

**UNIFORM NETWORK CODE MODIFICATION PANEL**  
**MINUTES OF THE 64<sup>th</sup> MEETING HELD ON THURSDAY**  
**19 June 2008**

**Members Present:**

**Transporter Representatives:** C Logue (National Grid NTS), C Warner (National Grid UKD), B Dohel (Scotia Gas Networks) and S Trivella (Wales & West Utilities).

**User Representatives:** A Barnes (BG Group), C Wright (British Gas Trading), S Leedham (EDF Energy), P Bolitho (E.ON UK) and P Broom (Gaz de France)

**Ofgem Representative(s):**

J Booth, C Wheel

**Joint Office:**

T Davis (Chairman) and J Bradley (Secretary)

**64.1 Note of any alternates attending meeting**

E Luckhurst for S Leedham (EDF Energy) (item 64.6 only), S Trivella for L Spierling (Wales & West Utilities) and R Cameron-Higgs (Northern Gas Networks), B Dohel for B Grubb (Scotia Gas Networks), (not present for items 64.11 d) and e)), C Logue for R Hewitt (National Grid NTS), P Bolitho for R Fairholme (E.ON UK).

**64.2 Record of apologies for absence**

L Spierling, R Cameron-Higgs, B Grubb, R Hewitt and R Fairholme.

**64.3 Record invitees to meeting**

None

**64.4 Receive report on status of Urgent Modification Proposals**

None

**64.5 Consider New, Non-Urgent Modification Proposals**

None

**64.6 Consider New Proposals for Review**

Proposal 0217: "Gemini Code Contingency Arrangements"

Following a presentation from C Logue (National Grid NTS) and a short discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Review.

**64.7 Consider Terms of Reference.**

Proposal 0209: "Rolling AQ"

The terms of reference submitted by the Review Group were approved.

Proposal 0217: "Gemini Code Contingency Arrangements"

Terms of Reference, for Panel approval, to be finalised at the initial meeting.

**64.8 Existing Modification Proposals for Reconsideration**

None

**64.9 Consider Variation Requests**

None

#### **64.10 Consider Workstream Monthly Reports**

#### **64.11 Matters for Panel's Attention.**

- a) Proposal 0175: "Encouraging Participation in the elective Daily Metered Regime"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Review Group to report until August 2008.

- b) Proposal 0194: "Correct Apportionment of NDM Error - Energy"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Development Work Group to report until August 2008.

- c) Proposal 0197: "Increasing User Incentives for the Investigation and Detection of Theft through the Reasonable Endeavours Regime"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Workstream to report until August 2008.

- d) Proposal 0199: "Clarification around the application of the UNC Dispute Resolution Process"

Following a request, the Panel voted UNANIMOUSLY to extend the time for the Workstream to report until August 2008.

#### **64.12 Consider Final Modification Reports.**

- a) Proposal 0202: "Improvement to More Frequent Readings Provisions to allow benefits of AMR"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Some Members considered that, by increasing the number of submitted meter reads, implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives' of *"the efficient and economic operation of the pipe-line system to which this licence relates"*, and *"the securing of effective competition between relevant shippers"*. One Member disagreed, believing that using available systems capacity to support other changes could yield greater benefits, and hence implementation could not be expected to further the GT Licence 'code relevant objective' of *"the efficient discharge of the licensee's obligations under this licence"*. The Panel then voted whether to recommend implementation of the Proposal, the following Members casting votes: C Logue, C Warner, S Trivella (and proxy vote for R Cameron-Higgs), A Barnes, C Wright, S Leedham and P Bolitho. Therefore the Modification Panel recommended implementation of the Proposal.

- b) Proposal 0210: "Implementation of DNPC03 (LDZ System Charges – Capacity / Commodity Split and Interruptible Discounts), the Alignment of Failure to Interrupt Charges and the Alignment of the IFA Charge"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

After discussing at length the issues raised in responses, and particularly the potential impact on low load factor sites, one Member believed that a further consultation should take place so that respondents would have an opportunity to reflect on those issues. Members then voted with P Bolitho

voting in favour. Therefore the Modification Panel did not determine that the Proposal should be issued for further consultation. However the Panel concluded that there were lessons to be learned in terms of consultation where both a Pricing and UNC Consultation is involved in future.

Some Members considered that, by removing the exemption from LDZ capacity charges presently provided in respect of interruptible loads and aligning Failure to Interrupt and the IFA Charge, implementation of the Proposal could be expected to support greater cost reflectivity and so further the GT Licence 'code relevant objectives' of *"the efficient discharge of the licensee's obligations under this licence"*; and *"the securing of effective competition between relevant shippers"*. However, Members emphasised that the arguments in respect of the GT Licence 'code relevant objective' *"the securing of effective competition between relevant shippers"* were finely balanced. The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

c) Proposal 0211: "RbD Audit Governance Arrangements"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that the implementation of the Proposal could be expected to further the GT Licence 'code relevant objective' of *"the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code"* and voted UNANIMOUSLY to recommend implementation of the Proposal.

d) Proposal 0216: "Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Some Members considered that, by facilitating the release of additional Entry Capacity, implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives of *"the efficient and economic operation of the pipe-line system to which this licence relates"*; and, *"the securing of effective competition between relevant shippers"*. Other Members suggested that the notice period envisaged was such that there could be unintended market consequences, which would be contrary to the GT Licence 'code relevant objective' *"the securing of effective competition between relevant shippers"*. The Panel then voted UNANIMOUSLY to recommend implementation of the Proposal.

e) Proposal 0216A: "Introduction of Additional Pay-as-Bid Auctions for NTS Entry Capacity"

Members considered the report was in the correct form and discussed whether or not to recommend implementation of the Proposal. They did not determine that new issues had been raised that justified seeking further views from a Workstream or Development Workgroup.

Members considered that, by facilitating the release of additional Entry Capacity, implementation of the Proposal could be expected to further the GT Licence 'code relevant objectives of *"the efficient and economic operation of the pipe-line system to which this licence relates"*; and, *"the*

*securing of effective competition between relevant shippers”* and voted UNANIMOUSLY to recommend implementation of the Proposal.

The Panel then proceeded to a vote on which of the two Proposals would better facilitate achievement of the Relevant Objectives. Of the 8 Voting Members present, capable of casting 9 votes, three votes (C Logue, C Warner and P Broom) were cast in favour of implementing Modification Proposal 0216 in preference to Alternative Proposal 0216A, whereas 3 votes (A Barnes, C Wright and P Bolitho) were cast in favour of implementing Alternative Proposal 0216A in preference to Modification Proposal 0216. Therefore, the Panel failed to determine which of the two Proposals 0216 and 0216A would better facilitate the achievement of the Relevant Objectives.

**64.13 Receive report on status of Consents.**

**64.14 Any Other Business**

ST outlined the reasons why the final report of Review Group 0157 might not be available five Business Days prior to the July Panel Meeting and asked that it be discussed at short notice at that meeting. This was agreed in principle.

**64.15 Conclude Meeting and Agree Date of Next Meeting:**

The Panel noted that the next Panel meeting is due to be held at Elexon, 350 Euston Road, on 17 July 2008.