

UNC Modification Panel Minutes **Meeting 312 held on Thursday 19 October 2023** **via Microsoft Teams**

Attendees		
Voting Panel Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) Corona Energy D Morley (DMo) OVO Energy and for O Chapman C Paine (CP) Engie R Fairholme (RF) Uniper S Mulinganie (SM) SEFE	A Clasper (AC) Cadent for E Allard C Gilbert (CG) BUUK D Mitchell (DMi) SGN M Montgomery (MM) National Gas Transmission R Pomroy (RP) Wales & West Utilities T Saunders (TS) Northern Gas Networks	S Mulinganie for A Geveke (AG) Energy Intensive Users Group S Hughes (SH) Citizens Advice
Non-Voting Panel Members:		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG) Chair	M Brown (MBr)	None
Also, in Attendance:		
Joint Office	Observers:	
B Fletcher (BF) H Bennett (HB) K Elleman (KE) R Hailes (RH) P Garner (PG) E Fowler (EF)	C Aguirre (CA) E Rogers (ER) Xoserve/CDSP G Edwards (GE) Centrica G Williams (GW) National Gas Transmission J Baldwin (JB) CNG Services J Leggett (JLe) Interconnector Limited J Lomax (JLo) Cornwall Insight L Jauss (LJ) RWE Supply & Trading GmbH	M Newman (NM) National Gas Transmission N Hall (NH) Ofgem P Lucas (PL) National Gas Transmission R Streuper (RS) Gasunie R Hewitt (RHe) Gasunie S Singh (SS) Cadent T Davis (TD) CNG Services T Stuart (TS ^t) Wales & West Utilities
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/191023		

Record of Discussions

312.1 Introductions

The UNC Modification Panel Chair, W Goldwag (WG), welcomed all attendees and introduced Colin Paine, Charlotte Gilbert, Edd Allard, Malcolm Montgomery and Arjan Geveke as new Panel members.

312.2 Note of any alternates attending the meeting

A Clasper on behalf of E Allard
D Morley on behalf of O Chapman
S Mulinganie for A Geveke

312.3 Apologies for Absence

A Geveke
E Allard
O Chapman

312.4 Minutes of the last meeting 21 September 2023.

Approved.

312.5 Review of Action(s) and Issue(s)

None

312.6 Consider Urgent Modifications

None

312.7 Consider Variation Requests

None

312.8 Final Modification Reports

a) Modification 0855 – Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0855>

The Panel Chair summarised that Modification 0855 seeks to address any settlement discrepancies arising from the Central Switching System (CSS) Priority 1 (P1) incident by creating a suitable resolution framework.

E Rogers (ER) noted that system implementation is subject to the Authority approving the Modification, this could be as early as February 2024 subject to an early decision and subsequent prioritisation in the change pipeline by the DSC Change Management Committee.

Panel Members considered the representations made noting that implementation was

unanimously supported in the 4 representations received.

Panel Members considered relevant objectives:

f) Promotion of efficiency in the implementation and administration of the Code

The views from Panel Members were captured within the Final Modification Report.

For Modification 0855, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification has Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members agreed to recommend the implementation of Modification 0855 (14 out of 14).

312.9 Workgroup Issues/Updates

a) 0856 - Introduction of Trials for System Management Services

M Newman (MN) introduced the Modification explaining that this Modification was aiming to establish a trial process to identify improvements to demand side response from the domestic sector. However, this was to be ring-fenced to a trial to mitigate any potential risks to the market. Discussions at Workgroup has led to a reduction in scope to ensure the project is defined.

See the interim Workgroup Report published at <https://www.gasgovernance.co.uk/0856>

E Fowler (EF) noted that amendments to the Modification have increased confidence in the proposed process and its governance. The aim is to conclude the Workgroup Report in November.

T Saunders (TS) asked members to note that following discussion at Workgroup it has been identified that the Derogation process is to exclude processes or rules from Code whereas this proposal is to add processes to Code therefore the Derogation process would not be a suitable vehicle.

TS asked for confirmation for the trial business rules, will they become part of Code or expire when the trial does? MN confirmed the rules would not be part of Code in any way and would expire with the trial. TS felt that projects that do not amend Code should be managed separately to Code governance, there are examples of similar projects managed outside of Code Governance such as HyDeploy.

Panel Question:

Q1. What is the most appropriate way to manage the governance of these projects?

S Mulinganie (SM) challenged if this is a Workgroup question, they have been given a Modification to assess which is within the scope of UNC and this should continue to be their role.

WG felt it would be worth seeking views on the governance from the Workgroup as this might inform Panel questions for consultation or an eventual Panel recommendation.

MN advised that a new section would be included in the Transportation Principal Document (TPD) section of the Code, to define the trial so there are changes to the Code that would need to be assessed by a Workgroup and therefore governance outside of Code may not be appropriate.

EF advised the next Workgroup meeting is planned for 2nd November with a contingency planned for 6th November to conclude the Workgroup Report for the November Panel.

S Hughes (SH) asked how the trial would be funded and if this can be clarified in the process. MN advised the view is funding would be managed via the energy-balancing process and therefore subject to Code Governance.

K Elleman (KE) noted that the Performance Assurance Committee (PAC) was at this time unsure how any potential impacts on settlement would be visible or reported and how any potential risks would be monitored.

Panel noted that there was no indication to change the reporting timeline.

It was noted that due to the additional Code drafting and funding model, there was no need for Workgroup to consider Governance as the Modification was clearly within scope of UNC.

TS asked if the Charge Methodology Objectives could be considered by Workgroup to clarify there are no impacts.

312.10 Workgroup Reports for Consideration

a) Modification 0819 – Establishing/Amending a Gas Vacant Site Process

RH introduced the Workgroup Report summarising that the purpose of Modification 0819 is to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites.

Members thanked the Proposer for their determination in concluding a difficult Modification.

SH questioned the guidance document rules – what are rules 6 and 7 used for as they are not specifically referenced in the process – could this lead to a rejection in the process by the CDSP.

RH advised that part of the process is warranting by the Shipper that the process has been followed based on the steps set out in the guidance document.

ER agreed that the rules are the Shipper self-warranting and are criteria for the submission. The CDSP has limited visibility of the status of the site and the actions taken by the Shipper and therefore the warranting process by the Shipper.

SM noted that these are warrants by Shippers and are required to ensure the process works. Misuse of the rules would potentially put the Shipper in breach of the process.

RH noted that the Workgroup had requested the Modification should be issued to consultation. Please refer to the Modification published at:

<https://www.gasgovernance.co.uk/0819>

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation.

For Modification 0819, Members determined (with 14 Panel votes available):

- The Modifications should be issued with a 20-day consultation, and considered at the 14 December 2023 Panel, by unanimous vote (14 out of 14).

312.11 Consider New, Non-Urgent Modifications

a) **Modification 0841A - Introduction of cost efficiency and transparency requirements for the CDSP Budget**

The Proposer, T Saunders (TS) presented the Modification, explaining that the purpose of this Modification is to improve the ability of UNC Parties to fulfil their obligation jointly to control and govern the CDSP on an economic and efficient basis (under UNC General Terms, Section D, 1.4.4), through the introduction of explicit requirements for economic and efficient, stated as 'to be carried out with a view to minimising costs without prejudicing delivery of CDSP services and agreed Key Performance Measures (KPM)' and greater transparency of the Budget.

TS noted that Modification 0841 has been amended a number of times since this alternative has been submitted and an amended version of this alternative is to be submitted soon to ensure alignment where needed.

The main differences are to remove areas where it would potentially conflict with Transporter licence requirements. The test of economic and efficient basis is very subjective and therefore this is aimed at ensuring alignment with Transporter licence requirements while identifying what is measurable while managing expectations.

TS noted that Modification 0841 places an obligation for third party assurance activities to take place annually. This Modification notes that Xoserve has assurance processes in place and allows the Committee to specify if additional assurance is required or the option to use third parties on a needs basis.

TS explained that the Modification should be considered as an alternative to Modification 0841 and they will be aligned once Modification 0841 is in a stable state.

WG asked where Modification 0841 is in the development cycle? G Edwards (GE) advised that there had been a number of iterations of the Modification following discussions at Workgroup. However, any future changes are now considered minor as they are mainly correcting typing errors.

SH requested how an alternative is defined and the criteria used for previous Panel discussions was shared and discussed.

R Pomroy (RP) clarified that as Modification 0841 had been determined to be Authority Direction, the rules require any alternative to follow the same governance path.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0841>

Panel Questions:

None

For Modification 0841A Members determined (with 13 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is not met, as this Modification is likely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- The Modification should be issued to Workgroup 0841 for 4 months with a report to be presented to the 15 February 2024 Panel, by unanimous vote (13 out of 13).

b) Modification 0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)

M Brown (MB) provided an Authority view noting that National Gas Transmission's licence sets out the criteria for determining Self-Governance and that the UNC Modification Panel is required to decide primarily on the basis of the materiality of the Modification Proposal. The Authority does not agree that a Modification can be immediately classed as immaterial purely on the basis that it is an identical or similar solution to a previous Modification. Therefore we think Modifications should be considered on a case-by-case basis. Modification 0814 was considered to be material and we think it appropriate that Modification 0859 should similarly be seen as such. Additionally, in order to make the Modification 0814 decision, additional data was required by the Authority and we consider it may be appropriate for this to be repeated for Modification 0859. Subsequently, we consider that Modification 859 should go to the Authority for decision.

TS asked if this statement was formal notification to the Code Administrator the Modification should follow Authority Direction procedures.

Mb advised that this is Ofgems view and no formal notifications had been sent to the Code Administrator at this time. Should the Modification Panel vote for Self-Governance, Ofgem would consider the Modification on its merits and decide if they wanted to issue a notification to change the governance procedures being followed.

M Montgomery (MM) noted should Panel agree the Modification should be Self-Governance and issue it to consultation, there would be little time for a formal response from National Gas to Ofgem concerning the reasons for supporting Self-Governance. However, this can be done at a later date based on the process set out in the Modification Rules.

The Proposer, M Newman (MN) presented the Modification, explaining that it seeks to enable an extension of the temporary arrangements introduced via Modification 0814 (which ended on 30th September 2023) which permit BBLC to increase their export capabilities at the Bacton IP on a temporary basis by gaining access to the enhanced pressure service and increasing their Maximum Network Exit Point Offtake Rate (MNEPOR) until 31st December 2024.

An introductory presentation was provided and shared with Panel. Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0859>

The Modification was proposed as Self-Governance and is requested to be issued to consultation.

SH asked why Modification 0814 was time limited and is this Modification time limited? MN advised that the aim was to support gas flows into the European due to potential supply constraints in the previous year. Time to undertake the analysis was restricted therefore time limiting the Modification was considered to be a desirable approach. Additional analysis has been included with this Modification which identifies the velocity impacts and any associated risks. This is considered to be the enduring solution.

SH was concerned that insufficient time was being allowed to develop an enduring solution, should a time limited option be considered again, would it reduce potential risks to implementation should there be a delay.

MN felt the issues have been discussed previously within the development of Modification 0814 and there had been a number of Transmission Workgroup discussions, including a pre-Modification discussion that had not highlighted any significant issues.

R Streuper (RS) noted that it is now winter and although this Modification is not urgent it would be very beneficial from the perspective of a level playing field and time of year to expedite the Modification process to ensure the process could continue for this year.

J Leggett (JL) was concerned that contaminated gas could be an issue and any changes to the investment model or security of supply risk mitigation should have Authority oversight.

TS asked what an enabling modification is in these circumstances, there is no set definition. MN advised that certain UNC processes use the Modification process to facilitate changes to related agreements e.g. UNC European Interconnector Document (EID) Section A 4.1.3 creates the process to facilitate change either by all Users with interconnector capacity agreeing, or by UNC Modification or where to meet a legal requirement.

SH noted that a number of questions were raised during the consultation for Modification 0814 and felt it would be beneficial for a Workgroup to consider these.

R Hewitt (RHe) challenged what would a Workgroup be doing when a Modification was previously implemented and would still be in use if it was not for a time out clause. Rh suggested that the impact assessment and analysis would be beneficial and TS agreed as it demonstrates the process has been followed with due diligence.

SM agreed issuing to a Workgroup supports the process and allows analysis to be considered. SM asked if a delay to the Modification being issued to consultation would cause a wider impact which would be detrimental to the security of supply. MM felt the Modification is developed and a decision should be expedited, although there are no time critical events impacted by a delayed implementation.

RP asked if the justification/benefits of this Modification are different to but the process is the same as Modification 0814. MN confirmed this is the case, events at the time were driving the need for Modification 0814. RP asked if Modification 0814 was time limited, why wasn't this Modification raised sooner? MN noted that initial discussions have been ongoing since July, plus some recent events in the market support expediting this Modification.

Panel Questions:

Q1. Consider the context of Commercially driven benefit for this Modification compared to the security of supply drivers for Modification 0814.

For Modification 0859 Members determined (with 14 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by majority vote (12 out of 14).
- Issue to Consultation, vote tied (7 out of 7).
- Chair Casting Vote not in favour of issuing the Modification to Consultation
- The Modification should be issued to a Workgroup for 1 month with a report to be presented to the 16 November 2023 Panel, by unanimous vote (14 out of 14).

c) Modification 0860 - Clarify impact of exit capacity holdings on offtake rights

The Proposer, L Jauss (LJ) presented the Modification, explaining that it seeks to remove redundant text that implies that Users, who do not hold Exit Capacity, might have an increased risk of not being able to offtake gas in the short term, and add text that clarifies the rights of Users to offtake gas from the System.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0860>

RP noted that this Modification has been written from the point of view of NTS directly connected customers and the way it is currently drafted could have consequences for Distribution Network Operators (DNO). LJ noted this should be discussed with DNOs and other interested parties to identify the potential impacts, providing the rules are applied consistently.

The Modification was proposed as Self-Governance and it was proposed a standalone Workgroup should be established.

Panel Questions:

None

For Modification 0860 Members determined (with 14 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by majority vote (12 out of 14).
- The Modification should be issued to a Workgroup for 4 months with a report to be presented to the 16 February 2024 Panel, by unanimous vote (14 out of 14).

312.12 Existing Modifications for Reconsiderations

The following update was provided to the estimated decision dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	Rejected 29 September 2023
0808 - Reverse Compression	20 October 2023
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0839 - Revision of the Modification Panel Membership Cessation Provisions	12 January 2024
0847 - Introduction of a Minimum General Non-Transmission Services Charge	31 May 2024

MB advised that for Modification 0847, the decision date has currently been set as 31 May 2024 due to the implications of combining the decision with another charging related modification and possible Gemini code freeze impacts.

MB asked members to note that Ofgems publishing moratorium would run from Thursday 14 December 2023 to 04 January 2024.

312.13 Modification Reporting

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert	November 2023	December 2023	Complete assessment

Legal Text Requests:

UNC Modification Panel Members discussed the Legal Text Requests and determined unanimously to make Legal Text Requests for the following Modification(s):

Legal Text Requests for Modifications	Accepted
0831/A - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method	Yes

312.14 Any Other Business

a) UNC Elections – new appointments in place/vacancies

K Elleman (KE) advised that a nomination window was opened for the remaining User Representative Panel seat and a new member has been appointed.

KE provided a summary of the Shipper User Representative positions that are currently vacant for the following Committees:

3 x EBCC

2 x DSC Change Management Committee

3 x DSC Contract Management Committee

Members noted that there is a risk that some might not be quorate should members be absent and alternates not available during the year. KE advised there are processes for parties to seek nomination for a committee should they wish to be involved.

b) Reverse Compression: Draft UNC Derogation Application

P Lucas (PL) explained the rationale for the proposed National Gas Transmission derogation for a Reverse Compression process/service. This is to support the transfer and use of biomethane in areas where there may not be sufficient demand to support the process and helps to mitigate the risk of gas flaring and its environmental consequences. Commercial arrangements would be established should the derogation be supported.

T Davis (TD) advised that this is a discussion on governance and not the commercial arrangements between the producer and networks. However, the current Code process pays the biomethane producer twice as the gas leaves and reenters networks, this is inefficient and should be changed. A derogation it would avoid this issue.

TS noted the complex proposal form and it is difficult to understand if this document is sufficient without the guidance document which sits alongside the form to guide reader through the submission process. There should be a separate IGT derogation if they are impacted.

The current derogation proposal indicates there is no HSE impact, although it is TS understanding a safety case is required which requires HSE approval which should be included in this proposal.

J Baldwin (JB) confirmed that discussions are ongoing with HSE and that a safety case is needed but until a compressor is built ready for testing, approval, and submission with this proposal is not possible. There is a timing submission issue as a party is not going to commit £50m in construction costs until the derogation has been approved and the safety case cannot be approved until the compressor is built. The derogation should not require the building of a site compressor prior to its approval.

TS suggested that the proposal contains confirmation from the HSE that the safety case would be signed off at a later date and operation would not be allowed without it. There might need to be amendments to the derogation process but until that happens the process needs to be followed.

D Morley (DMo) wanted to understand how would Panel would ensure the tolerances are correct, and how leakage rates would be accounted for across the different networks. This has been raised in the IGT Workgroup.

If you move gas from low pressure to the NTS and leave it there for a set amount of time, ie 30 Gwh for a year, presumably it will leak at a rate that is dependent on the condition and type of pipe on the NTS network. If you move the gas back, would the leaked gas be

accounted for, or would you attempt to retrieve the same volume of gas? If the latter, it would presumably lead to additional NTS Shrinkage. If there is wide tolerance in the accuracy of gas being compressed between the two, then this will lead to UIG or NTS Shrinkage.

JB noted that there won't be any leakage from normal operations as the gas goes from the LTS to the NTS in around 5 seconds. No gas is stored but there is an inventory within the compressor of around £1 worth of gas. There is no leakage from high pressure to the LTS.

A Clasper (AC) asked what the next steps are. TS advised that discussions need to happen with impacted parties prior to [submission consultation](#) and the next steps is for the derogation to be raised for Panel discussion based on the approved rules.

PL is planning to bring the derogation proposal to the November Panel.

The Panel role is to issue the proposal to consultation and then make a recommendation to the Authority.

DMo was still concerned about that potential the impacts of leakage on the networks. TD felt this was outside the scope of the derogation and will happen with or without the derogation as it's a physical attribute of the systems.

SM wanted to understand to steps of the proposer has followed to ensure the derogation process has been followed.

RP wanted to understand the impacts on DNO capacity with gas flowing to and from the networks and how this would be accounted for.

KE clarified that there is a clear start and finish for the derogation. RH asked if there were any Workgroups planned in the timetable. PL advised that none were planned as Panel has the obligation to manage the derogation proposal.

SH asked why a derogation is needed and why not use a modification to introduce a UNC process. JB agreed a modification could be raised but experience has shown that the development process can be very protracted and a significant delay would prevent these schemes progressing.

PL confirmed a derogation is time restricted and this would be set out in the proposal.

TS requested that the "use case" is clearly identified as it is a requirement of the process.

RP noted that the Modification Panel should not be put under pressure from the perspective of time to approve a modification if the derogation is going to time out.

c) UNC TD Section IIC – Update

RP advised that the UNC Transition Document Section IIC has reached its physical limits allowed by systems. The purpose of the Transition document is to provide the rules for moving from an existing regime to a new regime e.g. Project Nexus Transition. The rules are usually time limited by the implementation completion of the new regime.

The current Transition document is to be reviewed and redundant transition rules removed to allow for a more manageable document. However, this will take some time to complete.

Transporters propose to review the text and possibly raise a Fat Track Self-Governance modification to conclude the process. While this review is in progress it is proposed a proposal to establish a new UNC Transition Document Section IIC Part A for new transition rules when they are required.

RP confirmed Transporters will provide an instruction to the Code Administrator for the management of the Transition documents.

312.15 Date of Next Meeting(s):

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	New Mod Deadline	Venue
10:00 Thursday 16 November 2023	5pm Friday 03 November 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 14 December 2023	5pm Friday 08 December 2023	In person meeting in London.
10.00 Thursday 18 January 2024	5pm Wednesday 10 January 2024	Teleconference / Microsoft Teams & In Person

Panel Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
None						