

**Uniform Network Code Modification Panel**

**Minutes of the 87<sup>th</sup> Meeting**

**Held on Thursday 19 November 2009**

**Members Present:**

**Transporter Representatives:** R Hewitt (National Grid NTS), C Warner (National Grid Distribution), J Ferguson (Northern Gas Networks), J Martin (Scotia Gas Networks) and S Trivella (Wales & West Utilities)

**User Representatives:** A Bal (Shell), C Wright (British Gas Trading), P Broom (GDFSuez), S Rouse (Statoil) and S Eyre (EDF Energy)

**Ofgem Representative:** J Dixon

**Consumer Representative:** A Hall

**Joint Office:** T Davis (Chair) and J Bradley (Secretary)

**87.1 Note of any alternates attending meeting**

J Martin for A Gibson and S Eyre for S Leedham

**87.2 Record of Invitees to the meeting**

None

**87.3 Record of apologies for absence**

A Gibson and S Leedham

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

**Proposal 0275 - Reduction in DM LDZ Exit Capacity for Supply Points with Significant Changes in Usage**

Representations closeout on 04 December 2009. National Grid has committed to provide supporting information as soon as possible. The Panel agreed that it would hold a teleconference to determine its recommendation on 11 December 2009 at 13.00.

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

**a) Proposal 0270 - Aggregated Monthly Reconciliation for Smart Meters**

P Broom introduced the Proposal on behalf of first:utility, and emphasised that the Proposer is looking to finding a pragmatic solution if practical difficulties are identified with the aggregation principle. The Panel voted UNANIMOUSLY for this Proposal to proceed to Development and for a Development Work Group to be established to take this forward.

The Development Work Group was requested to prepare Terms of Reference, and provide its final report by the 20 May 2010 Panel meeting. It was agreed that the Terms of Reference should address the current lack of code definition of Smart Meters. It was also agreed that there would be no restrictions on membership of this Work Group that would be open to all interested parties.

**b) Proposal 0271 - Amendment to the SSP – Provisional LSP – SSP Amendment Rules**

Following a presentation by S Eyre, the Panel voted UNANIMOUSLY for this Proposal to be referred to the Distribution Work stream for

consideration and development. The Workstream was requested to report by the 18 February 2010 Panel meeting.

**c) Proposal 0273 - Governance of Feasibility Study Requests to Support Changes to Network Exit Agreements**

Following a presentation by R Fairholme (E.ON UK), during which he clarified that the Proposal applied to both existing and new Network Exit Agreements, the Panel voted UNANIMOUSLY for this Proposal to be referred to the Transmission Workstream for consideration and development. The Panel requested that, as some of these agreements apply on Distribution Networks, the Proposal also is considered by the Distribution Workstream. The Transmission Workstream was requested to report by the 18 February 2010 Panel meeting.

**d) Proposal 0274 - Creation of a National Revenue Protection Service**

Following a presentation by C Baldwin (E.ON UK), the Panel voted UNANIMOUSLY for the Proposal to proceed to Development. It was clarified that the Proposal does not specifically exclude NTS Supply Points.

The Development Work Group was requested to prepare Terms of Reference, and provide its final report by the 20 May 2010 Panel meeting. A Hall notified Consumer Focus' intention of participating in this Development Work Group. It was agreed that there would be no restrictions on membership of this Work Group that would be open to all interested parties.

**87.6 Consider New Proposals for Review**

**Review Proposal 0272 - Mod 640 Validation Arrangements for when a Change of Shipper has occurred**

Following a presentation from S Eyre and a discussion, the Panel voted UNANIMOUSLY for the Proposal to proceed to Review. The Panel agreed that a Review Group should be established and that, initially, meetings should be scheduled for immediately after the Distribution Workstream. The Review Group was requested to prepare Terms of Reference and provide its final report by the 20 May 2010 Panel meeting. It was agreed that there would be no restrictions on membership of this Review Group, which would be open to all interested parties.

**87.7 Consider Terms of Reference.**

**Review Proposal 0267 - Review of UNC Governance Arrangements**

The Terms of Reference would be discussed at the Governance Workstream that follows this meeting.

**87.8 Existing Modification Proposals for Reconsideration**

J Dixon updated members on progress with the Impact Assessment on Modification Proposal 0194 and associated Proposals. He expected this to be issued in November, with responses requested by the end of January.

**87.9 Consider Variation Requests**

**Proposal 0231 - Changes to the Reasonable Endeavours Scheme to better incentivise the detection of Theft**

The Panel agreed UNANIMOUSLY that the change was material. The Panel then voted UNANIMOUSLY that the varied Proposal, 0231V, should proceed to consultation. On the basis that draft legal text would be published

alongside the Draft Modification Report, the Panel determined that formal legal text was not required with no votes cast in favour. J Dixon indicated that Ofgem would welcome evidence to justify increasing the cap on the amount that can be claimed to £1,000 as opposed to any other figure. B Dohel identified that complimentary changes to the Transporter Licence should be made if Ofgem were to direct implementation of the Proposal, and J Dixon agreed that Ofgem would need to consider this prior to reaching its decision.

It was agreed UNANIMOUSLY that representations should closeout on 08 January 2010.

## **87.10 Consider Workstream Monthly Reports**

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

J Dixon reviewed progress on Modification Proposals that are awaiting an Ofgem decision. On behalf of Ofgem, he requested the Transporters to provide legal text for Proposal 0258A - Facilitating the Use of Remote Meter Reading Equipment for the Purposes of Demand Estimation Forecasting Techniques.

J Martin outlined an issue that had arisen during the preparation of legal text for Modification Proposal 0253 - Facilitating a Supply Point Enquiry Service for Large Supply Points. The Scotia Gas Networks' legal advisors had identified a potential breach of the Data Protection Act if information were to be provided on Domestic Supply Points within the Larger Supply Point population. Scotia Gas Networks therefore proposed to provide text that excluded these points, notwithstanding that this was not strictly consistent with the letter of the Proposal. J Dixon recognised the issue and suggested that this should provide impetus for the Domestic/Non Domestic flag to be populated. C Wright, as Proposer, added that this was consistent with the intent of the Proposal and he was willing to accept information being provided only where the flag identified a supply point as being Non Domestic.

There was discussion on the way forward. The Proposal was clear and had passed the point where it could be varied under the Modification Rules. Also, the Proposal was enabling and the Transporter would only be in breach if and when a service is introduced that makes use of the facilitating provisions introduced by Proposal 0253. C Warner clarified that the provisions of the Data Protection Act are included in Section V of the Code as superseding the Code provisions and therefore the Transporters might be entitled to reject any such service request. It was agreed that discussions should proceed between Ofgem and the Transporters on the legal text aspect prior to taking any further action.

### **Extension Requested**

#### **Proposal 0252 - Review of Network Operator Credit Arrangements**

Following a request, the Panel voted UNANIMOUSLY to extend the time for this Review Group to report until 18 March 2010. Panel Members noted the constructive support given by Ofgem to this Group.

### **Workstream Reports For Consideration**

#### **a) Proposal 0209 - Rolling AQ**

The Project Nexus Workstream had considered how best to take forward consideration of this Proposal and had agreed that it should form an input to wider Nexus considerations, being one option that would be evaluated in due course. It was noted that the Transporters had requested a View from Ofgem on the way forward, which is still awaited.

The Panel had previously deferred considering whether or not to recommend implementation of the Proposal, and it was agreed that it would be inappropriate to make a recommendation since implementation ahead of Nexus was not a realistic option, and concluded that the Workstream should continue to consider this Proposal alongside other options which may be developed by the Project Nexus Workstream.

**b) Proposal 0269 - Provision of Exit Information at all NTS Exit Points for the transitional exit period**

Members noted that this Proposal had been amended twice since the compilation of the Workstream Report, and accepted the Workstream Report. The Panel then voted UNANIMOUSLY for the Proposal to proceed to Consultation. The Panel did not determine that legal text was required, with no votes cast in favour. Members agreed that the Final Modification Report would be considered at short notice at the December Panel meeting. R Hewitt agreed to request that draft legal text be provided as soon as possible.

**Review Group Report For Consideration**

**Review Proposal 0245 - Review of arrangements regarding the detection and investigation of Theft of Gas**

The Panel accepted this Report and noted the seven recommendations made by the Review Group.

**Off take Arrangements Workstream - Measurement Error Issues**

C Wright noted that the current guidelines only require notification of a new Measurement Error, or update of an existing Measurement Error, when this error is a Significant Measurement Error. It was agreed that all updates to the Measurement Error Spreadsheet would be notified in future. He suggested also that the Offtake Arrangements Workstream be requested to review these guidelines in the light of experience with the recent errors. This was agreed.

**87.11 Consider Final Modification Reports**

**a) Proposal 0255 - Publication of Objections Rates for LSP Supply Points**

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 Work Group.

Some Members considered that implementation would give visibility to when the objection process was used and, by showing the proportion successful, may discourage inappropriate use of the process. This would be consistent with facilitating the 'code relevant objective' of "*the securing of effective competition between relevant shippers*". However, others felt that there would be no change in obligations and the information was already visible to Ofgem. Hence no change in behaviour was likely to be seen and so implementation would not facilitate the 'code relevant objective'.

The Panel then voted whether to recommend implementation. C Warner indicated that he was neutral with respect to the Proposal and hence left the meeting and was not present for the vote. The following Members cast votes in favour of implementation: A Bal, C Wright, P Broom, S Rouse and S Eyre. The Panel therefore determined to recommend implementation.

**b) Proposal 0259 - Removal Of Obligations To Install UK Link User Equipment and UK Link User Software for UK Link Users who utilise the services of an UK Link User Agent**

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 Work Group.

Members recognised that implementation, by avoiding avoidable costs, would be consistent with facilitating the 'code relevant objectives' of *"the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code"* and possibly *"the securing of effective competition between relevant shippers"* by reducing the cost of market entry. The Panel then voted UNANIMOUSLY to recommend implementation.

**c) Proposal 0263 - Enabling the Assignment of a Partial Quantity of registered NTS Exit (Flat) 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 Work Group.

Members recognised that implementation, by allowing assignment of part of capacity holdings, would give confidence that required capacity can be made available to different Shippers, such that a potential barrier to switching or market activity is removed. This would therefore further the 'code relevant objective' of *"the securing of effective competition between relevant shippers"*.

R Hewitt disagreed that implementation would further the 'code relevant objective' of *"the securing of effective competition between relevant shippers"* and considered that, in light of the costs of delivery, implementation would not further the 'code relevant objective' of *"the efficient and economic operation the pipeline-system to which this licence relates"*.

The Panel then discussed J Dixon's suggestion that there would be benefit in quantitative information on both costs and benefits being available to inform views on whether or not to recommend implementation. Members concluded that parties had known about the Proposal for a considerable time such that opportunities to provide information had been available; and that the level of information was similar to that made available for other decisions. The Panel then agreed to move to a vote.

The Panel voted whether to recommend implementation with the following Members casting votes in favour: C Warner, J Ferguson, J Martin, S Trivella, A Bal, C Wright, P Broom, S Rouse and S Eyre. The Panel therefore determined to recommend implementation.

**87.12 Receive report on status of Consents**

The following consents are with Ofgem for approval:

- a) C020 - Changes to Document References Contained Within the UNC"
- b) C021 - Changes to Cross References Contained Within UNC TPD Section F – System Clearing, Balancing Charges and Neutrality

- c) C033 - Removal of a Redundant Cross Reference & Clarification of TPD Section K

**87.13 Any Other Business**

The Panel noted that potential new templates for Modification Proposals would be discussed at the Governance Workstream.

**87.14 Conclude Meeting and Agree Date of Next Meetings:**

The Panel noted that the next meetings were planned:

13.00 on 11 December 2009 (Urgent Proposal 0275 only)

10.00 on 17 December 2009.