

UNC Panel Chair, the Joint Office,  
relevant Gas Transporters, Gas  
Shippers, and other interested  
parties

Email: [industrycodes@ofgem.gov.uk](mailto:industrycodes@ofgem.gov.uk)

Date: 27 October 2021

Dear colleagues,

On 19 October 2021, we<sup>1</sup> received a request from National Grid NTS (The Proposer) that Uniform Network Code (UNC) modification proposal UNC789: Energy Balancing Arrangements During the Operation of a Supplier Undertaking to Transporters<sup>2</sup> (hereafter “UNC789”) should be given urgent status and follow expedited modification procedures. UNC789 sought to make changes to the existing industry processes for suppliers that cease to have arrangements with a shipper for any of their registered meter points.

We recognise the importance of the underlying issue which has led to this modification being proposed and believe this issue should be considered by industry. We acknowledge the points put forward in the modification paper by the Proposer, as well as the points raised by industry regarding the complexity of the issue and the need for interested parties to engage properly. The basis on which we are to decide urgency on UNC789 is evolving daily with a number of factors, including the final decision on UNC788,<sup>3</sup> having the potential to have a material bearing on urgency in this modification proposal.

We are reluctant at this time to lock industry into a very tight timescale that may prove to be unnecessary. On the other hand, we do not believe that this is the right time to declare UNC789 to be non-urgent before industry have engaged further on this issue, and until wider changes including the final impact of UNC788 have become clearer.

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<sup>1</sup> Ofgem is the Office of the Gas and Electricity Markets Authority. The terms ‘Ofgem’, ‘the Authority’, ‘we’, ‘our’ and ‘us’ are used interchangeably in this letter.

<sup>2</sup> Modification proposals are available at <https://www.gasgovernance.co.uk/livemods>

<sup>3</sup> UNC788: Minimising the market impacts of ‘Supplier Undertaking’ operation provides the ability for suppliers operating under the Deed of Undertaking to utilise other shipper relationships to source gas and make trade nominations on their behalf.

We are sharing our thinking in order to encourage industry to rapidly come together to develop their thinking on this issue. We look to industry to collaborate effectively on this issue at pace, to build an understanding of the challenge, and as necessary to find solutions to the issue raised in the UNC789 modification paper. **We recognise that the Proposer is seeking urgency on this issue and ask industry participants to have identified the core challenges and next steps by mid-November 2021.**

To enable this, we strongly encourage industry to attend, and effectively engage in, industry meetings. We understand that National Grid Gas will convene such meetings starting week commencing 1 November 2021, with the support of the Joint Office. The scope of the meetings should be to understand any significant challenges caused by the existing industry processes for suppliers that cease to have arrangements with a shipper for any of their registered meter points; and from this any case to make a change to the existing industry processes and the best way to achieve that change, ensuring compliance with the broader regulatory and legislative framework. If change is required, we expect industry to work together to identify the best solution(s) and produce modification paper(s) and legal text as necessary.

The Authority intends to engage closely and attend industry meetings on this matter. We expect to arrive at a decision on urgency as soon as reasonably practicable. We will consider whether to seek a formal UNC Panel view on the proposals, as allowed for under paragraph 10.1.1(b) of the Modification Rules.<sup>4</sup>

Yours sincerely,

**Eleanor Warburton**  
**Deputy Director - ESO and Gas Systems**

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<sup>4</sup> UNC Modification Rules: [www.gasgovernance.co.uk/sites/default/files/Modification%20Rules\\_13.pdf](http://www.gasgovernance.co.uk/sites/default/files/Modification%20Rules_13.pdf)