

Record of Determinations: Panel Meeting, 17 February 2011

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Member	Determination Sought	
		AB (PB)	CWr	PB	RF	SL (PB)	CWa	JF	JM	RHe	ST	RHa		
0357 - Enhanced Supply Point Administration Process	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Not a Self-Governance Modification - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup for assessment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assessment
	Workgroup to report by August Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to August Panel
0358 - I&C Compensation for Emergency Interruption	Modification is related to Significant Code Review - 8 votes in favour, 2 against and 1 abstention	X	✓	X	✓	✓	✓	✓	✓	✓	NV	✓	Modification is related to Significant Code Review	
	Not a Self-Governance Modification - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures	
	Issued to Workgroup for assessment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assessment	
	Workgroup to report by November Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to November Panel	
0359 - Use of Market Sector Flag to determine Customer Status	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review	
	0359 is a Self-Governance Modification - 8 votes in favour, 2 votes against and 1 abstention	✓	X	✓	✓	✓	✓	NV	✓	X	✓	✓	Modification should follow Self-Governance Procedures	
	Issued to Workgroup for assessment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assessment	
	Proposed Self-Governance Determination Date is 20 October	✓	✓	✓	✓	✓	X	X	X	NV	NV	✓	Self-governance determination date	
	Workgroup to report by August Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	Report to August Panel	
0360 - Removal of Credit Rating Restrictions from Definition of Parent Company	Modification considered - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider modification in absence of Proposer's Representative	
	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review	
	Not a Self-Governance Modification - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures	
	Issued to Workgroup for assessment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assessment	
	Workgroup to report by April Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to April Panel	
	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review	

0361 - Consider the duration of changes against wider industry developments	0361 is a Self-Governance Modification - 8 votes in favour, 1 votes against and 2 abstentions	NV	✓	✓	✓	NV	✓	✓	✓	X	✓	✓	Modification should follow Self-Governance Procedures
	Self-governance Determination date to be 18 August - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Self-governance determination date
	Issued to Workgroup for assesment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assesment
	Workgroup to report by June Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to June Panel
0362 - Use of 'notional Meter Readings' and 'Agreed Opening Meter Readings' for Individual CSEP Reconciliation	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Should follow Self-governance Procedures - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Modification should follow Self-Governance Procedures
	Proposed Self-Governance Determination Date is 16 June - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	June Self-governance determination date
	Issued to Workgroup for assesment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assesment
	Workgroup to report by April Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to April Panel
0363 - Commercial Arrangements for NTS Commingling Facilities	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Not a Self-Governance Modification - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup for assesment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assesment
	Workgroup to report by June Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to June Panel
0364 - An Appeals Process for Entry Capacity Manifest Errors	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Not a Self-Governance Modification - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	No votes cast in favour of proceeding to consultation - issued to Workgroup for assesment	X	X	X	X	X	X	X	X	X	X	X	Issue to Consultation
	Workgroup to report by May Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to May Panel
0365 - National Grid NTS Initiated Flow Swaps	Not related to the Significant Code Review - unanimous vote	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Not a Self-Governance Modification - 3 votes in favour, 3 votes against and 5 absentsions. Panel Chair voted against	NV	X	NV	NV	NV	✓	NV	✓	X	✓	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup for assesment - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Workgroup for assesment
	Workgroup to report by June Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Report to August Panel

0330 - Delivery of additional analysis and derivation of Seasonal normal weather	Extension agreed , report by the May Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extension requested
0331 - Demand Estimation Section H Changes to Processes and Responsibilities	Extension agreed , report by the May Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extension requested
0335 - Offtake Metering Error - Payment Timescales	Extension agreed , report by the May Panel - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Extension requested
0231V - Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft	Consideration deferred - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
Modification 0281 - Prevention of "Timing Out" of Authority decisions on Modification Proposals	Consideration deferred - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
Modification 0328 - Proposal to amend Annex A of the CSEP NExA by replacing the current version of the AQ Table	Consideration deferred - unanimous vote	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
0341- Manifest Errors in Entry Capacity Overruns	No new issues were identified with no votescast in favour													Did consultation raise new issues
	Implementation was not recommended with 1 vote cast in favour												✓	Whether to recommend implementation

KEY	In favour	Not in Favour	No Vote Cast
	✓	X	NV

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
C Wright, British Gas (CWr) P Broom, GDF Suez (PB) (also alternate for S Leedham, EDF Energy, and A Bal, Shell) R Fairholme E.ON UK (RF)	C Warner, National Grid Distribution (CWa) J Ferguson, Northern Gas Networks (JF) J Martin, Scotia Gas Networks (JM) R Hewitt, National Grid Transmission (RHe) S Trivella, Wales & West Utilities (ST)	R Hall, Consumer Focus (RHa)

Non-Voting Members:

Independent Suppliers' Representative	Ofgem Representative	Chairman
	J Dixon (JD)	T Davis, Joint Office (TD)

Also in Attendance:

A Raper, National Grid Distribution (AR), G Evans, Waters Wye (GE), G Wood, British Gas (GW), J Wisdom, RWE npower (JW), P Cope, Ofgem (PC), R Street, Corona Energy (RS)

By Teleconference:

S Ellwood, TPA Solutions (SE) for Modification 0364

Record of Discussions

106.1 Receive report on status of Urgent Modifications

None.

106.2 Consider New, Non-Urgent Modifications

a) Modification 0357 - Enhanced Supply Point Administration Process

GE introduced the modification and its aims. RHa asked if the audit process is the existing process or a new one? GE considered it would be in Ofgem's gift to request information if required, though this would be down to development of the modification on who is best placed to conduct an audit.

Both RHe and JW suggested the modification could have an impact on consumers so would not meet the Self-Governance criteria.

Following discussion, Members determined that Modification 0357:

- is not related to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment, with a report presented by the August Panel.

The Panel requests the Workgroup to consider

- If NTS should be within scope;
- if written permission/consent could be replaced by verbal permission.

b) Modification 0358 - I&C Compensation for Emergency Interruption

RS introduced the modification and its aims. RF asked if the modification covers any type of emergency or just transporter network emergencies. RS was of the opinion that this should be discussed at the Workgroup.

TD asked if the modification is related to the current Significant Code Review (SCR). RHe felt it was related as it covers transportation and commodity related emergencies – and commodity is within scope of the SCR.

ST noted that considerations of customer compensation and the value of lost load (VOLL) suggested that the modification could be related to the SCR. RS did not agree, confirming that VOLL is not referenced in the modification.

TD asked if Ofgem considered the modification is related to the SCR. JD considered that it is not just a case of the modification being related but

whether it should or should not progress through the modification procedures. Ofgem's provisional view is the modification is outside the scope of the SCR but it could be pulled into the SCR if the scope of the modification changes.

Following discussion, Members determined that Modification 0358:

- is related to the Significant Code Review;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment and a report presented at the November Panel.

The Panel requests the Workgroup to consider:

- Triggers for the scheme;
- Which parties are responsible;
- Process controls to ensure no perverse incentives are created;
- Compensation scheme and incentives.

c) Modification 0359 - Use of Market Sector Flag to determine Customer Status

GE introduced the modification and its aims. GE explained that, at present, consumers are defined by consumption rather than actual type. This should be reversed to define the consumer by a category flag rather than their consumption.

JD asked if the modification should be considered User Pays when it is related to Project Nexus, which has been funded through price control allowances? GE agreed that the costs should be considered as part of any wider discussion on Nexus funding.

JD suggested this modification should follow the self-governance path as he could not see any material aspects that Ofgem would need to make a decision on. ST agreed that this should be a shipper/supplier question as to whether the modification benefits them in terms of defining consumer categories. JW was of the opinion that the modification has a potential affect on consumers and therefore should not be Self-Governance. He was concerned the modification could affect consumers by being implemented prior to Project Nexus and therefore change a site's status and charges.

JD suggested that the Workgroup might usefully aim to deliver high-level principles as soon as possible in order to inform the Project Nexus process. However, CWa advised that the rules for this modification are likely to be complex due to the amount of processes impacted.

Following discussion, Members determined that Modification 0359:

- is not related to the Significant Code Review as it is not a related subject;
- meets the criteria for Self-Governance;

- should have a proposed Self-Governance determination date of 20 October;
- should be issued to a Workgroup for assessment with a report presented by the August Panel.

d) Modification 0360 - Removal of Credit Rating Restrictions from Definition of Parent Company

The Panel determined to consider this modification in the absence of the Proposer's Representative.

TD suggested that time to assess the modification was constrained given the desire for implementation ahead of the implementation date for Modification 0305 (1 July). JD indicated that Ofgem recognised the issue and would aim to provide a decision by 1st June should a recommendation be made at the May Panel meeting.

JD suggested that, in addition to the effects identified addressed by the modification, the workgroup should consider concerns raised by other parties regarding the impacts of the implementation of Modification 0305. JF was concerned that this may not be possible as the concerns may not be addressed by this modification, and could seek to overturn in a very short period a significant amount of work undertaken in Review Group 0252 and subsequently. JF emphasised in particular that it would be inappropriate to write credit rules that everyone could pass, weakening them to the point where they offer no protection.

RS suggested the workgroup assess the impacts on transporters and so identify the real risk being addressed by Modification 0305. All Shipper and Consumer members questioned whether implementation of Modification 0305 could be delayed further to allow proper discussion of the issues.

Following discussion, Members determined that Modification 0360:

- is not related to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment with a report presented by the April Panel.

The Panel Requests the Workgroup to

- consider the impacts of changes to RAV and independent financial assessment;
- consider whether the content of Modification 0360 captures all known smaller supplier concerns with the recent credit changes.

e) Modification 0361 - Consider the duration of changes against wider industry developments

JW introduced the modification and its aims. RF considered the modification was similar to the one raised by E.ON UK on alternatives which sought to give the panel discretion. Ofgem did not approve this

because they did not want to put in place binding guidance, and RF therefore suggested any guidance should be discretionary.

RHa questioned why the BSC equivalent of the modification had been withdrawn? JW advised that Elexon had confirmed that the BSC Panel appears to have the envisaged power already..

Regarding self-governance, RHe was opposed as he felt the modification could be used to delay other modifications

Following discussion, Members determined that Modification 0361:

- is not related to the Significant Code Review as it is not a related subject;
- meets the criteria for Self-Governance;
- should have a proposed Self-Governance determination date of 18 August;
- should be issued to a Workgroup for assessment and a report presented at the June Panel.

f) Modification 0362 - Use of 'notional Meter Readings' and 'Agreed Opening Meter Readings' for Individual CSEP Reconciliation

CWa introduced the modification and its aims. RS was concerned that allowing estimates could reduce accuracy of information held on Transporter systems. However, he was unsure of the materiality.

Following discussion, Members determined that Modification 0362:

- is not related to the Significant Code Review as it is not a related subject;
- meets the criteria for Self-Governance;
- should have a proposed Self-Governance determination date of 16 June;
- should be issued to a Workgroup for assessment and a report presented at the April Panel.

g) Modification 0363 - Commercial Arrangements for NTS Commingling Facilities

RHe introduced the modification and its aims. RS asked how the type of site described in the modification differs to the operation of a storage site. RHe explained that a storage site either takes gas from or delivers gas to the NTS, it does not do both at the same time. The sites in the modification do both at the same time and so need to be treated differently.

PB asked if the connection is a loop off the network, is it classed as a private network? RHe confirmed that would be the case, and gas would not be permitted to be consumed when it is offtaken.

Following discussion, Members determined that Modification 0363:

- is not related to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment and a report presented at the June Panel.

The Panel requests the Workgroup to

- review the definitions within the modification;
- confirm the limits;
- clarify any DNO implications.

h) Modification 0364 - An Appeals Process for Entry Capacity Manifest Errors

SE introduced the modification and its aim of adding an appeals process to the manifest error process set out in Modification 0341.

CWr asked if Ofgem were happy to take the role as arbiter. JD confirmed that Ofgem would welcome views from the industry as to whether Ofgem the best organisation to take this role.

Considering whether the modification meets the Self-Governance criteria, RS was of the opinion that the modification would have a material impact on consumers. CWr did not agree, as he thought the appeal was against the process followed and not the decision by UNCC. RHe felt that the appeal may change the decision, and therefore it is material and should not be Self-Governance.

Following discussion, Members determined that Modification 0364:

- is not related to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment and a report presented at the May Panel.

The Panel Requests the Workgroup to

- consider Ofgem's role and whether there are alternatives to Ofgem in this role.

i) Modification 0365 - National Grid NTS Initiated Flow Swaps

RHe introduced the modification and its aims. RF asked if there would be any impacts on Shippers. RHe explained this was not the intention and there were no foreseen implications. AR asked why DNOs haven't been asked for their requirements on flow swaps? RHe advised the modification was written from an NTS perspective, though he understood DNOs may have a different view.

Following a tied vote on whether this should be a should be subject to the Self-Governance Modification, the Panel Chairman exercised his casting vote against. This was because the modification is likely to have a material affect on the operation of the network and pipeline systems and so does not meet the Self-Governance criteria.

JD confirmed that Ofgem would not be opposed to Self-Governance should all transporters be in favour. However, as there may be an alternative he agreed with the vote against.

Following discussion, Members determined that Modification 0365:

- is not subject to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should be issued to a Workgroup for assessment and a report presented at the June Panel.

j) Modification 0366 - Clarification of legal text for UNC Modification 0229

GE introduced the modification and its aims, requesting the modification is issued to consultation. ST suggested the Transporters should confirm the suggested text is suitable for the purpose proposed. CWa confirmed that he would obtain a view from National Grid's lawyers on the suitability of the suggested text and contact the proposer accordingly. TD suggested a commentary on the text would be helpful.

JW suggested, given that it is central to the issue, formal legal text should be made available prior to the start of consultation. GE disagreed, as he wanted the modification to be available for consideration by Ofgem alongside Modifications 0339, 0339A and 0340, all of which went to consultation without formal text. JD confirmed he would prefer all the Modification Reports, legal text and commentaries reaching Ofgem at the same time.

JD formally requested on behalf of Ofgem that legal text, with associated commentaries, be prepared for Modifications 0339, 0339A and 0340.

Following discussion, Members determined that Modification 0366:

- is not related to the Significant Code Review as it is not a related subject;
- does not meet the criteria for Self-Governance;
- should proceed to consultation;
- does not require legal text for inclusion in the draft Modification Report.

k) Modification 0367 - Interruptible to Firm – Supply Point Transition

AR introduced the modification and its aims. GE confirmed that it is Gazprom's intention to raise an alternative modification.

Following discussion, Members determined that Modification 0367:

- is not subject to the Significant Code Review as it is not a related subject;
- meets the criteria for Self-Governance;
- should have a proposed Self-Governance determination date of 16 June;
- should be issued to a Workgroup for assessment and a report presented at the April Panel.

The Panel requests the Workgroup to

- consider the duration of the close out period
- define affect supply point

106.3 Consider Legal Text

- a) Modification 0282 - Introduction of a process to manage Vacant sites

TD advised that ScottishPower wished to amend their modification due to comments received during the development of the legal text. Panel members determined unanimously to refer the modification back to the Distribution Workgroup for 1 month.

- b) Modification 0282A - Introduction of a process to manage Vacant sites

Panel Members noted that the Modification Rules provide for an alternative to follow the same procedure as the original, and hence Modification 0282A was referred to the Distribution Workgroup.

- c) Modification 0326 - Allocation of unidentified gas following the appointment of the Allocation of Unidentified Gas Expert (AUGE)

CWa advised that he had spoken with the proposer explaining that it was difficult to draft text until there was an understanding on which of the Modification 0229 related proposals were to be implemented. He requested the Panel defer consideration for 1 month.

Panel members determined unanimously to defer consideration of the modification.

106.4 Consider Workgroup Issues

Workgroup Reports for Consideration

- a) Modification 0312 – Introduction of Two-Thirds Majority Voting to the UNC Modification Panel

RF advised that a meeting to discuss legal advice had been arranged under the CUSC governance process - there were a number of recommendations to take the discussion forward and the proposed CUSC modification would not affect the statutory instrument. The advice given suggested that a majority is any number more than 50% and therefore a

two-thirds majority vote would not affect the statutory instrument.

RHa asked if Ofgem had a view on the sharing of legal advice. JD confirmed that there was generally a good response from Elexon and they may be willing to share the advice they had received with Panel members. He was, however, unsure the QCs advice was clear that a number more than 50% could be interpreted as a two-thirds majority as required in the modification.

CWr thought the energy bill allowed Ofgem to direct amendments to the UNC and that the current statutory instrument does not reflect this such that there may be an opportunity to revisit the Statutory Instrument. JD confirmed that was correct and is likely to drive an amendment to the statutory instrument.

JD considered the modification is not implementable in its current state and should therefore be deferred - Ofgem will not be able to make a positive decision on its current drafting and would have to reject it. However, RF felt the modification should be issued to consultation as it is unlikely any further assistance/information on the legal interpretation will be forthcoming.

JF felt it would be advisable to see the CUSC legal advice prior to taking a decision.

Panel members determined unanimously to defer consideration of the modification.

- b) Modification 0348 – NTS Optional Commodity tariff – update to application rules

CWr advised that two shippers had approached him who wished to raise alternatives to this modification. It was confirmed that the transitional rules apply and alternatives can be raised within 5 business days following the modification proceeding to consultation.

Members determined unanimously that Modification 0348 should proceed to consultation. They did not determine that legal text was required for inclusion in the draft Modification Report.

- c) Modification 0350 – Combining the NTS entry capacity and exit capacity credit checks

Members determined unanimously that Modification 0350 should proceed to consultation. They did not determine that legal text was required for inclusion in the draft Modification Report.

Extensions Requested

- a) Modification 0316 - Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows

Members determined unanimously to extend the time for the Workgroup

to report until May 2011.

- b) Modification 0330 - Delivery of additional analysis and derivation of Seasonal normal weather

Members determined unanimously to extend the time for the Workgroup to report until May 2011.

- c) Modification 0331 - Demand Estimation Section H Changes to Processes and Responsibilities

Members determined unanimously to extend the time for the Workgroup to report until May 2011.

- d) Modification 0335 - Offtake Metering Error - Payment Timescales

Members determined unanimously to extend the time for the Workgroup to report until May 2011.

106.5 Existing Modification Proposals for Reconsideration

- a) Modification 0231V - Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft

JD advised that Modification 0231v would be included in the forthcoming Impact Assessment regarding theft, along with Modifications 0277 and 0346. Panel members determined unanimously to defer consideration of the modification.

- b) Modification 0281 - Prevention of "Timing Out" of Authority decisions on Modification Proposals

JD advised Ofgem were nearing a decision on Modification 0281. Panel members determined unanimously to defer consideration of the modification.

- c) Modification 0328 - Proposal to amend Annex A of the CSEP NExA by replacing the current version of the AQ Table

Panel members determined unanimously to defer consideration of the modification.

106.6 Consider Final Modification Reports

- a) Modification 0341- Manifest Errors in Entry Capacity Overruns

The Panel Chair summarised that the modification seeks to introduce a process whereby parties can seek to reduce entry capacity overrun charges that have been incurred as a result of a manifest error. This would be affected by an appeal being raised for consideration by the UNCC in accordance with published guidelines. The process would be

available for any future manifest errors but would also provide for an initial period during which retrospective appeals can be permitted.

Members recognised that providing for manifest errors to be corrected could be regarded as facilitating competition. This would arise through amended cost allocations that reflect actual actions and intentions, thereby removing any disproportionate impact from manifest errors. Similarly the existence of a potential correction mechanism could reduce any barrier to entry through providing new entrants with confidence that a mechanism exists to correct any manifest errors arising, for example, through a lack of familiarity with the market and its requirements. However, Members also recognised that retrospective adjustments introduce uncertainty and potentially unrecoverable costs for market participants. By including a retrospective element, most Members believed that implementation would create regulatory uncertainty, increasing the perception of risk going forward. Implementation would not, therefore, be expected to facilitate effective competition, with the potential benefits from more accurate cost allocations being outweighed by undermining the principle of not allowing retrospective changes to contractual arrangements.

Some Members were also concerned that the process involved judgements being made by UNCC Members who are not suitably qualified for such a role. They did not, therefore, believe that implementation would be consistent with efficient administration and implementation of the UNC.

One Member voted in favour of implementation. Therefore the Panel did not recommend implementation of this modification.

Panel's view of the benefits of implementation against the Code Relevant Objectives	
Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None.
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.	None.
c) Efficient discharge of the licensee's obligations.	None.
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Potentially positive for prospective appeals improving cost allocations, but outweighed by negative impact of retrospective appeals.

e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code	Potentially negative as appeal body inappropriate.

106.7 Any Other Business

a) Provision of legal text for code modifications

JD asked if the issues raised by the recent Ofgem letter will be resolved by changing the timing of the provision of text. JM did not consider issues had arisen through timing but rather clarity regarding what modifications are trying to achieve.

Transporters were requested to provide their views on the letter and provide their responses at the March Panel.

b) Code Administration Code of Practice KPIs

TD explained the KPIs for January and clarified they are not Code Administrator indicators but measure the process as a whole. JD clarified the views of Ofgem on the assessment of the modification process.

The Panel suggested that all modifications should be reported from the stage they are currently in, rather than measuring only those modifications raised from January. JD agreed since this would help to establish comparisons for future review.

ST suggested that all papers should be reported on, not just the non-meeting papers.

It was agreed to review the KPI figures on a quarterly basis.

TD explained the draft customer satisfaction survey (included in the Panel papers) and asked if the correct questions were being asked. JF suggested that there might be questions on the different types of papers and their content. GE suggested including questions on meetings, locations and how well meetings are run.

JD explained a similar process is being developed by Ofgem and asked for feedback on sample questions handed out during the meeting.

c) Final Modification Report 0296 - Facilitating a Supply Point Enquiry Service for Non-Domestic Supply Points: amendments to legal text.

Panel members determined unanimously to consider the item at short notice.

JD explained that Ofgem had concerns that the provided legal text was wider than the intent of the modification, which he thought should be restricted to an online portal. JM advised the modification is not that specific as an enabling modification for this purpose. Panel members had no further comments to offer on the text.

106.8 Conclude Meeting and Agree Date of Next Meeting

09:30 24 February 2011, Teleconference (Members agreed to amend the start time to 09.30)

10:30 17 March 2011, ENA

