

UNC Modification Panel Minutes
Meeting 317 held on Thursday 15 February 2024
via Microsoft Teams

Attendees		
Voting Panel Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) SSE D Morley (DM) OVO Energy C Paine (CP) Engie O Chapman (OC) Centrica R Fairholme (RF) Uniper S Mulinganie (SM) SEFE Energy	C Gilbert (CG) BUUK D Mitchell (DMi) SGN E Allard (EA) Cadent M Montgomery (JB) National Gas Transmission T Stuart (TSu) Wales & West Utilities T Saunders (TSa) Northern Gas Networks	S Hughes (SM) Citizens Advice A Geveke (AG) EIUG
Non-Voting Panel Members:		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG) Chair	M Brown (MB)	None
Also, in Attendance:		
Joint Office	Observers:	
H Cuin (HCu) K Elleman (KE) R Hailes (RH) P Garner (PG)	A Clasper (ACI) Cadent A Craig (ACr) Ofgem C Aguirre (CA) Pavilion E Rogers (ER) Xoserve/CDSP	J Lomax (JL) Cornwall Insight K Ingham (Centrica) M Lambert (ML) Ofgem
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/150224		

Record of Discussions

317.1. Introductions

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

317.2. Note of any alternates attending the meeting

None to note. All members present.

317.3. Apologies for Absence

None.

317.4. Minutes of the last meeting on 18 January 2024.

Approved.

317.5. Review of Action(s) and Issue(s)

None

317.6. Consider Urgent Modifications

None.

317.7. Consider Variation Requests

None.

317.8. Final Modification Reports

a) Modification 0842 - Gas Entry onto the Total system via an Independent Gas Transporter

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/0842>

RH summarised that this Modification would facilitate gas flow into the Total System from a DNO Network via an Independent Gas Transporters (IGT) pipeline by establishing new arrangements between the IGT, the DNO and the Delivery Facility Operator (gas producer) to allow this flow.

Panel Members considered the representations made noting that of the 11 representations received 9 supported implementation, 1 offered qualified support and 1 provided comments.

Panel Members considered the representations concerning tri-partite agreements, which will need to contain detailed accountabilities and liabilities. Some concern was relayed about the need for an appropriate amount of detail within the subsequent documents. This needed to be considered as part of the implementation to assure parties that these would be fit for purpose. Panel agreed that this should not be considered to be a new issue preventing the Modification from being implemented.

Panel Members considered whether it was appropriate to assess the Modification based on contractual agreements which will sit outside the UNC. It was challenged if there was enough information within the Modification to ensure sufficient information is contained within the tri-partite agreement and whether this should be returned for Workgroup. It was agreed that the Modification does not need to be returned to the Workgroup for the drafting of a standard agreement prior to implementation.

Panel considered having a minded-to position from the Authority which would enable timely drafting of the legal agreements, to allow implementation as soon as possible.

IGT Modification [IGT172 - Provision for gas entry within the IGT UNC](#) was considered and the timing of these Modifications to allow the implementation to be coordinated.

Panel Members considered the following relevant objectives:

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

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

A Panel Member noted that there is no Relevant Objective which highlights that this Modification assists in achieving decarbonisation and facilitation of Net Zero.

Panel Members observed that this Modification 0842 is an enabling Modification which could potentially introduce new gas onto the Total System with lower emissions associated with it. Whether this offsets other gas in the system cannot currently be measured.

The Independent UNC Modification Panel Chair invited the Ofgem representative to comment. They confirmed that Ofgem's Net Zero commitments are being reinforced through the introduction of a statutory net zero duty in the new Energy Act. Ofgem will be bringing an item to the UNC March 2024 Panel meeting on Code Reform which will also cover this topic.

For Modification 0842, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification has Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted unanimously to recommend implementation of Modification 0842 (14 out of 14).

b) Modification 0857 - Revision to the Determination of Non-Transmission Services Gas Year Target Revenue

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/0857>

RH summarised that this Modification would revise the method of the determination of National Gas Transmission's Allowed Non-Transmission Services Revenue for a Gas Year under the NTS Transportation Charging Methodology (TPD Section Y Part A-I). The purpose of this change is to mitigate, not remove, revenue volatility (where there is year to year revenue swings) to achieve a greater degree of year-on-year stability of target revenues in General Non-Transmission Services revenues, and therefore General Non-Transmission Services Charges.

Panel Members considered the representations made noting that implementation was unanimously supported in the 2 representations received.

The Panel considered whether this Modification would improve volatility. A clarification was captured within the Final Modification Report to record that there would be increased volatility for National Gas Transmission with a decrease in Tariff Year volatility for Shippers and this was the intent of the Modification.

Panel Members considered Relevant Objective:

d) Securing of effective competition between Shippers and/or Suppliers;

Panel Members considered Relevant Charging Methodology Objective:

c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers;

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

For Modification 0857 Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had no Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted unanimously to recommend implementation of Modification 0857 (14 out of 14).

317.9. Workgroup Issues/Updates

None

317.10. Workgroup Reports for Consideration

a) **Modification 0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget**

K Elleman (KE) introduced the Workgroup Report summarising that the purpose of this Modification is to improve the ability of UNC Parties to fulfil their obligation jointly to control and govern the CDSP on an economic and efficient basis (under UNC General Terms, Section D, 1.4.4), through the introduction of explicit requirements for efficiency and greater transparency of the Budget.

KE noted the alternative Modification had been withdrawn following an amendment to Modification 0841. Please refer to the Modification documentation published at: <https://www.gasgovernance.co.uk/0841>.

Panel Members considered the consultation period, with some Members preferring a longer consultation period with less time to consider the Final Modification Report by Panel. Other Members agreed that the standard 15 day consultation period was sufficient.

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

For Modification 0841, Members determined (with 14 Panel votes available):

- The Modification should be issued with a standard 15-day consultation, and considered at the 21 March 2024 Panel, by majority vote (10 out of 14).

T Saunders (TS) wished to provide positive feedback on the engagement, participation and facilitation of the Workgroup.

b) **Modification 0861S - Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity**

RH introduced the Workgroup Report summarising that the purpose of this Modification is to acknowledge the extent of Transporters' obligations to accept gas tendered for delivery to (or make gas available for offtake from) the System in the provisions that set out the charges payable where a User utilises the System without holding system capacity.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0861>

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

For Modification 0861S, Members determined (with 14 Panel votes available):

- The Modification should be issued with a standard 15-day consultation, and considered at the 21 March 2024 Panel, by unanimous vote (14 out of 14).

317.11. Consider New, Non-Urgent Modifications

None

a) Modification 0868 - Change to the current Allocation of Unidentified Gas Statement frequency

The Proposer, S Mulinganie (SM) presented the Modification, explaining that it seeks to extend the current annual process for the production of the Allocation of Unidentified Gas (AUG) Statement to decrease the frequency of the yearly process to a three-yearly process.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0868>

SM explained the options for amending the current arrangements. The Modification was proposed as an Authority Direction Modification with a Workgroup Assessment concluding in August 2024.

It was suggested that Modifications 0843 and 0868 are tabled on the same day and not incorporated into the Distribution Workgroup to allow sufficient time for all Modifications to be assessed.

Panel Members noted the procurement exercise for the Allocation of Unidentified Gas Expert (AUGE) and the timing of this with potential changes afoot. Panel agreed to a 6-month assessment period reporting back in August 2024.

Panel Questions:

Q1. Consider the costs and benefits of moving to a three-year (two, four or five years) process.

For Modification 0868 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- 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 (14 out of 14).
- The Modification should be issued to a Workgroup for 6 months with a report to be presented to the 15 August 2024 Panel, by unanimous vote (14 out of 14).

317.12. 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
0819 - Establishing/Amending a Gas Vacant Site Process	Approved

	09 February 2024
0856 - Introduction of Trials for Non-Daily Metered (NDM) Demand Side Response (DSR)	23 February 2024
0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)	05 March 2024

M Brown (MB) wished to note that Ofgem had published the consultation on the implementation of Entry Code Reform, reading out the following statement:

The consultation seeks feedback on our proposed approach, including potential code consolidation. The consultation is available on the Ofgem website and will remain open until 23 April 2024.

We will be attending panel meetings over February and March to discuss the consultation and to provide panel members with the opportunity to ask questions. We would therefore welcome a slot at the next panel meeting.

Alongside our publication of the consultation, we are also setting up a workgroup to help us develop a code modification process that incorporates the roles and responsibilities introduced by the reforms. If you would like to volunteer to join this workgroup, please email industrycodes@ofgem.gov.uk by Monday 04 March 2024.

As noted last month, we are preparing to publish a joint consultation with DESNZ which will cover preferred policy options for code manager selection regulations and the code manager licence conditions, which will eventually be designated by SoS.

Our new Head of Industry Codes, Gavin Baillie is now in post. Gavin has extensive experience working with the industry codes.

Phasing Response:

We have noted in our consultation that we propose to take a phased approach to implementing the reforms, with some code managers appointed for some codes ahead of others. We've proposed an indicative sequence, but this is subject to our code consolidation decisions. We will be undertaking significant preparatory work ahead of appointing the first code managers – this includes SoS designating standard licence conditions, and laying secondary legislation, for the selection of code managers, and Ofgem will be developing necessary consequential code and licence changes. This will take place over the next two years, and we have included an overview of the anticipated process steps in the consultation.

P Garner (PG) suggested consideration is given to cost savings, efficiency savings and funding. PG also enquired about the priorities of Ofgem and any impact on Purdah (pre-election period).

S Mulinganie asked for Ofgem to provide views on phasing and the impact on the market-wide half-hourly programme along with an overview of the rationale for Phase 1.

T Saunders (TS) wished to note that the timeline for IGT169 had been brought forward to 01 April 2024.

317.13. Modification Reporting

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert	April 2024	July 2024	3-month extension
0862 - Amendments to the current Unidentified Gas Reconciliation Period arrangements	May 2024	July 2024	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
0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget	Deemed
0861S - Clarification of Provisions Regarding Utilisation of the System Without Holding System Capacity	Deemed
0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert	No

317.14. Any Other Business

a) Cross Code Working Group

M Lambert (ML) provided an update on the Future System Operator (FSO) Codes Change Programme.

The presentation provided the background to the FSO, a new independent, impartial and expert body, which will hold two licences, Electricity System Operator (ESO) and Gas System Planner (GSP) and will undertake all the existing roles of the NG ESO. The proposal is that the FSO will become a new signatory to the UNC, which will require a change in the Modification Rules.

ML provided an overview of the next steps of the programme, including the timeline, planning processes, development options and funding considerations.

A number of questions were raised by Panel Members relating to:

- Market Energy Code and the potential impacts. ML confirmed this presentation had focussed on the UNC changes/impacts, an update for the Market Energy Code will be provided separately.
- Panel voting changes. ML explained the rationale behind the process for not changing the voting composition.
- Code consolidation consultation, the new model for code and the emphasis on consolidation/reform.
- Membership constitution and quoracy, ensuring an appropriate and balanced representation from all constituencies during votes. SH encourage consideration of the interactions with voting and the code reform.

- Ensuring participation of parties if only classified as an observer.

WG expressed the importance of responding to the consultation and engagement during the change program.

b) Code Administrator Code of Practice (CACoP)

S Hughes (SH) wished to note that CACoP is introducing two new principles, providing a brief overview of Principle 15. It was noted some templates and processes may require some alignment to ensure all elements are captured by Code Administrators.

c) Code Reform Consultation Update

See item 317.12 above.

317.15. Date of Next Meeting(s):

Panel meetings are listed at: <https://www.gasgovernance.co.uk/panel/2024>

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time / Date	New Mod Deadline	Venue
10:00 Thursday 21 March 2024	5pm Friday 08 March 2024	Elexon / Microsoft Teams
10:00 Thursday 18 April 2024	5pm Friday 05 April 2024	Teleconference / Microsoft Teams
10:00 Thursday 16 May 2024	5pm Thursday 02 May 2024	Teleconference / Microsoft Teams
10:00 Thursday 20 June 2024	5pm Friday Fri 07 June 2024	Teleconference / Microsoft Teams
10:00 Thursday 18 July 2024	5pm Friday Fri 05 July 2024	Teleconference / Microsoft Teams
10:00 Thursday 15 August 2024	5pm Friday Fri 02 August 2024	Teleconference / Microsoft Teams
10:00 Thursday 19 September 2024	5pm Friday Fri 06 September 2024	Teleconference / Microsoft Teams
10:00 Thursday 17 October 2024	5pm Friday Fri 04 October 2024	Teleconference / Microsoft Teams
10:00 Thursday 21 November 2024	5pm Friday Fri 08 November 2024	Teleconference / Microsoft Teams
10:00 Thursday 19 December 2024	5pm Friday Fri 06 December 2024	Teleconference / Microsoft Teams