

**UNC Modification Panel
Minutes of Meeting 263 held on
Thursday 17 September 2020
via teleconference**

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
A Green (AG), Total Gas & Power D Fittock (DF), Corona Energy M Jones (MJ), SSE R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	A Travell (AT), BUUK D Lond (DL), National Grid NTS H Chapman (HC), SGN G Dosanjh (GD), Cadent R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	L Snoxell (LS), Citizens Advice N Bradbury (NB), EIUG

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	L King (LK)	(None)

Also, in Attendance:

- E Rogers (ER), Xoserve - CDSP Representative
- H Bennett (HB), Joint Office
- K Elleman (KE), Joint Office
- L Heyworth (LH) Cornwall Insight
- M Berrisford (MBer), Joint Office
- N Wye (NW), Waters Wye Associates (Item 263.8 only)
- O Chapman (OC), Centrica
- P Lucas (PL) National Grid
- R Hewitt (RHe), Hewitt Home and Energy Solutions Ltd

R Hailes (RH), Panel Secretary.

Record of Discussions

263.1. Introduction

The UNC Modification Panel Chair (WG) welcomed all attendees.

263.2. Note of any alternates attending meeting

M Jones for M Bellman

263.3. Record of apologies for absence

A Jackson, Gemserv

P Garner, Joint Office

263.4. Minutes of the last meetings (16 July 2020)

Panel Members approved the minutes from 20 August 2020.

263.5. Review of Outstanding Action(s)

Action PAN 04/11: Agenda Item 250.11 Code Administrator (JO) to draft a straw person template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.

Update: K Elleman (KE) confirmed that an update is expected in October 2020.

Carried Forward to October

Action PAN 08/01: Agenda Item 262.8b The Panel Chair to draft a formal letter to Ofgem requesting a likely decision date (in line with paragraph 9.5.2 of the UNC Modification Rules) in respect of Modification 0687 - Creation of new charge to recover Last Resort Supply Payments and also Modification 0692S - Automatic updates to Meter Read Frequency. The letter should reference Xoserve system deadlines and the decision taken at the August DSC Change Management Committee to descope the work for delivery as part of the UK Link June 2021 release.

Update: K Elleman (KE) confirmed that this action was completed on 27 August 2020. See Item 263.9 below for further information on Modifications with Ofgem.

Closed

263.6. Issues log

RH confirmed that the only issue remaining was:

Meeting Date	Minutes Ref.	Issue	Issue Raised By	Status	Owner
20/08/2020	262.7	Difficult to identify changes when reviewing 0733 as no change marked copy of Legal Text provided	T Saunders	Pending	R Hailes

RH confirmed she had written to the Gas Transporter contacts responsible for Legal Text Provision and Panel Members agreed the issue could be closed.

263.7. Urgent Modifications (Implementation Reporting)

a) Modification 0726 (Urgent) - COVID-19 Liquidity Relief Scheme

KE updated Panel Members on the final report provided for information in respect of the topics of Urgent Modification 0726. KE confirmed the topic was a standing agenda item at Distribution Workgroup. As some of the take-up data from National Grid was not yet available, it was agreed to leave this item on the agenda for next month.

b) Modification 0723 (Urgent) - Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

T Saunders (TS) confirmed that Sites identified by a Shipper User as having unusual usage reductions resulting from actions implemented during the COVID-19 period (in this case nil or *de minimis* consumption) have been able to be flagged as isolated. She further updated Panel Members that there were still large numbers of sites which were flagged to have been isolated within the Covid-19 period (as defined by the Coronavirus Act 2020) which remained isolated.

The CDSP will be writing out to all Shipper Users which have sites isolated, for them to confirm either why those sites should remain isolated or that they should have the isolation flag removed if they are no longer subject to restrictions resulting from the Coronavirus Act 2020.

TS confirmed that Shipper Users could re-apply for a site to be isolated where restrictions come into force going forward. This might be because of a local lockdown for example. She further confirmed that Modification 0726 was designed to be valid in future situations of restriction and for those sites which have never come out of lockdown (for example casinos).

263.8. New, Non-Urgent Modifications

All 14 Panel Members were available for the voting in relation to the four New Non-Urgent Modifications.

a) Modification 0735 - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')

P Lucas (PL) introduced the Modification which aims to modify existing references in the UNC to EU regulations with reference to UK amendment regulations and where appropriate remove references to EU entities. A number of minor changes to the Uniform Network Code (UNC) are required as a consequence of the end of the implementation period following the United Kingdom (UK) withdrawal from the European Union (EU).

PL referred to previous Modification 0680VS - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union, which was similar in its intent to make a number of minor changes to the

Uniform Network Code (UNC) required as a consequence of United Kingdom (UK) withdrawal from the European Union (EU). He confirmed Modification 0680S was subsequently Withdrawn in February 2020.

PL confirmed that given there is now a risk of no trade deal being in place when the UK exit the EU at end of the implementation period at the end of December 2020, preparations are underway for this eventuality.

The Proposer suggested this Modification should have two months development with an airing at Distribution Workgroup in late September followed by Transmission in October. Effectively the Modification had already been to Workgroup in the guise of its predecessor Modification 0680VS. Panel Members considered whether a short timescale might suffice but the Proposer said that two months is also required to allow for Government to update required regulations and Statutory Instruments and to give certainty. Panel agreed the Modification should report back to November 2020 Panel meeting.

A Panel Member suggested that though this Modification looks like it will be deemed to require Authority Direction since it will be modifying the UNC Modification Rules, the Workgroup may be able to better assess its materiality. Panel Members agreed to pose the question for Workgroup to consider.

Workgroup Questions:

1. Respondents are requested to provide views on the potential suitability of Self-Governance status.

For Modification 0735 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance were not met as this Modification is likely to have a material impact material effect on the Uniform Network Code governance procedures or the Modification procedures, by unanimous vote (14 out of 14).
- That Modification 0735 be issued to Workgroup 0735 with a report by the November 2020 Panel, unanimous vote (14 out of 14).

b) Modification 0736 - Clarificatory change to the AQ amendment process within TPD G2.3

A Clasper (AC) provided an outline of the Modification, which aims to make a change to the AQ amendment process outlined in the UNC Transportation Principles Document Section G2.3 (UNC TPD G2.3) in order to clarify the circumstances in which such amendments can be made.

The current AQ amendments processes were introduced at the time of

Project Nexus via Modification 0432 and were later amended by Modification 0610S. The drafting of Modification 0432 was in part based on the Project Nexus AQ Business Requirements Definition Document (BRD). The crux of this Modification is to clarify the intent of the AQ amendments process to allow AQ amendments as an exceptions process only and for a small number of eligible causes. The proposed intent of the eligible cause outlined in TPD G2.3.21(c) (commonly known as reason code 3¹) was to only allow AQ amendments to be submitted following a Change of Shipper i.e. following a switching event.

AC advised that the Modification seeks to clarify the intent was not for this eligible cause to apply for a move to a User belonging to the same organisation or an affiliate of the previously Registered User. In this way, 'Reason Code 3' can be used only for new registrations following a switching event, where there is evidence that available reads do not represent the AQ recorded. Until a Shipper advises of their 'grouped' companies, they will not be able to utilise 'reason code 3' for any AQ amendment requests.

Panel Members discussed whether the Modification should be Self - Governance and concluded that this was not applicable due to the significant material impact.

WG suggested the definitions from UK accounting standards regarding what constitutes a group company are utilised.

Panel Members agreed the Modification would likely require around 3 workgroup meetings.

For Modification 0736 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance were not met, as this Modification is likely to have a material effect on gas consumers, competition, pipeline operations, security of supply or governance procedures, by unanimous vote (14 out of 14). Modification 0736 will therefore follow Authority Direction procedures.
- That Modification 0736 be issued to Workgroup 0736 with a report by the 17 December 2020 Panel, by unanimous vote (14 out of 14).

¹ 'Reason Code 3' is an eligible cause: "the commencement of a new business activity or discontinuance of an existing business activity at the consumer's premises"

c) **Modification 0736A - Clarificatory change to the AQ amendment process within TPD G2.3**

SM offered his apologies for late submission of the Modification and went on to introduce the Modification, stating that it proposes to make a change to the AQ amendment process outlined in the UNC Transportation Principles Document Section G2.3 (UNC TPD G2.3) in order to clarify the circumstances in which such amendments can be made. He confirmed that the changes should apply retrospectively from the 01 April 2020

SM referred to the circumstances which had brought about the need for the Modification and expressed his hopes that Modification 0736A would roll back those changes which imposed significant financial impacts on the rest of the industry. For this reason, he did not deem the Modification to be suitable for Self-Governance procedures.

WG asked L King (LK) the Ofgem representative to comment on the likely response to a request for retrospective application. LK confirmed that there may be some circumstance which Ofgem may consider appropriate for retrospection, but he was not at that time able to cite an example.

TS confirmed the only retrospective Modification she was aware of Modification 0724 - Amendment to Ratchet charges during COVID-19 period.

R Pomroy asked the Proposer to amend the Modification to add in why it meets the criteria for retrospection; SM agreed to do so. SM noted that on page 3 of the Modification there was a typo and that large-scale utilisation of the AQ amendment process was identified in *DNCMF* not in *NTSCMF* as written. He indicated he would update the typo when he amended the Modification.

Panel Members noted the timing of the third workgroup (Distribution Workgroup) would be on Monday 14 December 2020 and that submission of any Workgroup Report to the December Panel on Thursday 17 December would be very short notice.

For Modification 0736A Members determined:

- Modification 0736A is a true alternative to Modification 0736, by unanimous vote (14 out of 14).
- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance were not met, as this Modification is likely to have a material effect on gas consumers, competition, pipeline operations, security of supply or governance procedures, by unanimous vote (14 out of 14). Modification 0736A will therefore

follow Authority Direction procedures.

- That Modification 0736A be issued to combined Workgroup 0736/0736A with a report by the 17 December 2020 Panel at short notice, by unanimous vote (14 out of 14).

d) Modification 0737 – Transfer of NTS Entry Capacity from an abandoned ASEP

NW introduced the Modification by outlining first that Entry Capacity transfers only currently only permitted via the Trade & Transfer Methodology where all obligated entry capacity at the recipient ASEP has been sold. This Modification will allow transfer of capacity to ASEPs where there is unsold entry capacity at the recipient ASEPs and where the ASEP is characterised as Abandoned. Abandoned ASEPs could occur as a result of a planned projects not materialising or where supplies at existing ASEPs are discontinued.

Panel Members discussed whether this should be assessed at Transmission Workgroup or NTSCMF. RH suggested a hybrid approach whereby the Modification is issued to a separate Workgroup but that its first and second meetings take place straight after NTSCMF finishes, since the agenda there is (temporarily) light. Panel Members agreed this was a pragmatic solution.

Workgroup Questions:

1. Workgroup to consider whether the Modification should be considered against charging relevant objectives as well as standard relevant objectives.

For Modification 0737 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are not met as this Modification is likely to have a material impact on consumers, competition, the operation of pipeline systems or matters relating to the safety or security of supply, by unanimous vote (14 out of 14). Modification 0737 will therefore follow Authority Direction procedures.
- That Modification 0737 be issued to Workgroup 0737 with a report by the 17 December 2020 Panel, by unanimous vote (14 out of 14).

263.9. Existing Modifications for Reconsideration

WG invite Ofgem to comment on the Modifications currently with the Authority for a decision. LK updated Panel Members as follows:

Modification 0728 - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS

- As in Ofgem's 16 July letter, LK confirmed Ofgem is conducting an Impact Assessment (IA) and when they have reached a minded-to position they will consult on that. In that letter they also said using revenue recovery charges to implement one of the UNC728 Modifications for October 2020 would be contrary to Articles 29 and 32 of EU Tariff Code (TAR NC)².
- LK said they are working at pace to complete the analysis that will feed into the IA to ensure industry can have as much certainty as soon as possible.
- LK said Ofgem is aiming to publish a minded-to decision for consultation this year. The implementation date, if any, will be part of their final decision. For clarity implementation for October 2020 is not possible.

Modification 0727 - Increasing the Storage Transmission Capacity Charge Discount to 80%

- As with UNC728, Ofgem needs to consider the points regarding Articles 29-32 of EU TAR NC raised in its letter 16 July letter, and any implementation date will be part of Ofgem's decision. LK confirmed again Ofgem are not conducting an impact assessment but will make a decision on this Modification soon.

Modification 0716/A - Revision of Overrun Charge Multiplier³

- Ofgem will make a decision on these Modifications shortly.

Modification 0686 – Removal of the NTS Optional Commodity Rate with adequate notice

- A decision on this Modification has been deprioritised.

Modification 0696V/0701 – Addressing inequities/Aligning between Capacity booking under the UNC and arrangements set out in relevant NExAs

- Ofgem's aim is to make a decision on both at the same time, and they will do so as soon as possible.

Modification 0687 – Creation of new charge to recover Last Resort Supply Payments and

Modification 0692S - Automatic updates to Meter Read Frequency

- Ofgem received the Chair's letter and will endeavour to make a decision

² EU Tariff Code (TAR NC):

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R0460>

³ Post Panel note: UNC Modification 0716 was approved by Ofgem on Friday 18 September 2020.

on both of these ahead of 25 October date.

Modification 0714 - Amendment to Network Entry Provision at Perenco Bacton terminal

- LK confirmed a decision is contingent on the safety case piece between National Grid and HSE, and Ofgem will be in a position to make a decision shortly after that is complete.

WG thanked LK for this update and invited questions or comments.

ER confirmed in regards to Modifications 0696V and 0701 that at the moment the system implementation tasks have not got the same structured deadline, but this will come shortly. In the next month or two months the CDSP will be proposing implementation dates for these two Modifications and when they are available, she confirmed she would share them with both Panel and Ofgem.

263.10. Workgroup Reports for Consideration

a) Modification 0674 - Performance Assurance Techniques and Controls

Panel Members noted the Workgroup Report recommendations and the request for an extension to the Panel reporting date. GD confirmed that an initial version of the Legal Text had been drafted though he confirmed it was highly likely a further version of the Modification (beyond v14.0) was likely.

The sheer size/volume of the Modification and the paperwork accompanying it makes the Modification more unusual to handle. Panel Members discussed whether a report back to January 2021 might be more appropriate. SM advised he considered it was sufficiently well developed to be returned to Panel in October 2020, based on comments from his colleagues who attended the Workgroup. Other Panel Members confirmed that the report could be returned earlier than the date of the extension if the Workgroup is able to return it early.

For Modification 0674, Members determined:

- Modification 0674 should be returned to Workgroup 0674 with a report by the January 2021 Panel, by majority vote (13 out of 14)

b) Modification 0710 - CDSP provision of Class 1 read service

Panel Members noted the Workgroup Report recommendations and briefly discussed the system requirements for the Modification. ER confirmed that discussion of contractual will be covered at DSC Contract Management Committee in October. Panel discussed the need for an IGT Modification to be raised. ESP is expected to be raising the Modification. SM suggested the IGT Modification should not delay the UNC Modification going out to

consultation, AT and RP agreed. Panel noted Workgroup's request for Panel to discuss suitability for Self-Governance.

For Modification 0710, Members determined:

- Modification 0710 meets the Self-Governance criteria
- Modification 0710S should be issued to consultation with a close out date of 08 October 2020, by unanimous vote (14 out of 14).

c) Request 0719R - Calculation of Energy Value of Gas

Panel Members noted the Request Workgroup Report recommendations and discussed the DN engagement with National Grid and the discussions around enduring requirements. DL briefly confirmed National Grid's decision to discontinue its existing service for determination of charging area CVs and that there was some potential for transitional arrangements but only if all networks signed up to that.

For Request 0719R, Members determined:

- Request 0719R should be closed, by unanimous vote (14 out of 14).

263.11. Consideration of Workgroup Reporting Dates and Legal Text Requests

Panel Members determined unanimously to extend the following Workgroup reporting date(s), recorded here with some additional data:

Modification number and title	Original Panel reporting date	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0693R - Treatment of kWh error arising from statutory volume-energy conversion	June 2019	Oct 2020	Dec 2020	Further issues remaining to be discussed at Workgroup. This Request will move to be considered in Distribution Workgroup.
0674 - Performance Assurance	May 2019	Sept 2020	Jan 2021	Further issues remaining to be discussed at Workgroup.

Techniques and Controls				
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Panel Members discussed Legal Text requests and noted Cadent’s reluctance to accept a formal request for Legal Text for Modification 0674 at this time. Panel determined unanimously to make a deemed legal text request for the following Modification(s):

Legal Text Requests for Modifications
none

263.12. Consideration of Variation Requests

a) Modification 0664 and 0664V - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4

LOS briefly explained the process which should be followed using the process flow diagram⁴ which can be found here:

<https://www.gasgovernance.co.uk/panel/170920>

Panel Members first considered the Supplemental Report and Variation Request. Panel Members accepted the Variation Request and determined unanimously that the variation represented a material impact.

Modification 0664 was therefore deemed to be withdrawn and replaced by Modification 0664V.

Panel then discussed next steps, agreeing that Modification 0664V should be issued to consultation to allow consultation respondents to comment on the changes in the Variation.

For Varied Modification 0664V, Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are not met as this Modification is likely to have a material impact on consumers, competition, the operation of pipeline systems or matters relating to the safety or security of supply, by unanimous vote (14 out of 14). Modification 0664V will therefore follow Authority Direction procedures.
- Modification 0664V should be issued to further consultation with a close out date of 12 October 2020, to be considered at the 15 October 2020 Panel, at short notice, by unanimous vote (14 out of 14).

⁴ Process Flow Diagram, Variation Request and 0664 Withdrawal Notice see:

<https://www.gasgovernance.co.uk/0664>

263.13. Final Modification Reports

a) **Modification 0697S – Alignment of the UNC TPD Section V5 and the Data Permissions Matrix**

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0697>

Panel first considered the consultation responses then turned to the matter of the impact of this Modification on the SCR and the required changes to UNC proposed by BEIS relating to the Smart Energy Code. LK, Ofgem representative confirmed Ofgem's view that Modification 0697S should be allowed to continue through the UNC Process.

Panel Members discussed options to resolve the situation and noted that two options had been explored through correspondence with parties involved, prior to the Panel meeting, noting that it had been expected that discussion of Modification 0697S would be deferred to October's Panel meeting since a firm outcome had not yet been reached.

Panel Members discussed the option of deferring the decision to the next Panel meeting but decided against this as it would delay implementation of the Modification unnecessarily. Panel Members agreed to consider the option of an immaterial variation to Modification 0697S and the Legal Text for 0697S. Panel reviewed a draft Variation Request put forward at extremely short notice, which provided changes to the legal text in order to accommodate the BEIS changes. The Variation Request can be found here: <https://www.gasgovernance.co.uk/0697>

The changes to the Legal Text were briefly reviewed by all Panel Members on screen. Panel Members then formally considered the Variation Request and determined unanimously to accept the (immaterial) Variation Request for Modification 0697S. The Proposer of Modification 0697S indicated he would withdraw the Modification. Panel Members discussed the impact of Modification 0697VS on the SCRs and expressed concern that there remained an impact, albeit Panel Members acknowledged it was now possible to mitigate that impact.

LK, the Ofgem representative confirmed for Panel Members that it was Ofgem's view regarding Modification 0697VS, notwithstanding Panels' vote that this impacted the SCR insofar as it changes part of code 'inscope' of live SCRs, that Ofgem was content for the Modification to proceed through UNC Modification process.

LK also confirmed for Panel Members that it was Ofgem's view that Modification 0697VS should remain as a Self-governance Modification.

Panel Members then determined:

- That Modification 0697VS was related to a Significant Code Review,

by unanimous vote. However, Panel Members also noted Ofgem's view indicating they were content for the Modification to proceed through UNC Modification process.

- That there were no new issues arising from consultation requiring a view from Workgroup, by unanimous vote.
- To implement Modification 0697VS, by unanimous vote (14 out of 14).

b) Modification 0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0720>

Panel Members then determined:

- That there were no new issues requiring a view from Workgroup, by unanimous vote.
- That Modification 0720S was not related to a Significant Code Review, by unanimous vote.
- To implement Modification 0720S, by unanimous vote (14 out of 14).

c) Modification 0729 - Applying a discount to the Revenue Recovery Charge at Storage Points

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0729>

RF requested that the template used for consultation should have made it clear that Ofgem requested that Panel added the two questions to the consultation template:

- Q1. Respondents are requested to provide a view as to whether Article 9(1) TAR NC requires that a discount must be applied to the capacity reserve prices only or whether the discount must also be applied to the Transmission Services Revenue Recovery Charges (see section 'EU Code Impacts' of the Workgroup Report).
- Q2. Respondents are requested to provide views on the proposed implementation date.

Panel Members then determined:

- That there were no new issues requiring a view from Workgroup, by unanimous vote.
- That Modification 0729 was not related to a Significant Code Review,

by unanimous vote.

- Panel Members recommended that Modification 0729 should not be implemented, by majority vote (5 out of 14).

263.14. AOB

a) Consideration of Alternative Modifications and Preference Voting

RH requested and Panel Members agreed to defer this topic until October.

b) Shipper attendance at Shrinkage Forum

RH updated Panel Members that Shipper attendance at the Shrinkage Forum was becoming problematic and at the last meeting there were no Shippers in attendance. Panel Members briefly discussed the purpose of the Shrinkage Forum in discharging one of the DNs' licence obligation. Panel Members considered whether the material could be circulated, and a meeting held only if there is feedback from the documents which have been previously circulated. DNs agreed to discuss the matter and come to a suitable conclusion.

c) Legal Text Guidance Document – Annual Review

RH reminded Panel that PG had previously requested feedback from Panel Members though none had yet been forthcoming. It was agreed the Joint Office would re-circulate the document and seek responses before the October meeting.

263.15. Date of Next Meeting

10:00, Thursday 15 October 2020, by teleconference.

Action Table (17 September 2020)						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 04/11	21/11/19	250.11	Code Administrator (JO) to draft a straw man template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.	Joint Office (PG)	Carried Forward	October
PAN 01/08	20/08/20	262.8 b)	The Panel Chair to draft a formal letter to Ofgem requesting a likely decision date (in line with paragraph 9.5.2 of the UNC Modification Rules) in respect of Modification 0687 - Creation of new charge to recover Last Resort Supply Payments and also Modification 0692S - Automatic updates to Meter Read Frequency. The letter should reference Xoserve system deadlines and the decision taken at the August DSC Change Management Committee to descope the work for delivery as part of the UK Link June 2021 release.	Joint Office (PG)	Closed	September