

Record of Determinations: Panel Meeting, 16 May 2013

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Representative	Determination Sought	
		AB	AG	CWr	PB	RF	CWa	EM	JF	RCH	RH	CH		
0453 – Project Nexus – Demand Estimation	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - 2 votes in favour and 9 votes against	✓	X	X	X	✓	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0453 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the September 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the September 2013 Panel
0454 - Introduction of a Long Term Non Firm Capacity Product	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Modification is related to Significant Code Review
	Is not a Self-Governance Modification - 1 vote in favour and 10 votes against	X	X	X	X	✓	X	X	X	X	X	X	X	Modification should follow Self-Governance Procedures
	Issued to Workgroup 0454 - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be referred to Workgroup
	Workgroup to report by the November 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the November 2013 Panel
0429 - Customer Settlement Error Claims Process	To be considered at short notice - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
0428 0428A - Single Meter Supply Points	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
0433S - Inclusion of the Transmission to Distribution "System Operator Agreement Guidelines" within the Offtake	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR

Arrangements Document	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
0443 - Arranging Flow Swaps between NTS/LDZ Offtakes with increased lead times or for prolonged periods	Proceed to consultation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Issue to Consultation
	Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Text
	Legal text not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Legal text not required for inclusion in DMR
	Cost estimate not required - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Cost estimate not required for inclusion in DMR
0445 - Amendment to the arrangements for Daily Metered Supply Point Capacity	Proceed to consultation - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	Issue to Consultation
	Workgroup to report by the August 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the August 2013 Panel
0431S - Shipper/Transporter - Meter Point Portfolio Reconciliation	Text requested - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Text
0432 - Project Nexus – gas settlement reform	Workgroup to report by September 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by September 2013 Panel
0434 - Project Nexus – Retrospective Adjustment	Workgroup to report by September 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by September 2013 Panel
0435 - Arrangements to better secure firm gas supplies for GB customers	Workgroup to report by September 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by September 2013 Panel
0440 - Project Nexus – IGT Single Service Provision	Workgroup to report by September 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by September 2013 Panel
0448 - Aligning UNC with Licence Conditions relating to European legislative change and Fast track self-governance	Workgroup to report by July 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by July 2013 Panel
0449 - Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures	Workgroup to report by July 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by July 2013 Panel

0425 – Re-establishment of Supply Meter Points – Shipperless sites	Returned to Workgroup - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Did consultation raise new issues
	Workgroup to report by the August 2013 Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup to report by the August 2013 Panel
0436S – Consequential changes to the UNC resulting from RIIO-T1	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement
0439 – Notice for Enduring Annual Exit (Flat) Capacity Reduction Applications	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implementation recommended - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to recommend implementation
0447S – Exception to Code Cut Off Date for energy Balancing debt Recovery purpose	Not returned to Workgroup - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	Did consultation raise new issues
	Implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Whether to implement

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

UNC Modification Panel

Minutes of the 142nd Meeting held on Thursday 16 May 2013 at ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green* (AG), Total A Barnes (AB), Gazprom C Wright (CWr), British Gas P Broom (PB), GDF Suez R Fairholme (RF), EON UK	C Warner (CWa), National Grid Distribution E Melen (EM), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Cameron-Higgs (RCH), Wales & West Utilities R Hewitt (RH), National Grid NTS	C Hill (CH), Consumer Focus

Non-Voting Members:

Ofgem Representative	Terminal Operators' Representative	Chairman
		T Davis (TD), Joint Office

Also in Attendance:

A Margan* (AMa), British Gas(for Modification 0425 only); A Miller (AM), Xoserve; A Miller (AM1), Centrica Storage; A Raper (AR), National Grid Distribution; E Thorburn (ET), Ofgem and R Fletcher (RF), Secretary

* by teleconference

Record of Discussions

142.1 Note of any alternates attending meeting

E Melen for A Musgrave (Scotia Gas Networks)

R Cameron-Higgs for S Edwards (Wales & West Utilities)

142.2 Record of Apologies for absence

A Musgrave and S Edwards.

142.3 Minutes of the Last Meeting

The minutes of the last meeting were accepted.

142.4 Consider Status of Urgent Modifications

- a) Modification 0451 - Individual Settlements For Pre-Payment & Smart Meters

TD advised that Ofgem had granted Urgency for this modification on a fixed timetable so that a decision can be made prior to Winter 2013/14.

142.5 Consider New, Non-Urgent Modifications

- a) Modification 0453 – Project Nexus – Demand Estimation

CWa introduced the modification and its aims. RH asked if there might be an impact on the EU balancing code implementation. He requested that this be discussed at the Workgroup to identify if there are any potential impacts.

For Modification 0453, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on the allocation of costs between Shippers;
- The modification be issued to Workgroup 0453 for assessment with a report presented by the September Panel.

- b) Modification 0454 - Introduction of a Long Term Non Firm Capacity Product

RH introduced the modification and its aims. AB asked if there might be an impact following the implementation of the EU CAM. RH advised the UNC regime will be impacted by CAM but it is outside the scope of this modification to consider the implications, which will be wide ranging.

For Modification 0454, Members determined:

- The modification is not related to the Significant Code Review as it is not a related subject;

- The criteria for Self-Governance are not met as this modification is expected to have a material impact on parties using the capacity product, including consumers and Shippers;
- The modification be issued to Workgroup 0454 for assessment with a report presented by the November Panel.

142.6 Consider Legal Text

a) Modification 0429 – Customer Settlement Error Claims Process

Following a short discussion, the Panel determined to consider the modification at short notice.

No issues were raised, the Draft Modification Report is to be issued to consultation.

142.7 Consider Workgroup Issues

Workgroup Reports for Consideration

a) Modification 0428 0428A - Single Meter Supply Points

Members accepted the recommendations in the Workgroup Report and determined for Modification 0428(A) that:

- it should proceed to consultation;
- legal text is not required for inclusion in the draft Modification Report; and
- a cost estimate is not required for inclusion in the draft Modification Report.

b) Modification 0433S - Inclusion of the Transmission to Distribution “System Operator Agreement Guidelines” within the Offtake Arrangements Document

Members accepted the recommendations in the Workgroup Report and determined for Modification 0433S that:

- it should proceed to consultation;
- legal text is not required for inclusion in the draft Modification Report; and
- a cost estimate is not required for inclusion in the draft Modification Report.

c) Modification 0443 - Arranging Flow Swaps between NTS/LDZ Offtakes with increased lead times or for prolonged periods

Members accepted the recommendations in the Workgroup Report and determined for Modification 0443 that:

- it should proceed to consultation;
- to request the provision of text;

- legal text is not required for inclusion in the draft Modification Report; and
 - a cost estimate is not required for inclusion in the draft Modification Report.
- d) Modification 0445 - Amendment to the arrangements for Daily Metered Supply Point Capacity

AR suggested that the modification should be returned to the Workgroup for further assessment, as a potential loophole had been identified subsequent to the completion of the Workgroup Report. This loophole may provide an unintended opportunity for parties to avoid charges. PB asked how the modification could be changed to prevent this happening. AR felt it could be amended by introducing a rolling annual review date. PB sought assurance that this would not impact the ability of parties to adjust their positions appropriately in the forthcoming winter, and AR suggested the position would be unchanged as no systems based approach could be developed ahead of the forthcoming winter.

Members determined for Modification 0445 that:

- It should be returned to Workgroup 0445 for assessment with a report presented by the August Panel.

Request the Provision of Legal Text

Members determined unanimously to request the provision of text for Modification 0431S - Shipper/Transporter - Meter Point Portfolio Reconciliation

Consideration of Workgroup Reporting Dates

- a) Modification 0432 - Project Nexus – gas settlement reform

Members determined unanimously to extend the date by which Workgroup 0432 should report, with a report presented by the September Panel.

- b) Modification 0434 - Project Nexus – Retrospective Adjustment

Members determined unanimously to extend the date by which Workgroup 0434 should report, with a report presented by the September Panel.

- c) Modification 0435 - Arrangements to better secure firm gas supplies for GB customers

Members determined unanimously to extend the date by which Workgroup 0435 should report, with a report presented by the September Panel.

- d) Modification 0440 - Project Nexus – iGT Single Service Provision

Members determined unanimously to extend the date by which Workgroup 0440 should report, with a report presented by the September Panel.

- e) Modification 0448 - Aligning UNC with Licence Conditions relating to European legislative change and Fast track self-governance
- Members determined unanimously to extend the date by which Workgroup 0448 should report, with a report presented by the July Panel.
- f) Modification 0449 - Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Procedures
- Members determined unanimously to extend the date by which Workgroup 0449 should report, with a report presented by the July Panel.

142.8 Final Modification Reports

- a) Modification 0425 – Re-establishment of Supply Meter Points – Shipperless sites

There was a general discussion about the issues raised during consultation and whether the Workgroup should consider these further and report back to the Panel. AMa was concerned that the issues were not new and would not be resolved by further discussion by the Workgroup.

EM would prefer to see the identified contractual issues resolved prior to making a recommendation on implementation, as this would be more likely to lead to a successful implementation. JF was concerned that correcting modifications may be required should Modification 0425 be implemented in its current form, and suggested this should be discussed by the Workgroup.

CH was concerned that the issues raised in representations have not been fully explored and that it would be beneficial to understand these before making a recommendation.

Members determined for Modification 0425 that Workgroup 0425 should consider the new issues raised in representations with a report presented by the August Panel.

- b) Modification 0436S – Consequential changes to the UNC resulting from RIIO-T1

The Panel Chair summarised that this is a housekeeping modification to take account of changes to National Grid Transmission's Gas Transporter Licence. A number of terms have been renamed, and licence conditions have been renumbered. This modification seeks to bring the UNC in line with the changes made to the Licence.

Panel Members considered that updating existing cross references within the UNC such that they refer to the intended licence condition, and creating certainty and consistency by adopting terminology that is the same as in the licence, would be expected to further the relevant objectives by promoting efficiency in the implementation and administration of the Code.

Members then voted unanimously to implement Self-Governance Modification 0436S.

c) Modification 0439 – Notice for Enduring Annual Exit (Flat) Capacity Reduction Applications

The Panel Chair summarised that this modification seeks to remove the “14 month” rule, such that holdings of Enduring Annual NTS Exit (Flat) Capacity can be reduced earlier than otherwise. This would allow reductions with effect from the 1st of any month after the User Commitment Amount (if any) has been (or will be) satisfied, but no earlier than 1st October Y+1. Implementation would therefore allow Users to better manage their capacity holdings and the consequential financial exposure.

Members recognised that implementation could be expected to deliver benefits by allowing Users greater scope to respond to prevailing price signals. By providing Users with greater certainty regarding their potential financial exposure when signalling for additional exit capacity, since they would be aware that reductions could be made if charges were to increase, risk would be reduced. Reducing market risk is consistent with facilitating the securing of effective competition. Members also noted that reductions after indicative charges have been issued could mean that those indicative charges would be less reliable as an indicator of actual charges, which would reduce certainty and so increase market risk. However, Members felt the benefits outweighed this risk.

Members also noted that implementation could allow Users to provide a clearer signal of their underlying exit capacity requirements in the event that they wish to reduce the amount held and subsequently used. Providing for capacity holdings to better match true requirements would be expected to lead to Users only paying for the capacity they wish to hold, and so better allocate costs between Users. Accurate cost allocations provide a fundamental underpinning for competitive markets, and hence implementation could be expected to facilitate the securing of effective competition. In addition, the provision of improved signals of true capacity requirements would be expected to lead to efficient and appropriate decisions regarding system investment, and hence could facilitate the efficient discharge of the licensee’s obligations with respect to economic and efficient system development.

Members then voted unanimously to recommend implementation of Modification 0439.

d) Modification 0447S – Exception to Code Cut Off Date for energy Balancing debt Recovery purpose

The Panel Chair summarised that the EBCC identified an issue in the UNC regarding amounts recovered from terminated Users after an extended period. Any amounts recovered after the code cut-off date cannot be passed to Users nor used for other purposes. This modification seeks to allow any such amounts to be returned to Users.

Members recognised that monies being held in the Balancing Neutrality bank account indefinitely is inefficient and, as such, that removing the date restriction would be expected to facilitate the relevant objective of promotion of efficiency in the implementation and administration of the Code. Members also noted that appropriate cost allocations support the

development of effective competition, and hence implementation would be consistent with the securing of effective competition.

Members then voted and unanimously determined that Self-Governance Modification 0447S should be implemented.

142.9 Any Other Business

- a) Consent C050 - Revision to the legal text associated with the implementation of UNC Modification 0420 New Connections Interruptible loads

ET indicated that Ofgem were considering the consent and would respond soon.

142.10 Conclude Meeting and Agree Date of Next Meeting

10:30 20 June 2013, at the ENA.