

UNIFORM NETWORK CODE MODIFICATION PANEL
MINUTES OF THE 12th MEETING HELD ON THURSDAY
01 SEPTEMBER 2005

Members Present:

Transporter Representatives: P Roberts (National Grid/UKT), P Close (National Grid/UKD), B Grubb (Scotia Gas Networks) and L Spierling (Wales & West Utilities)

User Representatives: P Broom (Gaz de France), S Ladle (Total Gas & Power Ltd), S Jones (Statoil), C Sykes (EON UK plc) and M Young (British Gas Trading)

Ofgem Representative: J Dixon

Consumers Representatives: None

Joint Office: T Davis (Chairman), J Bradley (Deputy Secretary)

12.1 Note of any alternates attending meeting.

P Roberts for R Hewitt (National Grid/UKT), P Close for A Raper (National Grid/UKD), B Grubb for R Cameron Higgs (Northern Gas Networks) and S Jones for S Parmar (Statoil)

12.2 Record of apologies for absence.

R Hewitt, A Raper, S Parmar and R Cameron Higgs

12.3 Record invitees to meeting.

M Curtis ($e=mc^2$)

12.4 Consideration of Final Modification Reports.

12.4(a) Proposal 0038 'Provision of Information to Support Development of the NTS Investment Programme'

The Panel considered that implementation of this Modification Proposal would further the GT Licence 'code relevant objectives' of the economic and efficient operation of the combined pipeline system and the pipeline systems of the relevant transporters; the efficient discharge of licence obligations; and promotion of competition between Relevant Shippers and between Relevant Suppliers; and voted UNANIMOUSLY to recommend implementation of the Proposal.

12.4(b) Proposal 0042: 'Revision of the Emergency Cash-out price'.

P Roberts suggested that implementation of this Modification Proposal would further the code relevant objective of the promotion of competition between Relevant Shippers and between Relevant Suppliers. B Grubb was concerned that the level of development and understanding of the Proposal was insufficient to be able to conclude that implementation would be expected to further the relevant objectives.

The Panel then held a vote and out of the nine Voting Members present, capable of casting ten votes, eight votes were cast in favour of recommending implementation of the Modification Proposal. Members voting in favour were P Roberts (National Grid/UKT), P Close (National Grid/UKD), L Spierling

(Wales & West Utilities), P Broom (Gaz de France), S Ladle (Total Gas & Power Ltd), S Jones (Statoil), C Sykes (EON UK plc) and M Young (British Gas Trading). Therefore the Panel recommended implementation of the Proposal.

12.4(c) Proposal 0044: 'Revised Emergency Cash-out and curtailment arrangements'.

P Roberts indicated that the Proposer's view remained that implementation of the Modification Proposal should ensure that Users continue to be incentivised prior to, and during an emergency, to satisfy their contracted demands. Increased security of supply should lead to more efficient utilisation of the pipeline system and hence implementation would better facilitate the relevant objective of the coordinated, efficient and economical operation of the combined pipeline system. In addition, by targeting cost during a GDE, Users will be encouraged to take appropriate actions through which a GDE might be avoided. Such actions might promote greater and more effective competition between relevant Shippers and between Relevant Suppliers. P Close supported this view.

P Broom felt implementation would not further the relevant objectives because competition from smaller shippers would be inhibited by the prospect of marginal pricing set by small volumes of high price gas. All User Representatives supported this view, and additionally suggested that risks would be increased were the Proposal to be implemented, which would also be potentially detrimental to competition between Relevant Shippers.

B Grubb was concerned that the level of development and understanding of the Proposal was insufficient to be able to conclude that implementation would be expected to further the relevant objectives. This concern was shared by other Panel Members, especially with respect to the ECQ element. B Grubb suggested SGN would have difficulty in managing an emergency if the rules were unclear and this might detract from its performance in an emergency, which would be inconsistent with economic and efficient operation. Some support was expressed for the principles behind the Proposal, but concerns about the methodology that sought to put these principles into practice, in particular the lack of clarity on the ECQ process and how it would work in an emergency.

The Panel then held a vote and out of the nine Voting Members present, capable of casting ten votes, two votes were cast in favour of recommending implementation of the Modification Proposal. Members voting in favour were P Roberts (National Grid/UKT) and P Close (National Grid/UKD) Therefore the Panel did not recommend implementation of the Proposal.

12.5 Any Other Business.

12.5(a) Proposal 0010 (0735): 'Amendment to the Minimum Notice Required for UK Link Changes'.

Concerns were raised that the legal text provided in respect of this Proposal did not match the intent of the Proposal. The Panel agreed UNANIMOUSLY to defer a decision on whether further consultation was justified. P Close agreed to consult with the Proposer with a view to revising the legal text prior to the Panel Meeting on 15 September 2005.

12.6 Conclude Meeting and Agree Date of Next Meeting.

It was noted that the next meeting would be the full monthly Panel meeting, due to be held at 10 Old Bailey on 15 September.