

**UNC Modification Panel Minutes**  
**Meeting 309 held on Thursday 20 July 2023**  
**via Microsoft Teams**

<b>Attendees</b>		
<b>Voting Panel Members:</b>		
<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
D Fittock (DF) Corona Energy M Bellman (MB) Scottish Power and on behalf of D Morley (DM) until 12:30 O Chapman (OC) Centrica and on behalf of D Morley (DM) and M Bellman (MB) from 12:30 R Fairholme (RF) Uniper S Mulinganie (SM) SEFE Energy	C Gilbert (CG) for A Travell (AT) BUUK D Mitchell (DMi) SGN G Dosanjh (GD) Cadent J Bates (JB) National Gas Transmission R Pomroy (RP) Wales & West Utilities T Saunders (TS) Northern Gas Networks	E Proffitt (EP) Major Energy User's Council S Hughes (SM) Citizens Advice
<b>Non-Voting Panel Members:</b>		
<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
W Goldwag (WG) Chair	M Brown (MBr)	None
<b>Also, in Attendance:</b>		
<b>Joint Office</b>	<b>Observers:</b>	
H Cuin (HCu) K Elleman (KE) R Hailes (RH) P Garner (PG)	E Rogers (ER) Xoserve/CDSP J Lomax (JL) Cornwall Insight J Semple (JS) Ofgem	B Cull (BC) DESNZ T Davis (TD) Barrow Shipping P Hobbins (PH) National Gas Transmission
Copies of all papers are available at <a href="https://www.gasgovernance.co.uk/Panel/200723">https://www.gasgovernance.co.uk/Panel/200723</a>		

**Record of Discussions**

**309.1. Introductions**

The UNC Modification Panel Chair, W Goldwag (WG), welcomed all attendees, and introduced M Brown (MB) from Ofgem.

**309.2. Note of any alternates attending the meeting**

C Gilbert on behalf of A Travell

M Bellman on behalf of D Morley (until 12:30)  
O Chapman on behalf of M Bellman and D Morley (from 12:30)

**309.3. Apologies for Absence**

A Travell  
D Morley  
M Bellman (from 12:30)

**309.4. Minutes of the last meeting 15 June 2023.**

Approved.

**309.5. Review of Action(s) and Issue(s)**

**0601:** National Gas Transmission (JB/PL) to circulate the UNC Modification Consultation invite to I&C Representatives engaged in the 0844 assessment process.

**Update:** K Elleman (KE) advised that the consultation had been issued and had now closed.  
**Closed.**

**309.6. Consider Urgent Modifications**

None.

**309.7. Consider Variation Requests**

None.

**309.8. Final Modification Reports**

**a) Modification 0839 – Revision of the Modification Panel Membership Cessation Provisions**

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0839>

RH summarised that this Modification would revise the Modification Rules to mandate that where a Member of the Modification Panel ceases to be employed or engaged by the same specified entity as at the time of nomination, that Member will cease to be a Member of the UNC Modification Panel.

Panel Members considered the representations submitted during the Consultation noting that, of the 4 representations received, 3 supported implementation and 1 was not in support.

D Fittock (DN) expressed concern about the Modification and challenged what would happen if a Member moves organisations in the same constituency.

Panel Members considered the fitness to discharge the role and the control of the organisation nominating. S Mulinganie (SM) noted that bi-lateral arrangements would allow organisations to control the removal of a member appointed by that organisation with having the right to have an agreement which terminates all affiliation with the appointment.

R Fairholme (RF) expressed concern about the possibility of a Member changing organisations and the possibility that one organisation could result in two Members from the same organisation.

S Hughes (SM) raised a concern about appropriate representation for a constituency which may not have any relationship to the role in which they were originally nominated.

G Dosanjh (GD) suggested that the various challenges raised are considered by the Workgroup to ensure they are appropriately managed before Panel make a decision.

P Garner (PG) explained the UNC appointment process and the use of Single Point of Contacts (SPoCs) nominating representatives. D Fittock (DF) wished to note that Panel Members are appointed to represent a constituency and are not representing the organisation they are employed by. Conflict of interest was also considered.

Various scenarios were considered. These included:

- Complete departures
- Moving to the same constituency
- Moving to a different constituency e.g., Shipper to Transporter
- Moving to an organisation which already has an appointed member
- Experience and knowledge not diminishing

K Elleman (KE) confirmed that the Workgroup had considered a number of scenarios and challenged the concerns being raised, questioning if these were considered new issues. The Panel considered the Modification scope, if it was implementable or if there were new issues relating to the solution being unimplementable. It was agreed that there are other scenarios which can be accounted for, but it was challenged if there was value sending the Modification back to Workgroup when the Proposer had been clear within the Workgroup that the scope of the Modification was restricted to a specific scenario noting there was the opportunity for other parties to raise alternative Modifications.

It was acknowledged that the scope of the Modification was restricted to one specific situation. If there are other scenarios to be subsequently considered these can be addressed with a further Modification. It was agreed that differing scenarios to be considered did not constitute as new issues that would not prevent this Modification being implemented.

Panel Members considered relevant objective:

*f) Promotion of efficiency in the implementation and administration of the Code*

The views from Panel Members were captured within the Final Modification Report.

For Modification 0839, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by majority vote (10 out of 14).
- The Modification had no Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members agreed to recommend implementation of Modification 0839, by majority vote (9 out of 14).

**b) Modification 0844 – Enabling Direct Contractual Arrangements with Consumers for Demand Side Response**

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0844>

RH summarised that this Modification will expand the scope of the Demand Side Response (DSR) arrangements (as set out in the UNC) to enable the establishment of direct contractual arrangements between National Gas Transmission (NGT) and individual Consumers for the voluntary reduction of their gas demand.

Panel Members considered the representations submitted during the Consultation noting that, of the nine representations received, four supported implementation, three offered qualified support and two provided comments. Panel Members noted that implementation was not opposed by any of the respondents although some reservations were expressed.

It was noted that a further letter from NGT relating to this Proposal was circulated and published, which advised Panel Members that other consultations were undertaken in parallel to the UNC Consultation in relation to the DSR methodology and the draft DSR contract. These were circulated to all parties normally involved in the UNC Consultation process and parties who would have DSR contracts, such as large major energy users and large consumer associations.

P Hobbins (PH) confirmed that two reports will be provided by NGT and a report will be provided to Ofgem on the DSR methodology by Friday 21 July 2023 as this is a Transporter's Licence requirement.

Panel Members considered the notification/communication process, it was noted that a further Modification would be raised to address the inclusion of Shippers within the communication process to notify the relevant Shipper when a DSR Option is exercised.

It was agreed there would be IGT impacts. CG confirmed that IGT Modification IGT167 had been raised, to align changes with UNC Modifications 0822, 0833, 0844 and 0845.

Panel Members considered relevant objectives:

- a) *Efficient and economic operation of the pipe-line system.*
- 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.*

The views from Panel Members were captured within the Final Modification Report.

S Mulinganie (SM) questioned the initial voting for implementation and if there were no issues why one Panel Member had remained silent during the vote. The voting party confirmed they wished to change their vote from being silent to in support of implementation. The vote was therefore corrected from 12 out of 14 in favour to unanimous support.

For Modification 0844, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members agreed to recommend the implementation of Modification 0844 by unanimous vote (14 out of 14).

Some Panel Members asked for a plan of how the communication with DNs and Shippers would take place, in order to not delay this Modification.

**New Action 0701:** National Gas Transmission (PH) to provide ~~an implementation the industry with a plan in respect of to address the Shipper/DN Communication Concerns with~~ Modifications 0844 and 0845 ~~that includes how NGT and GDNS will agree communications in the event of a DSR exercise.~~

**c) Modification 0845 – Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product**

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0845>

RH summarised that this Modification seeks to:

- Extend eligibility to participate in gas DSR to Class 2 Consumers;
- Amend the determination of the quantity of demand reduction under a DSR Option;

**Commented [HC1]:** Amended requested by Phil Hobbins to reflect this action only pertains to NGT to GDN communications. The issue of NGT to Shipper communications is a separate issue covered by New Modification 0852 raised by SEFE. .

- Enable DSR Option Offers to specify restrictions to the days on which the DSR Option could be exercised and incorporate this into the NGT assessment process for DSR Options;
- Clarify the obligations of a User if a DSR Option is exercised;
- Provide greater optionality for Users and Consumers in the DSR Options tender process; and
- Enable National Gas Transmission (NGT) to procure DSR Options that may be exercised with a 5-day lead-time.

Panel Members considered the representations submitted during the Consultation noting that, of the seven representations received, four supported implementation, two offered qualified support and one provided comments.

Panel Members considered the Code requirement to produce annual reports and assurance from the Proposer that the EU Balancing Code will be complied with.

Panel Members considered relevant objectives:

- a) *Efficient and economic operation of the pipeline system.*
- b) *Coordinated, efficient and economic operation of*
  - (i) *the combined pipe-line system, and/ or*
  - (ii) *the pipeline system of one or more other relevant gas transporters.*

Panel Members also considered relevant objective 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.

The views from Panel Members were captured within the Final Modification Report.

For Modification 0845, Members determined (with 13 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (13 out of 13).
- The Modification had Cross Code impacts, by unanimous vote (13 out of 13).
- Panel Members voted unanimously to recommend implementation of Modification 0845 (13 out of 13).

### 309.9. Workgroup Issues/Updates

#### a) Modification 0808 – Reverse Compression

This Modification will modify the UNC to enable a Distribution Network Operator (DNO) and an Independent Gas Transporter (IGT) to enter into a bilateral 'operator to operator' agreement, enabled by the iGT Arrangements Document (IGTAD) and containing Network Entry Provisions, to allow physical gas to be offtaken from a DNO by an IGT, compressed to a higher pressure, then returned to the same DNO by the IGT, through a process known as reverse compression.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0808>.

P Garner (PG) introduced the Workgroup Report explaining some concerns had been raised about the Workgroup concluding when the final Workgroup meeting was not quorate, some concern was also expressed about comments being added to the Workgroup Report after the meeting.

D Fittock (DF) requested further clarity on the issue that had been raised as it was unclear what the issue was. R Pomroy (RP) clarified WWU raised concerns about the legal text,

despite supporting the principle of the Modification, WWU had two concerns with the text in relation to the definition of an IGT LDZ entry point and reliance on TPD Section I which refers to direct entry into the Distribution Network. RP believed there were gaps in the legal text.

T Saunders (TS) believed the Legal Text was in line with the solution however there may be an oversight within the business rules.

S Mulinganie (SM) noted that the Workgroup had concluded the Workgroup Report and had confirmed that the Legal Text was in line with the Solution. It was noted that the proposer has control of the solution. T Davis (TD) wished to note that the legal drafting had been provided by Dentons / Scotia Gas Networks who are experienced in the provision of Legal Text and was confident that the Legal Text provided was suitable.

G Dosanjh (GD), believed that the legal text does not reflect the business rules. GD conveyed that conversations have continued with regards to the alignment of the solution and legal text; however, this was not considered a new issue.

One Member enquired about the visibility of the Legal Text as it was not visible on the main Modification Page. Clarification was provided that the Legal Text considered by the Workgroup was available on the Workgroup meeting page. A formal request for the legal text was due today.

The Panel considered the option of a Modification Variation if a further business rule was required.

TS challenged if the final Workgroup meeting needed to be quorate for the Workgroup Report to be considered final. It was noted that there have been quorate meetings throughout the Workgroup's assessment process and the Modification Rules did not stipulate that Workgroups have to be quorate when concluding the Workgroup Report. The Panel considered the possibility of parties preventing the progression of a Modification simply by not attending the final Workgroup meeting.

O Chapman (OC) confirmed that she had hoped to attend the final meeting and would have been in support of the Modification progressing to consultation. It was also noted that following the publication of the Workgroup Report, Shippers have not raised concerns with the final meeting not being quorate or capturing their views.

TD wished to note the importance of not delaying the progression of this Modification as in doing so could result in companies going out of business. In response to this GD suggested that the final report to Ofgem should emphasise the importance of this Modification and a timely decision.

Panel Members considered three areas of concern:

- The last Workgroup meeting not being quorate.
- The potential for filibustering / delaying the progression of the Modification; and
- Workgroup governance.

Following consideration of the concerns, Panel Members considered the Workgroup's recommendation, that this Modification should proceed to Consultation. There were no additional Panel Questions.

*Please note during the voting process one member lost internet connection and was not available for all votes.*

For Modification 0808, Members determined (with 13/14 Panel votes available):

- The Workgroup Report should be considered at short notice (14 out of 14)
- The Modification should be issued to consultation, (11 out of 13) *One member not present.*
- The Modification should be issued with a standard 15-day consultation, and considered at the 17 August 2023 Panel, at short notice, by majority vote (12 out of 14).
- The Modification should be issued with a standard 20-day consultation and considered at the 21 September 2023 Panel vote (2 out of 13). *One member not present.*

### 309.10. Workgroup Reports for Consideration

Please note that E Proffitt had lost his internet connection from this point of the meeting. R Pomroy and T Saunders also left the meeting at this point.

#### b) **Modification 0825 – Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434.**

R Hailes (RH) introduced the Workgroup Report summarising that this Modification will remove the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modifications 0434 and 0651.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0825>

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. There were no additional Panel Questions.

For Modification 0825, Members determined (with 11 Panel votes available):

- The Modification should be issued with a standard 15-day consultation and considered at the 21 September 2023 Panel by unanimous vote (11 out of 11).

#### c) **Modification 0846 – Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024.**

R Hailes (RH) introduced the Workgroup Report summarising that this will ensure entry capacity holdings at the Easington ASEP can be utilised at the Rough Storage ASEP during Winter 2023/24 in the same way as they were during Winter 2022/23. An enhancement has been proposed to permit any User which secures Rough Storage Capacity is able to redesignate Easington Entry Capacity to the Rough ASEP.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0846>

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. There were no additional Panel Questions.

For Modification 0846, Members determined (with 11 Panel votes available):

- The Modification should be issued with a standard 15-day consultation, and considered at the 17 August 2023 Panel, at short notice, by unanimous vote (11 out of 11).

### 309.11. Consider New, Non-Urgent Modifications

P Garner (PG) wished to note going forward that the Joint Office will be tracking the assessment periods of Modifications, which will include the Proposer's recommended

assessment period, the Panel's requested Workgroup Reporting date, against requested extensions and actual Workgroup Report completion.

**a) Modification 0850 - Amendments to Allocation of Unidentified Gas Expert (AUGE) arrangements to introduce a new Residual Upstream Contributor.**

The Proposer, S Mulinganie (SM) presented the Modification, explaining that it seeks to amend the existing Allocation of Unidentified Gas arrangements to introduce a new Residual Upstream Contributor that will be the new daily balancing factor for Unidentified Gas. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0850>

It was proposed to incentivise Shippers to act appropriately to crystallize the energy value for the downstream UIG and to introduce a Residual Upstream Contributor.

The Modification was proposed as being material and not subject to Self-Governance with a Workgroup Assessment concluding in 6 months. This was not considered as an Alternative to Modification 0843 – Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert. Panel Members considered the allocation of Unidentified Gas (UIG) and the potential for double accounting for the same amount of gas into two different areas. It was suggested the correlation/interactions between the two Modifications should be considered by the Workgroup. The Panel also considered Theft and short-term volatility in relation to UIG.

Panel reviewed the proposed assessment period and suggested 9 months for review noting this Modification could report back sooner if the Workgroup Report is concluded early.

Panel considered whether the scope of the Modification would extend to IGTs. It was considered there would be impacts on REC and the IGT-UNC.

Panel Questions:

Q1. Consider the interaction with Modifications 0843 and 0831/0831A

Q2. Consider the distributional impact of Modification 0850

Q3. Consider the cross-code impacts (REC and IGT UNC)

For Modification 0850 Members determined (with 13 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is not met, as this Modification is likely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- The Modification should be issued to a Workgroup for 9 months with a report to be presented to the 18 April 2024 Panel, by unanimous vote (13 out of 13).

**b) Request 0851R – Extending the Annually Read PC4 Supply Meter Point (SMP) read submission window.**

Panel agreed to defer consideration of this New Request in the absence of the Proposer, D Morley (DM).

This Request seeks to find a suitable solution to the management of submitted meter reads, for settlement, which have failed validation and the reason for the failure cannot be resolved within 25 days.

Please refer to the Request published at: <https://www.gasgovernance.co.uk/0851>



### 309.12. Existing Modifications for Reconsiderations

The following update was provided to the estimated decision dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NEXAs	29 September 2023
0761 - Arrangements for Interconnectors with additional Storage capability	In the final review stages. EDD TBC
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0813 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Trigger	Rejected 20 July 2023

J Bates (JB) wished to note that with the rebuild of Gemini and the anticipated development timetable, there will be a period next year when additional expense will be incurred for Modifications impacting the system. JB clarified there will be a need to ensure there is an alignment of the new and outgoing systems.

**New Action 0702:** National Gas Transmission (JB) to provide the UNC Panel with an overview of the potential risks and costs associated with the Gemini re-platform changes for inflight Modifications.

### 309.13. Modification Reporting

#### Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0819 - Establishing/Amending a Gas Vacant Site Process	August 2023	October 2023	2-month extension
0836S - Resolution of Missing Messages following Central Switching Service implementation and integration with REC Change R0067	August 2023	September 2023	1-month extension
0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget, and revisions to DSC change processes	September 2023	November 2023	2-month extension
0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert	August 2023	October 2023	2-month extension

**Legal Text Requests:**

UNC Modification Panel Members discussed the Legal Text Requests and determined unanimously to make Legal Text Requests for the following Modification(s):

Legal Text Requests for Modifications	Accepted
0808 - Reverse Compression <i>*DMi confirmed the version provided for Workgroup is the final version</i>	Confirmed as Final
0846 - Use of Entry Capacity Holdings at Easington at the Rough Storage ASEP in Winter 2023/2024	Deemed Request
0847 - Introduction of a Minimum General Non-Transmission Services Charge	Yes
0848S - Alignment of Entry and Exit Capacity Constraint Management Provisions	Yes

**309.14. Any Other Business**

**a) UNC User Representation Process Update**

P Garner (PG) presented the current number of User Nominations for the UNC Panel, UNCC and the various Committees. At this stage, there would not be a need to undertake an election for Panel Members as the nominations received were in line with the positions available. From the current nominations, PG noted that all meetings would be able to achieve quoracy. However, as with previous years, the Class C DSC Representative positions had not received any nominations and it was anticipated the Class C votes would need to be re-distributed amongst the other Classes.

**b) Code Reform**

B Cull (BC) provided an update on DSNEZ code reform confirming that the workshops have now finished, and the need to undertake a joint consultation on the potential options and to take views from the industry on code consolidation.

**c) Panel Chair**

WG advised Panel that her second term as Panel Chair is due to expire at the end of 2023.

WG provided an overview of the achievements and welcomed feedback.

Noting this is a time of great change with the Code reform and the need to have a greater level of stakeholder debate and Cross Code co-ordination, WG expressed that she would be delighted to continue in the role, and thanked parties for feedback.

PG confirmed the next steps for seeking permission to appoint WG for a further term no later than the end of October.

**d) Membership Changes**

DF wished to advise the UNC Modification Panel that he will be leaving Corona Energy to join SSE.

**309.15. Date of Next Meeting(s):**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

WG reminded Panel members that the August meeting would start at 11:00.

Time / Date	New Mod Deadline	Venue
11:00 – 17:00 Thursday 17 August 2023	5pm Friday 04 August 2023	Teleconference / Microsoft Teams
10:00 Thursday 21 September 2023	5pm Friday 08 September 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 19 October 2023	5pm Friday 6 October 2023	Teleconference / Microsoft Teams
10:00 Thursday 16 November 2023	5pm Friday 03 November 2023	Teleconference / Microsoft Teams
10:00 Thursday 14 December 2023	5pm Friday 08 December 2023	Teleconference / Microsoft Teams & In Person

Panel Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
0601	15/06/23	308.10 b)	National Gas Transmission (JB/PL) to circulate the UNC Modification Consultation invite to I&C Representatives engaged in the 0844 assessment process.	NGT (JB/PL)	July 2023	Closed
0701	20/07/23	305.08 b)	National Gas Transmission (PH) to provide the industry with a plan to address the Shipper/DN Communication Concerns with Modifications 0844 and 0845.	NGT (PH)	August 2023	Pending
0702	20/07/23	305.12	National Gas Transmission (JB) to provide the UNC Panel with an overview of the potential risks and costs associated with the Gemini re-platform changes for inflight Modifications.	NGT (JB)	August 2023	Pending