UNC Modification Panel Minutes Meeting 319 held on Thursday 18 April 2024

via Microsoft Teams

Attendees						
Voting Panel Members:						
Shipper Representatives		Transporter Representatives		Consumer Representatives		
C Paine (CP) Engie D Morley (DM) OVO Energy D Fittock (DF) SSE O Chapman (OC) Centrica S Mulinganie (SM) SEFE Energy and on behalf of R Fairholme (RF)		C Gilbert (CG) BUUK D Mitchell (DMi) SGN E Allard (EA) Cadent M Montgomery (MM) National Gas Transmission T Stuart (TSu) Wales & West Utilities T Saunders (TSa) Northern Gas Networks		S Hughes (SM) Citizens Advice A Geveke (AG) EIUG		
Non-Voting Panel Members:						
Chairperson		Ofgem Representative		Independent Supplier Representative		
W Goldwag (WG) Chair		M Brown (MB)		None		
Also, in Attendance:						
Joint Office	Observers:					
H Bennett (HB) H Kaur (HK) J Ferguson (JF) K Elleman (KE) R Hailes (RH)	E Rogers (E F Gonsior (I	C) Ofgem In (EC) Ofgem ER) Xoserve/CDSP FG) European Clearing AG	G Price (GP) Ofgem R McLennan (RM) Ofgem T Davis (TD) Barrow Shipping J Lomax (JL) Cornwall Insight			
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/180424						

Record of Discussions

319.1. Introductions

The UNC Modification Panel Chair, W Goldwag (WG), welcomed all attendees.

319.2. Note of any alternates attending the meeting

S Mulinganie on behalf of R Fairholme.

319.3. Apologies for Absence

R Fairholme.

319.4. Minutes of the last meeting 21 March 2024.

Approved.

319.5. Review of Action(s) and Issue(s)

None.

319.6. Consider Urgent Modifications

None.

319.7. Consider Variation Requests

None.

319.8. Final Modification Reports

None.

319.9. Workgroup Issues/Updates

None.

319.10. Workgroup Reports for Consideration

a) Modification 0866S - Amendments to Demand Side Response (DSR) Arrangements

R Hailes (RH) presented the Workgroup Report summarising that this Modification would introduce further enhancements to Gas DSR arrangements for Class 2 daily metered consumers as a pre-emergency tool that could mitigate the risk of a Network Gas Supply Emergency (NGSE). Please refer to the Modification published at: https://www.gasgovernance.co.uk/0866

RH noted that Workgroup has suggested for a reduced consultation timeline. RH flagged that the Modification is currently Self-Governance, however, the Workgroup has had discussions about changing it to Authority Direction.

S Mulinganie (SM) raised a concern regarding the Self-Governance status of this Modification challenging the view that the Modification does not have a material impact. SM noted that extending the DSR arrangements increases the workload which is a material change and should be considered by the Authority. S Hughes (SH) noted that amendments to Business Rule 4 appear to change the way National Gas Transmission would consider the merit order of bids and the materiality of this change merits Authority Direction. SM agreed with SH and noted that the Modification introduces customer direct contracting to Class 2 consumers. C Payne (CP) supported SH and SM's views.

A Geveke (AG) wished to understand the impact on the proposer's timeline if the Modification goes to Ofgem for a decision. Malcolm Montgomery (MM) explained that if the Modification returns to the Panel for a decision in May and it is Authority Direction, it could potentially be implemented in 2024 for Winter 2024/25, subject to the time Ofgem take to make the decision, however, if the Modification returns to Panel in June and it is Authority Direction, it would not be implemented this year. AG expressed concern about the risk of the Modification not being implemented this year and supported Self-Governance due to this reason.

WG highlighted the additional delays that can occur if Ofgem disagrees with the Self-Governance status and ask for it to be changed to Authority Direction.

D Fittock (DF) wished to add a note to the Consultation that the Modification is Self-Governance, however, the Panel is open to suggestions. CP wished to highlight Business Rule 17 for the Consultation in relation to Class 2.

Ofgem wished to note that if the Modification is returned to the Panel for May 2024, and it is changed to Authority Direction, they can attempt to make the decision in time for 2024 implementation.

T Saunders (TSa) noted that the materiality of the changes needs to be justified for the governance status to be changed. Without a justification, there is not enough information to change the governance status. SM suggested amending the Panel Questions to ask for a justification in the case of not agreeing with the Self-Governance criteria.

Panel Questions:

- Q1. In light of the proposed change in treatment to the bid stack (BR 4), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?
- Q2. Given the extension to Class 2 (BR 17), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?
- Q3. Given the change in credit support (see BR 18), do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?
- Q4. In light of the approach taken to Modification 0852, do you consider that this Modification is suitable for Self-Governance procedures? Can you provide evidence relating to materiality?

For Modification 0866S, Members determined (with 14 Panel votes available):

- 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 (8 out of 15).
 - The Panel Chair provided a casting vote to uphold the Workgroup recommendation for Self-Governance (15 votes available)
- The Modification should be issued with an 11-day consultation, and considered at the 16 May 2024 Panel, at short notice, by unanimous vote (14 out of 14).

319.11. Consider New, Non-Urgent Modifications

a) Modification 0871 - Facilitating IGTs with NTS Entry

The Proposer, T Davis (TD) presented the Modification, explaining that it seeks to clarify the treatment of gas entering the NTS after entering an IGT network, to remove the potential for double counting the gas (as entering the GB network twice). Please refer to the Modification published at: https://www.gasgovernance.co.uk/0871

TD explained that the UNC currently defines the Total System as comprising the NTS and the Local Distribution Zones (LDZs), hence excluding iGT networks. This means that gas flowing from an iGT to the NTS is defined as entering the Total System notwithstanding the fact that it has already entered the GB gas network. Because of this technicality of how the Total System

is defined in the UNC, under the prevailing UNC terms the point of delivery to the NTS would be treated as a new Aggregate System Entry Point (ASEP).

A number of potential projects are being developed where gas would be injected into an IGT connected to the NTS. There would also be potential for gas to exit the IGT to supply local gas users. The energy reaching the NTS would therefore be less than the energy injected – and there is potential for the flow to the NTS to be net entry or net exit.

Change is needed to ensure the energy is properly accounted for.

For further details, please refer to the published slides presented to the Panel at: https://www.gasgovernance.co.uk/Panel/180424

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in July.

TSa suggested that the presentation shared with the Panel is included with the Modification which by itself, does not provide the same level of clarity as to the intentions of the Modification. E Rogers wished for the Workgroup to consider Modifications 0808 and 0842 in their discussion noting that these Modifications may have some similarities with this Modification.

MM wished to understand whether any commercial process takes place at the interface between the IGT exit and NTS entry. TD explained that there are no commercial arrangements and no changes at the NTS joint are being proposed. TD added that the Modification only changes the definition. MM wished for the point to be discussed by the Workgroup.

E Allard (EA) suggested that Workgroup consider whether the flow of gas from an IGT into the NTS complies with the existing UNC principles of "upstream" and "downstream" systems and parties.

T Stuart (TSu) wished to understand whether the Modification is re-defining the Total System to include IGTs. TD clarified that the Modification does not intend to that, and its only purpose is to avoid double entry.

D Morley (DM) wished for the impact of this Modification on Shippers to be considered by the Workgroup as the Modification currently states that it does not have any impact on Shippers. DM provided the example of a metering tolerance error leading to UIG.

TSa suggested that the current wording of the Modification which states that its purpose is to 'clarify' is changed to say that it is 'amending'.

Panel agreed to a 3-month assessment period at the Transmission Workgroup reporting back July 2024.

Panel considered cross-code impact on IGT UNC. TD confirmed that there is no cross-code impact on IGT. C Gilbert (CG) was happy with TD's assessment of no impact and asked that TD attend IGT UNC Workstream to clarify this with other IGTs.

Panel Members considered the Self-Governance criteria. TSa highlighted that the Panel discussions show that there are potential consequential impacts. TSa suggested that the Self-Governance criteria is re-considered.

Panel Members agreed that the Modification did not meet Self-Governance criteria and provided the following materiality statement: Panel determined that Modification 0871 is a technical change that may have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes and/or operation of one or more pipe-line systems.

TD challenged the material impact noting that avoiding double counting and not paying the

shipper twice are wrong and should not happen.

Panel Questions:

- Q1. What commercial processes apply at the interface between the IGT exit and NTS entry?
- Q3. Consider impact on Shippers for example, Metering Tolerance.
- Q2. Does the flow of gas from an IGT into the NTS comply with the existing UNC principles of "upstream" and "downstream" systems and parties?

For Modification 0871 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 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 majority vote (13 out of 14).
- The Modification should be issued to a Workgroup for 3 months with a report to be presented to the 18 July 2024 Panel, by majority vote (13 out of 14).

b) Modification 0872 - Single-sided Nominations for clearing houses of gas exchanges

The Proposer, F Gonsior (FG) presented the Modification, explaining that it seeks to improve the security and effectiveness of the gas market by enabling clearing houses to clear trade nominations with single-sided trade nominations. Please refer to the Modification published at: https://www.gasgovernance.co.uk/0872

FG explained that currently clearing houses of gas exchanges need to nominate both client side and clearing house side because of double-sided nomination without exception. This requires clearing houses of gas exchanges to maintain a dedicated account for every customer, which is not an efficient and safe design and is prone to potential errors. This Modification will allow single-sided nominations by clearing houses of gas exchanges. FG confirmed that they are implementing the same process in 10 other countries which include France, Germany, Italy and Netherlands.

For further details, please refer to the published slides presented to the Panel at: https://www.gasgovernance.co.uk/Panel/180424

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in August 2024.

Panel Members considered the Self-Governance status of the Modification. SM queried how the governance criteria was determined. FG explained that National Grid provided a recommendation, and they reviewed the governance criteria.

SH queried whether ECC aim to complete nomination for both parties at the same time rather than the parties doing separate nomination. FG confirmed that ECC will be nominating on the parties behalf, which they trust they can do with sufficient responsibility, and this helps to improve ECC's and user's operational security as they do not need to handle logins anymore.

Panel agreed to a 4-month assessment period at the Transmission Workgroup reporting back to Panel in August 2024.

Panel Questions:

None raised.

For Modification 0872S 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 unanimous vote (14 out of 14).
- The Modification should be issued a Workgroup for 4 months with a report to be presented to the 15 August 2024 Panel, by unanimous vote (14 out of 14).

c) Modification 0873 - Add specific roll-over functionality for the AUG Table 2025/26

E Rogers (ER) presented the Modification on behalf of the Proposer, S Mulinganie (SM) explaining that it seeks to allow an approved AUG Table to apply for more than one AUG Year specifically for the AUG Table which will go live for AUG Year 25/26. Please refer to the Modification published at: https://www.gasgovernance.co.uk/0873

ER explained that UNC sets out the obligation for an AUGE to prepare an AUG Statement and AUG Table in relation to each year. Previously within the UNC, there was a clause which allowed for the most recent values to be applied if there was a scenario where the AUGE does not produce the required values. This was introduced within Modification 0229 – *Mechanism for Correct Apportionment of UIG* in May 2010. The clause to allow this rollover, subsequently fell away under the Project Nexus changes as the whole AUGE section was removed, and the AUGE section was reintroduced when Modification 0473 - *Project Nexus* – *Allocation of Unidentified Gas* amended the AUGE role.

This Modification seeks to reinstate the ability for an approved AUG Table to be 'rolled over' for a further agreed period. This would be to allow the AUG Table for 2025/26 specifically, to be 'rolled over' for AUG Year 2026/27 and 2027/28.

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in July 2024.

Panel Members considered the impact of Modification 0868 on this Modification. A Panel Member queried whether the AUGE table roll-over for 2 years would continue if Modification 0868 is not approved. ER explained that this Modification will enable the development of Modification 0868 and if Ofgem decides that Modification 0868 should not be approved, this Modification will facilitate the roll-over in the absence of Modification 0868.

SH highlighted that the use of word 'functionality' in the Modification makes it seem like its an optional function and suggested that the wording is amended to clarify that the functionality is being rolled over for 2 years.

Panel Members considered the impact of this Modification on Modification 0843. SH noted that AUGE may change the Weighting Factors depending on the total volume of forecast UIG. SH was concerned that there may be interactions between 0843 and this Modifictation which could potentially change the AUGE's rationale for setting the Weightings Factors. SH suggested that this point is discussed in Workgroup. D Morley (DM) clarified that his Modification 0843 reduces the total volume of UIG, whereas this Modification will rollover the Table which assigns the total volume of UIG.

D Fittock wished to understand whether the AUG Table would be on auto roll over or would UNCC vote to decide on this. ER clarified that UNCC would approve the table once for use

over two years. SH requested clarification on why the AUG table is being fixed for 2 or 3 years as opposed to 1 year and why UNCC does not get a decision-making power. SM noted that they can consider the option of leaving the decision-making capability to roll over the table with the UNCC. ER agreed to discuss roll over approach in the Workgroup.

RH queried what the AUGE will do in the meantime while a decision is made. ER explained that there won't be a AUG table in the meantime. The CDSP's AUGE contract ends in April 2025, and they will begin procurement of a new contract in May 2024.

Ofgem wished to understand whether an August 2024 decision would work for CDSP. ER agreed to check and revert to the Authority.

Panel agreed to a 3-month assessment period at the Distribution Workgroup reporting back July 2024.

Panel Questions:

- Q1. Consider asking Proposer to remove the word functionality from title.
- Q2. Consider impact on Modification 0843.
- Q3. Should the roll-over be for 2 to 3 (or more) years or should the UNCC determine the roll-over period.

For Modification 0873 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 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 (14 out of 14).
- The Modification should be issued a Workgroup for 3 months with a report to be presented to the 18 July 2024 Panel, by unanimous vote (14 out of 14).

d) Modification 0874 - Amendments to UNC to align with Gas Demand Forecasting Methodology

The Proposer, Malcolm Montgomery (MM) presented the Modification on behalf of the Proposer Conor McClarin, explaining that it seeks to update and align the Uniform Network Code (UNC) with National Gas Transmission's (NGT) methodology for forecasting gas demand. Please refer to the Modification published at:

https://www.gasgovernance.co.uk/0874

MM explained that the Modification seeks only to ensure that the Code is accurate and contains the most up-to-date terminology, practice, and language.

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in 2 to 3 Months.

Panel Members considered the three-month assessment period suggested by the Proposer. A Panel Member noted that although the Modification proposed minor changes, there could be unintended implications and queried whether the Proposer would consider allowing more time for the changes to be considered. WG suggested that the Modification comes back to Panel in July 2024 and an extension is requested if further discussions are required.

Panel agreed to a 3-month assessment period at the Transmission Workgroup reporting back

July 2024.

Panel Questions:

None raised.

For Modification 0874S 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 unanimous vote (14 out of 14).
- The Modification should be issued a Workgroup for 3 months with a report to be presented to the 18 July 2024 Panel, by unanimous vote (14 out of 14).

e) Modification 0875 - Minor amendment to the Vacant Site exit process & 0819 Legal Text re-numbering

Ellie Rogers (ER) presented the Modification on behalf of the Proposer, O Chapman (OC), explaining that it seeks to make a minor amendment to the Vacant Site exit process when the exit criteria trigger is 'Class Change is submitted' or 'Request for Isolation', and revise the UNC 0819 Legal Text numbering post Modification 0816 implementation. Please refer to the Modification published at: https://www.gasgovernance.co.uk/0875

ER explained that following Ofgem approval of Modification 0819 - Establishing/Amending a Gas Vacant Site Process, the design work to implement the Vacant Site process under the DSC has been progressing. As a result of the detailed design work, a couple of scenarios have been identified within the current legal text for Modification 0819 which need to be amended slightly to ensure the intention of Modification 0819 is met.

As a result, this Modification proposes a minor amendment to the Vacant Site exit process when the exit criteria trigger 'Class Change is submitted' or 'Request for Isolation' is made. It also seeks to update the legal text numbering for Modification 0819 post Modification 0816 - *Update to AQ Correction Processes* implementation which impacts the same part of UNC.

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in July 2024.

WG wished to understand whether Solution 1 proposed by the proposer is complicated. ER explained that the Solution 2 is housekeeping, and Solution 1 requires a discussion at the Workgroup and cannot be covered in fast-track.

CG requested clarification on whether this Modification impacts IGT Modification 168. ER explained that the Modifications points across to the IGT 168, however, it does not impact the Modification.

Panel Members considered unintended consequences of reclassification. EA wished for this to be discussed by the Workgroup providing the example of unintended consequence from getting the benefit of relief from charging. SM noted that the Modification is not proposing to change the process, it is proposing to correct a legal text error. O Chapman (OC) agreed with SM explaining that the party would already be on an exit strategy. The Modification is ensuring there is no breach of code. EA raised concern around the site still being vacant until AQ is triggered and still wished for the point to be discussed by the Workgroup. SH agreed with EA's

suggestion of raising the question in the Workgroup.

Panel agreed to a 3-month assessment period at the Distribution Workgroup reporting back July 2024.

Panel Questions:

Q1 Are there any unintended consequences of reclassification?

For Modification 0875S Members determined (with 14 Panel votes available):

- It is not related to the Significant Code Review, by unanimous vote (x out of 14).
- 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 unanimous vote (14 out of 14).
- The Modification should be issued a Workgroup for 3 months with a report to be presented to the 18 July 2024 Panel, by unanimous vote (14 out of 14).

319.12. 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
0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget	17 May 2024
0842 - Gas Entry onto the Total system via an Independent Gas Transporter	TBC
0852 - Shipper notification in relation to option exercise for Customer Demand Side Response	9 May 2024
0854 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	10 May 2024
0857 - Revision to the Determination of Non-Transmission Services Gas Year Target Revenue	19 April 2024

M Brown (MB) informed the Panel that in relation to UNC 0842, Ofgem are awaiting FMR for IGT 172 which is expected by 29 April 2024. MB confirmed that he will inform JO as soon as possible of Estimated Decision Date and the authority aims for a 'minded-to' statement. CG queried whether UNC 0842 is considered in the meantime while the authority awaits the IGT Modification. MB explained that this depends on individual circumstances and in this case, UNC 0842 has been looked at, however, no substantive work will be carried out until they receive IGT 172.

Ofgem informed the Panel that they have recently published a joint consultation with DESNZ on our preferred policy options for code manager selection regulations and the code manager

licence conditions, which will eventually be designated by the Secretary of State. The consultation is available on the gov.uk website and closes on 5 May.

Ofgem's consultation on the implementation of Energy Code Reform is available on the Ofgem website and will remain open until 23 April 2024. The consultation seeks feedback on Ofgem's proposed approach, including potential code consolidation.

Ofgem have had significant interest in joining their Modification Process Workgroup. They have been contacting volunteers and will publish a short letter confirming the final membership of the workgroup. The team is currently working toward holding the first session of the workgroup in May.

319.13. Modification Reporting

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0863S – Erroneous Transfers Exception Process	May 2024	August 2024	3-month extension
0860S- Clarify impact of exit capacity holdings on offtake rights	May 2024	June 2024	1-month extension

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
0843 - Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert	Yes
0860S - Clarify impact of exit capacity holdings on offtake rights	No

319.14. Any Other Business

WG highlighted the upcoming change with the establishing of the National Energy System Operator (NESO) in the role of Independent System Operator and Planner (ISOP) from 01 July 2024. WG noted that this change will require complex Code Update, and the Panel would like to understand the timeframes to understand the impact the changes will have as there are several Modifications in process.

MM confirmed that National Gas Transmission are drafting the final form of legal text which will go out with Ofgem's consultation. The consultation will be open 20 May 2024 and close on 14 June 2024. The target date for NESO to go live is 1 July 2024 which creates a tight deadline for text to be added to the UNC. MM noted that NGT have not identified a conflict, but Workgroups may wish to check the legal text to determine whether there are any clashes or conflicts with other Modifications.

SH wished to understand the approval process. MM clarified that this decision does not go through the normal Modification route. Ofgem have the power to approve changes to process to allow NESO in.

MB agreed to provide an update to JO regarding the scale of the changes and any other comments that Ofgem may wish to share in relation to the change.

RH suggested that the Legal Text changes are discussed at each of the Distribution, Transmission and Governance Workgroups in their respective meetings during the consultation. WG agreed that the discussion can be held at all three Workgroups.

319.15. Date of Next Meeting(s):

Panel meetings are listed at: https://www.gasgovernance.co.uk/panel/2024

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time / Date	New Mod Deadline	Venue
10:00 Thursday	5pm Thursday	Teleconference / Microsoft
16 May 2024	02 May 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
20 June 2024	Fri 07 June 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
18 July 2024	Fri 05 July 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
15 August 2024	Fri 02 August 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
19 September 2024	Fri 06 September 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
17 October 2024	Fri 04 October 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
21 November 2024	Fri 08 November 2024	Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft
12 December 2024	Fri 29 November 2024	Teams