

Record of Determinations: Panel Meeting 18 January 2018

[illegible]

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	AL	AM	EW	RF	SM	CW	DL	HC	SK*	RP	NR	SH	EP	
0645 - Amending the oxygen content limit in the Network Entry Agreement at South Hook LNG	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Modification is a Self-Governance Modification - <i>unanimous vote for</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy Self-Governance criteria?
	Issued to Transmission Workgroup with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2018 Panel?
0646R - Review of the Offtake Arrangements Document	Refer to Workgroup 0646R with a report presented by the 19 July 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be referred to Workgroup with a report by the July 2018 Panel?
0619 0619A 0619B - Application of proportionate ratchet charges to daily read sites	Proceed to Consultation, Consultation to close out on 01 March 2018 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0619/0619A/0619B be issued to consultation, ending on 01 March 2018 (and therefore taken at March Panel)?
0624R - Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data	Referred back to Workgroup 0624R with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should review be referred back to Workgroup 0624R with a report by the March 2018 Panel?
0636 - Updating the parameters of the NTS Optional Commodity Charge	Referred back to Workgroup 0636 with a report presented by the 15 March 2018 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0636 be referred back to Workgroup 0636 with a report by the March 2018 Panel?
Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought
		AG	AL	AM	EW	RF	SM	CW	DL	HC	SK*	RP	NR	SH	EP	
0633V - Mandate monthly read submission for Smart and AMR sites from 01 December 2017	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Recommended for implementation - <i>with 9 out of 14 votes in favour</i>	✓		✓	✓			✓		✓	✓		✓	✓	✓	Should Modification 0633V be recommended for implementation? (only votes in favour recorded)

0638V - Mandate monthly read submission for Smart and AMR sites from 01 April 2018	No new issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Recommended for implementation - <i>unanimous vote for</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0638V be recommended for implementation? (only votes in favour recorded)
Preference for 0633V or 0638V?	Modification 0633V is NOT preferred - only 3 out of 14 votes preferred, vs 11 out of 14 for 0638V	✓			✓		✓									Prefer 0633V? (yes votes only)
	Modification 0638V is preferred - majority vote in favour (11 votes out of 14)		✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	Prefer 0638V? (yes votes only)
0641S - Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text?

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

UNC Modification Panel
Minutes of the 218th Meeting held on Thursday 18 January 2018
at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representative
A Green (AG), Total A Love (AL), Independent A Margan (AM), British Gas E Wells (EW), Corona Energy R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), Cadent D Lond (DL), National Grid NTS H Chapman (HC), SGN S Key* (SK), NGN R Pomroy (RP), WWU N Rozier* (NR), BUUK Infrastructure	E Proffitt (EP), MEUC S Horne (SH), Citizens Advice

Non-Voting Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
M Shurmer (MS), Chair	J Dixon (JD)	N Anderson (NA) Electralink

Also in Attendance:

D Hawkin (DH) TPA Solutions; E Akkaya* (EA), South Hook LNG; G Watkins* (GW), South Hook LNG; J Atherton (JA), Citizen's Advice; K Dudley* (KD), EON UK; M Bellman (MB), Scottish Power; N Wye* (NW) WatersWye; P Garner (PG), Joint Office; R Fletcher (RFI), Joint Office; R Hailes (RHa), Secretary; R Hinsley (RHi), Xoserve; S Blackett* (SB), EON UK; S Britton (SBr), Cornwall Insight; S Obeng (SO), South Hook Gas; S Singh* (SS) Cadent.

* *by teleconference*

Record of Discussions

Introduction

MS welcomed all attendees, introduced the meeting and the expectations he had for Panel and then set out the order of business.

218.1 Note of any alternates attending meeting

S Key for J Ferguson (Northern Gas Networks)

J Dixon for R Elliott (Ofgem)

218.2 Record of Apologies for absence

J Ferguson

R Elliott

218.3 Minutes and Actions of the Last Meeting(s)

AL reiterated comments she made previously in relation to her position on Panel. AL requested that an addendum to the previous minutes be made. The following addendum (underlined text) will be made:

AL asked members to note that she was initially nominated by ScottishPower but this was based on her industry knowledge and not specifically related to her employment status. In addition, she highlighted that some other Shippers felt that AL could representing the industry more independently than many. She had received comments from other Shippers' stating that they valued her knowledge and apparent independence in representing the shipper community in general, rather than an individual company.

AL declared an interest in that she has a contract currently working for Energetics.

Members then approved the minutes from the previous meeting on 21 December 2017.

218.4 Consider Urgent Modifications

(none)

218.5 Consider New Non-Urgent Modifications

- a) Modification 0635A – Reforms to incentivise accurate and timely DM reads and to remove the Transporter Class 1 read obligation

RP introduced the Modification, noting that a key addition to the requirements is the removal of a transporter obligation. A short transition period is proposed. Since the Modification will have an impact on metering in addition to 0635, therefore Authority Direction is requested. RP confirmed he proposed Modification 0635A is an alternative because it removes an obligation for Transporters to read class 1 sites.

JD advised that at 10.44am an Amended Modification 0635 was issued

also removing the obligation for Transporters to read class 1 sites. Panel briefly discussed this obligation.

BF reminded Panel that alternative modifications address the same issue as the original or cannot be implemented together and stressed that Panel must make the judgement.

RP confirmed that with the news of the amendment to 0635, Modification 0635A could no longer be properly considered an alternative; RP asked Panel whether they would prefer him to withdraw the modification and bring a new modification to February panel as this was more transparent. No members of Panel considered this necessary. Panel members then voted unanimously to ask the Joint Office to re-number the modification and to treat it as a new proposal, to be numbered 0647.

For Modification 0647, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas; and
- That Modification 0647 be issued to Distribution Workgroup for assessment, with a report to be presented no later than the 20 September 2018 Panel.

The Workgroup is requested to consider whether telemetered sites can be separately identified.

b) Modification 0636A – Updating the parameters for the NTS Optional Commodity Charge

NW introduced the Modification on behalf of Vitol S.A. Geneva, explaining the reasons why this Modification should be issued to Workgroup 0636 as an alternative. This Modification Proposal will add a distance cap to the formula and utilises the original formula, whereas Modification 0636 proposes a change to the formula.

Some Panel Members questioned why this alternative Modification had in their view been submitted relatively late in the development timescale of Modification 0636. NW explained that through participation in the workgroups, a way of achieving a similar outcome had been found which he considered could provide a better solution.

PG reminded Panel of the rules surrounding alternative modifications.

BF advised Panel as to what could be considered as an alternative, reiterating that alternative modifications address the same issue as the original or cannot be implemented together and stressed that Panel must make the judgement. PG reminded Panel that alternatives can be submitted at any point until the workgroup report is finalised. A change to this rule would require a new Modification to be tabled.

Panel Members clarified the level of the distance cap proposed (115km). DL explained that the analysis behind the distance cap was done by National Grid NTS. PG highlighted that this aspect was

questioned on the Pre-panel call.

Panel Members considered the Proposer's view that 0636A is a true alternative to 0636 because 0636 amends the formula for calculation of the NTS Optional Commodity Charge and 0636A does same thing. NW confirmed that either 0636 or 0636A could be implemented, not both.

Panel Members went on to consider when the proposed Modification 0636A should report back to Panel. The recommendation from the Workgroup was that 0636A should report back to Panel in March 2018. This would mean Modification 0636 would also report back to Panel in March 2018.

Ofgem (JD) clarified that for these Modifications, timing is essential. Changes will be superseded by Modification 0621 and there is a window of opportunity for the benefit from the changes proposed by 0636/0636A to be realised. Given the scale of the redistribution of costs between parties, Ofgem is minded to do a Regulatory Impact Assessment.

The potential implementation date for 0636 and 0636A was considered by Panel and Ofgem clarified that timescales are extremely tight for the suggested April 2018 date. October 2018 is still considered by some to be at risk. However, Panel Members considered that sufficient rigour in consideration at workgroup was needed to mitigate the risk of Ofgem sending back the proposal for further workgroup assessment. Some Panel Members highlighted that another proposed alternative from Wales & West Utilities is tabled for consideration at Workgroup 0636 on 19 January 2018.

MS reminded Panel that it was necessary to consider only what is officially for Panel consideration at this meeting, since another alternative to 0636 is not yet before Panel and is likely to be schedule for February 2018 Panel.

DL confirmed that requesting 0636A to report back to Panel after two months is consistent with other Modifications. Ofgem (JD) clarified that the original modification 0636 should be considered first in any workgroup meeting.

For Modification 0636A, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas;
- That Modification 0636A be issued to Workgroup 0636 for assessment, with a report to be presented no later than the 15 March 2018 Panel.

Panel requested that Legal text be supplied.

The Workgroup is requested to consider how the level of the distance cap was decided.

- c) Modification 0642A - Changes to settlement regime to address

Unidentified Gas issues

KD introduced the Modification, explaining the reasons why she was requesting this Modification should be issued to Workgroup 0642 as an alternative.

Discussion took place around the timescales for Modification 0642A and whether it should follow the timescales determined by the Authority for 0642 (Urgent). Ofgem confirmed 0642A should follow the same timescales as 0642 (Urgent).

The Proposer confirmed it was an alternative because the two proposals are mutually exclusive.

The level of the [2.5%] was discussed.

SB confirmed it was E.ON's own analysis which led to the derivation of the [2.5%], which they would be happy to share with Ofgem.

For Modification 0642A, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this Modification is expected to have a material impact on the contractual arrangements for the transportation of gas;
- That 0642A should follow same timescales as 0642(Urgent).

Panel requested that Legal text be supplied.

The Workgroup is requested to consider how the [2.5%] value was derived.

- d) Modification 0645 - Amending the oxygen content limit in the Network Entry Agreement at South Hook LNG

SO introduced the Modification explaining the reasons why she was requesting this Modification should be issued to Transmission Workgroup. Reference was made to two previous Modifications 0561S and 0581S which had successfully proposed similar changes to oxygen limits.

For Modification 0645, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this Modification is not expected to have a material impact on the contractual arrangements for the transportation of gas; and
- That Modification 0645S be issued to Transmission Workgroup for assessment, with a report to be presented no later than the 15 March 2018 Panel.

- e) Modification 0646R - Review of the Offtake Arrangements Document

SS introduced the Request, explaining that issues have arisen since

implementation of the Offtake Arrangements Document (OAD) in 2005 and thus the Request should be issued to a new Request Workgroup 0646R. The arrangements mainly apply where a site interfaces with multiple transporters. Panel Members noted the quoracy question and concluded that two transporters would suffice for the review but clarified that more would likely be required if/when a later Modification is raised as a result of the Request.

Panel noted the large volume of workload on the Joint Office and asked for meetings to start at an appropriate time.

For Modification 0646R, Members determined:

- That Request 0646R be issued to Request Workgroup 0646R for assessment, with a report to be presented no later than the 19 July 2018 Panel.

The Request Workgroup is asked to consider:

- Any effect on direct connects,
- Any association with metering and
- To seek clarification on whether iGTs are included.

218.6 Existing Modifications for Reconsideration

None.

218.7 Consider Workgroup Issues

None.

218.8 Workgroup Reports for Consideration

- a) Modification 0619 0619A 0619B - Application of proportionate ratchet charges to daily read sites

Panel Members noted the Workgroup Report and the recommendations it contained.

For Modification 0619 0619A 0619B, Members determined:

- It should proceed to Consultation with a close out date of 01 March 2018.

The Final Modification Report will be considered at Panel in March 2018.

- b) Request 0624R - Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data

Panel Members noted the progress made.

For Request Modification 0624R, Members determined:

- It should be referred back to Workgroup 0624R for further assessment, with a report by the March 2018 Panel.

- c) Modification 0636 - Updating the parameters for the NTS Optional Commodity Charge

Panel Members noted the earlier discussions under 0636A.

For Modification 0636, Members determined:

- It should be referred back to Workgroup 0636 for further assessment, with a report by the March 2018 Panel.

Panel noted that, as with all Modifications, the Workgroup can report back to an earlier Panel if the Workgroup report is deemed to be successfully completed.

The Workgroup is requested to seek clarification on whether (system) parameters can be changed.

218.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

Members determined unanimously to extend the following Workgroup reporting date(s):

Workgroup	New Reporting Date
0624R – Review of arrangements for Retrospective Adjustment of Meter Information, Meter Point/Supply Point and Address data	15 March 2018
0636 0636A – Updating parameters for the NTS Optional Commodity Charge	15 March 2018

Members determined unanimously to request Legal text for the following modification(s):

Modification
0636A - Updating the parameters for the NTS Optional Commodity Charge
0641S - Amendments to Modification 0431 - Shipper/Transporter - Meter Point Portfolio Reconciliation rules and obligations
0642A – Changes to settlement regime to address Unidentified Gas issues

218.10 Consider Variation Requests

None.

218.11 Final Modification Reports

- a) Modification 0633V - Mandate monthly read submission for Smart and AMR sites from 01 February 2018
- b) Modification 0638V - Mandate monthly read submission for Smart and AMR sites from 01 April 2018

Panel discussion: see the Final Modification Report (which covers both 0633V and 0638V) published at:

<https://www.gasgovernance.co.uk/0633>

For Modification 0633V and 0638V, Members determined:

- By majority vote to recommend implementation of Modification 0633V to the Authority,
- By unanimous vote to recommend implementation of Modification 0638V to the Authority,
- By majority vote a preference for the implementation of Modification 0638V (11 votes out of 14).

218.12 AOB

a) Regulatory Sandbox

The regulatory sandbox allows innovators to trial innovative business products, services and business models that cannot currently operate under the existing regulations. Trials run for a set period of time with a limited number of customers. Panel members requested Ofgem present on the topic to February Panel.

PG advised she will be working with Panel to look at governance arrangements, ahead of the forthcoming summer elections. She envisaged meeting with Panel members with a view to presenting to Panel in April 2018.

b) Change Overview Board (COB)

Panel are concerned by lack of participation, and requested that Ofgem (Lesley Nugent) present on Code Governance Remedies to the COB at its next meeting. The Joint Office will advise the date of the next meeting.

c) Strategic consideration of implementation dates

Some Panel Members expressed concern about how implementation dates are determined and the desire for a minimum lead time for system changes. Discussion covered:

- DSC Change Committee work to assess priorities,
- The change to using primarily Release-based updates, and
- How implementation dates for Modifications would be dealt with if the Release dates and implementation dates don't readily match up.

Panel noted that Urgent Modifications need to be considered separately. Panel will monitor the emerging situation.

218.13 Date of Next Meeting

- 10:30, Thursday 15 February 2018, at Elexon

Action Table (18 January 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			(none)		