

Agenda: Pre-Modification Panel Briefing
Meeting Details: 13:00, 13 February 2017
Teleconference: 0207 950 1251, access code 21870295#
Documentation at: <http://www.gasgovernance.co.uk/panel/160217>

Dear Colleague,

Please note that we will be hosting a pre-Modification Panel briefing by teleconference starting at **13:00 on Monday 13 February 2017**. Discussions will be based on the Modification Panel agenda (<http://www.gasgovernance.co.uk/panel/160217>).

This pre-Panel briefing is intended to provide, in particular, an opportunity for smaller parties, including customer representatives as well as smaller Shippers and Suppliers, an opportunity to feed views into the modification process at critical stages. We therefore expect to focus on new Modifications and those on which the Panel will debate whether or not implementation is supported. Similar teleconferences are held prior to each monthly Modification Panel meeting (third Thursday of the month). Any views on which information would be most helpful to you, or on the time and format of the teleconference, would be welcome.

Modifications that are on this month's Panel agenda are:

New Modifications

Modification 0609AS – Transitional arrangements for gas settlement and replacement of Meter Readings, retaining AQ2017 (Project Nexus transitional modification)

Proposed by British Gas

This alternate modification, in common with 0609S, identifies arrangements relating to Supply Point classification, energy settlement & reconciliation and replacement of Meter Readings to enable an orderly and efficient transition from current UNC terms to the UNC regime identified within UNC Modification 0432, 'Project Nexus – Gas Demand Estimation, Allocation, Settlement and Reconciliation reform' and Modification 0434, 'Project Nexus – Retrospective Adjustment'.

The Proposer seeks to retain the requirement for an AQ review process in 2017 until it is certain that the implementation of Project Nexus this summer is not delayed beyond the usual AQ review window. Successful implementation of Nexus (via Modification 0432 etc.) removes the review, and the Proposer wishes to ensure that 0609S does not remove the AQ review before Nexus is implemented. This is to ensure that, in the event of a delay to Nexus, site data accuracy is maintained because it impacts on a number of important charges and processes.

The Proposer is seeking self-governance status for this modification on the basis that it has no material impact on consumers or on commercial activities described in the UNC since it only adds clarity to provisions that have previously been approved by Ofgem.

<http://www.gasgovernance.co.uk/0609>

Modification 0611 – Amendments to the firm capacity payable price at Interconnection Points

Proposed by National Grid NTS

This modification seeks to ensure compliance with the forthcoming EU Tariff code concerning the payable price for the capacity released under the proposed new incremental process under Modification 0597. The EU Tariff code prohibits the use of a fixed payable price approach for available firm capacity at Interconnection Points (IPs). It also introduces the concept of a mandatory minimum premium that can be applied to the payable price for incremental capacity for situations where the reserve price on its own would fail to pass the economic test for incremental capacity release.

The Proposer is not seeking self-governance status for this modification on the basis that it may have a material impact on activities associated with shipping and/or transportation of gas since the payable price at for incremental capacity at IPs will change.

<http://www.gasgovernance.co.uk/0611>

Modification 0612 – Project Management and Assurance provisions for gas industry changes

Proposed by Scotia Gas Networks

This modification seeks to provide arrangements that would allow the UNC Modification Panel to request the procurement of project management (PM) services where significant industry changes occur. The new arrangements are proposed to dovetail with existing governance and allow due consultation on any recommended PM services.

The Proposer is not seeking self-governance status for this modification on the basis that it would have a material impact on the UNC Modification Rules since it would enable the Panel to commit to expenditure on behalf of the industry.

<http://www.gasgovernance.co.uk/0612>

Implementation Recommendations

Modification 0571 0571A - Application of Ratchet Charges to Class 1 Supply Points (and Class 2 with an AQ above 73,200kWhs)

These modifications propose, post go-live of the new market arrangements under Project Nexus, to limit the application of Ratchet Charges to certain Supply Points (0571 applies to Class 1 only, 0571A adds larger Class 2), which includes mandatory Daily Metered sites and Network Sensitive Loads and whose operation may be material to the safe operation of the network. The Proposers believe that their modifications ensure that the regime targets only those consumers with significant impacts on a network operator's ability to manage their capacity risks.

In the consultation, which closed on Thursday 24 January, respondents provided a wide range of views, covering potential discrimination between types of consumers, accuracy of capacity booking, controlling overrun risks, realising the benefits of the new Settlement regime and safety of networks. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the

Workgroup or, if not, whether they recommend that each modification could be implemented and which best furthers the relevant objectives.

<http://www.gasgovernance.co.uk/0571>

Modification 0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries

This modification seeks to create provisions in the UNC to permit the release of data to Price Comparison Websites (PCWs) and Third Party Intermediaries (TPIs) to satisfy the CMA Energy Market Investigation requirements. The release of data would be subject to contractual agreement with Transporters that would include validations and be pursuant to data protection principles.

The consultation closes on Thursday 09 February; a summary of respondents' views will be provided on the call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend that the modification should be implemented.

<http://www.gasgovernance.co.uk/0593>

Modification 0597 - Rules for the release of incremental capacity at Interconnection Points

This modification seeks to introduce a framework and rules into the UNC to enable the release of incremental capacity at Interconnection Points that is compliant with the amended EU CAM code. The proposed process includes demand assessment, a design phase, regulator approval and lastly allocation of capacity.

The consultation closes on Thursday 09 February; a summary of respondents' views will be provided on the call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether they recommend that the modification should be implemented.

<http://www.gasgovernance.co.uk/0597>

Modification 0602 0602A - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification

These proposals identify the arrangements under which certain Supply Point transactions would not be available in order to complete an orderly and efficient transition to the new UK Link system being delivered under Project Nexus. The alternative modification additionally proposes to maintain a minimum of two days with which to raise a Supply Point Objection.

The consultation closes on Thursday 09 February; a summary of respondents' views will be provided on the call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not,

whether they recommend each modification could be implemented and which best furthers the relevant objectives.

<http://www.gasgovernance.co.uk/0602>

Self-Governance Implementation

Modification 0598S - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations

This modification seeks to introduce changes to the auction calendar and replace the current Annual Quarterly Auction with four Annual Quarterly Capacity Auctions. Like 0597, this is to comply with the amended EU CAM code.

The consultation closes on Thursday 09 February; a summary of respondents' views will be provided on the call. Panel members will be asked whether consultation responses have raised any new relevant issues that should be assessed by the Workgroup or, if not, whether the modification should be implemented.

<http://www.gasgovernance.co.uk/0598>

I hope this summary is helpful.

Regards,

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UNC related documents can be accessed via our website: www.gasgovernance.co.uk