading following a change of Local Distribution Zone or Exit Zone**

RHi introduced the Modification and its aims. JF asked why this Modification is needed as it appears to be a system issue and not a contractual issue – should it be managed through the DSC arrangements. RH clarified that the CDSP is not allowed to insert meter readings without direction through the contractual route of the UNC.

For Modification 0655, Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are met as this Modification is not expected to have a material impact on the contractual arrangements for the transportation of gas, by majority vote;
- That Modification 0655 be issued to Workgroup 0655 for assessment, with a report to be presented no later than the 17 July 2018 Panel, by unanimous vote.

**221.6 Existing Modifications for Reconsideration**

None.

**221.7 Consider Workgroup Issues**

None.

**221.8 Workgroup Reports for Consideration**

**a) Request 0631R - Review of NDM algorithm post-Nexus**

Members noted the Workgroup Report and the recommendations it contained.

- Members determined Workgroup 0631R should be closed, by unanimous vote

**b) Modification 0636 0636A 0636B 0636C - Updating the parameters for the NTS Optional Commodity Charge**

AL noted her appreciation on behalf of the Panel for all the hard work of the Joint Office in preparing the Workgroup report for 0636.



See discussion for item 221.5 a) “Modification 0636D – Updating the parameters for the NTS Optional Commodity Charge while complying with the EU Tariff Code” above.

For Modification 0636/A/B/C, Members determined:

- It should be referred back to Workgroup 0636 for further assessment, with a report by the 23 May 2018 Panel.

**c) Request 0641S 0641S - Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations**

For Modification 0641S, Members determined:

- Issued to consultation, by unanimous vote.

**221.9 Consideration of Workgroup Reporting Dates and Legal Text Requests**

PG provided an overview of workload in terms of Workgroup meetings over the previous quarter and those planned over the next two months to manage Modification 0621 implications.

It was noted that Workgroup Report 0621 will be provided at 5 Days notice rather than 8 Days notice to meet the direction/requirement to provide a report by the May Panel, Members unanimously supported this approach.

AL challenged why May 2018 was needed for the report submission when implementation is required by 01 April 2019. DL explained that there were activities required after the modification process concluded to ensure compliance with TAR.

RFa wanted to understand the implications of new issues being raised during consultation, what would happen. PG advised that the nature of the new issue would need to be assessed and Panel would then consider the appropriate action.

Members determined unanimously to extend the following Workgroup reporting date(s):

<b>Workgroup</b>	<b>New Reporting Date</b>
0628S - Standard Design Connections: PARCA process	21 June 2018
0629S - Standard Design Connections: A2O connection process modification	21 June 2018
0630R - Review of the consequential changes required in UNC as a result of the Ofgem Switching Programme	16 August 2018
0653 - Updating the parameters for the NTS Optional Commodity Charge – Introducing the NTS Optional Capacity Charge	21 June 2018

Members determined unanimously to request Legal text for the following modification(s):

<b>Modification</b>

**221.10 Consider Variation Requests**

None.

**221.11 Final Modification Reports**

None.

**221.12 AOB**

**a) Panel Governance Issues**

PG advised a that a number of parties were considering raising governance related modifications and suggested that a governance workgroup was held to consider a wider review of Panel Governance.

In addition to the topics in the presentation, it was agreed to include Member indemnities and training in the scope of the review.

MS noted that over the course of his first four Panels, , he was aware of the frustration felt by some Panel Members that the rules appear to frustrate the process and that a review might be used as a timely opportunity make the process run more effectively.

AL asked if a view could be gained from Panel and industry participants on the list and if there ae any other issues that need to be considered, it would also be useful to understand industry priorities concerning the list.

PG asked for views from new members in particular and Ofgem. RF felt that the main issues would be around composition and would take time to review whereas others could be progressed more quickly. JF agreed with the review and suggested that some issues could be addressed by greater clarify through the use of guidance notes.

MS agreed and asked for the issues to be ranked and what the quick wins be. SM advised that he would be raising a Modification concerning the use of alternates for meetings and conflicts of interest. He felt the Workgroup might be able to address the issues in longer term, but there were issues needed to be addressed now with an interim option.

RP noted that a number of these issues are related and that changes might be so easily achieved for a number of points at once. AL suggested that behaviours and operating model are interconnected and should be addressed together.

RFa noted that some issues were more contentious than others and therefore take longer to resolve, particularly Panel constituency.

NA suggested that the Joint Office provide a straw person in terms of what they would like to see addressed and potential options so that the Workgroup would have a good base to start from.

PG suggested that training new Panel Members should be included.

RE felt this approach would be beneficial and asked members to note that the wider review of Code Governance has been put on hold while other issues are considered and prioritised – this is set out in the Ofgem workplan.

**b) Seeking a View from Ofgem**

BF advised that the Modification Rules allow for the Code Administrator (CA) via the Panel Secretary to seek a View from Ofgem on an issue related to a modification. Workgroup 0621 has requested the CA to seek a View from Ofgem related to the potential implementation issues between UNC0621 and UNC0636 modifications and their alternatives.

BF advised that a view was to be discussed in Workgroup 0621 going forward and wanted to understand Panels view should a formal View be sought.

Members agreed that a formal View should not be sought from Ofgem on a particular Modification(s) unless this had been discussed by Members and the content of the View agreed, as a response from Ofgem might require Panel to take actions which they would need to be aware.

**221.13 Date of Next Meeting**

- 10:30, Thursday 17 May 2018, at Elexon

**Action Table (19 April 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	15/3/18	220.3 a)	PG to draft letter for panel to review (the letter should be addressed to Natalie Smith and Lesley Nugent) to be sent to Panel Members for review, aiming to finalise and send to Ofgem at the earliest opportunity.	PG	Closed
0302	15/3/18	220.5 e)	Joint Office to make sure a note explaining 0636D became 0636C when 0636C was renumbered to 0653 and ensure this is put on the Joint office website.	Joint Office	Closed