

**Record of Determinations: Panel Meeting 19 January 2017**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought	
		AG	AL	AM	RF	SM (AG)	CW	DL	HC	JF	RP	SMo		
<b>0608 – Implementation of ‘single service provision’ arrangements for iGT connected system exit points (Project Nexus transitional modification)</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Legal text required - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is further Legal text required for inclusion in DMR?
	Issued to Workgroup 0608S with a report presented by the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2017 Panel
<b>0609 – Transitional arrangements for gas settlement and replacement of Meter Readings (Project Nexus transitional modification)</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>majority vote in favour</i>	X	X	X	X	X	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Legal text required - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is further Legal text required for inclusion in DMR?
	Issued to Workgroup 0609S with a report presented by the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2017 Panel
<b>0610 – Project Nexus – Miscellaneous Requirements</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria

	Issued to Workgroup 0610S with a report presented by the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2017 Panel
<b>0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries</b>	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?
	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 09 February 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0593 consultation end on 09 February 2017
<b>0597 - Rules for the release of incremental capacity at Interconnection Points</b>	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?
	Legal text required - <i>unanimous vote in favour</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 09 February 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0597 consultation end on 09 February 2017
<b>0598 - Amendments to Capacity Allocations Mechanisms to comply with FII Capacity</b>	To be considered at short notice - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider at short notice
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification satisfy the Self-Governance criteria
	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?

<b>Mechanisms to comply with LC Capacity Regulations</b>	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 09 February 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0598 consultation end on 09 February 2017
<b>0602 0602A - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)</b>	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?
	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 09 February 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0602 consultation end on 09 February 2017
<b>0604S - Central Data Services Provider – Arrangements following implementation of Project Nexus</b>	Workgroup 0604S to report to the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Workgroup reporting date be extended to the March 2017 Panel
<b>0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum</b>	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
<b>0600S - Amend obligation for the acceptance of EPDQD revisions made after D+5</b>	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
<b>0604S - Central Data Services Provider – Arrangements following implementation of Project Nexus</b>	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text

<b>0605S - Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas</b>	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text
<b>0606S - National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus implementation</b>	Legal Text Requested - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text

In favour	Not in Favour	No Vote Cast	Not Present
✓	X	NV	NP

**UNC Modification Panel**

**Minutes of the 201<sup>st</sup> Meeting held on Thursday 19 January 2017**

**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representative</b>
A Green (AG), Total and alternate for S Mulinganie A Love (AL), ScottishPower A Margan (AM), British Gas R Fairholme (RF), Uniper	C Warner (CW), National Grid Distribution D Lond (DL), National Grid NTS H Chapman (HC), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Pomroy (RP), Wales & West Utilities	S Moore (SMo), Citizens Advice

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>
A Plant (AP), Chair	R Elliott (RE)

**Also in Attendance:**

A Clasper (AC), National Grid Gas Distribution; L Jenkins (LJ), Deputy Chair; R Fletcher (RF), Secretary; R Hinsley (RH), Xoserve; S Britten (SB), Cornwall Energy.

*\* via teleconference*

## **Record of Discussions**

### **201.1 Note of any alternates attending meeting**

A Green for S Mulingainie, Gazprom

### **201.2 Record of Apologies for absence**

S Mulinganie

### **201.3 Minutes and Actions of the Last Meeting(s)**

Following discussion on an update to be included in the December minutes, Members approved the minutes from the previous meetings (15 December 2016 and 04 January 2017).

No outstanding actions to consider.

### **201.4 Consider Urgent Modifications**

None.

### **201.5 Consider New Non-Urgent Modifications**

- a) Modification 0608 - Implementation of 'single service provision' arrangements for iGT connected system exit points (Project Nexus transitional modification)

AC introduced the modification and its aims. AMa asked if this modification impacted the iGT UNC or required it to be amended? CWa advised that initial discussions with iGT representatives indicated that there would be no impacts on the iGT UNC.

Questions for Workgroup

Consideration should be given to the early termination clauses within existing contractual arrangements to ensure they are consistent and understood.

For Modification 0608, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition, the contractual regime for the transportation of gas through pipes or the UNC Change process;
- To request Legal Text;
- That Modification 0608S be issued to Workgroup 0608S for assessment, with a report to be presented no later than the March 2017 Panel.

b) Modification 0609 - Transitional arrangements for gas settlement and replacement of Meter Readings (Project Nexus transitional modification)

AC introduced the modification and its aims. CW clarified the reasons for including transitional elements related to retrospective updates and specifically replacing meter reads.

AL asked why this modification doesn't include rules for managing an AQ review process to ensure the most up to date information is available should Nexus implementation be delayed. CWa felt a new modification or similar would be required should Nexus implementation be delayed and this modification would then be backed out, therefore an AQ review process was out of scope for this modification.

AMa wanted a view of the AUG arrangements applicable from 01 June and that these should be clarified in the Workgroup. JF noted that there were no transitional arrangements between the current AUG process and those implemented for Modification 0473 - Project Nexus – Allocation of Unidentified Gas.

Some members felt that there might be a material impact on consumers and therefore were not in favour of self-governance. This was linked to the risk that Nexus implementation could be delayed, and that this modification makes no provision for an AQ review in such circumstances where the new AUG arrangements could also be delayed.

There was a general discussion around the rules being applied for the justification of materiality in self-governance considerations. It was noted that in future should a modification be considered not suitable for self-governance; Panel members would need to provide supporting comments/evidence/reasons to justify their view on the materiality of the impact to Ofgem.

For Modification 0609, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition, the contractual regime for the transportation of gas through pipes or the UNC Change process;
- To request Legal text;
- That Modification 0609S be issued to Workgroup 0609S for assessment, with a report to be presented no later than the March 2017 Panel.

c) Modification 0610 - Project Nexus - Miscellaneous Requirements

AC introduced the modification and its aims. JF suggested that the modification should include a suspension of the annual 2017 Interruption Auction and move forward with an interim process. AC was concerned that the auction amendment wouldn't work within the proposed timeline for this modification.

DL was concerned the modification doesn't show the reasons and justification for the changes proposed so that the merits can be identified. CWa was sympathetic with this view, however it was always recognised that the initial Nexus modifications and associated BRDs would require further clarification as more information became available to inform the industry.

For Modification 0610, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition, the contractual regime for the transportation of gas through pipes or the UNC Change process;
- That Modification 0610S be issued to Workgroup 0610S for assessment, with a report to be presented no later than the March 2017 Panel.

#### **201.6 Existing Modifications for Reconsideration**

None.

#### **201.7 Consider Workgroup Issues**

None.

#### **201.8 Workgroup Reports for Consideration**

- a) Modification 0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries

LJ commented on the views provided by the Workgroup concerning self-governance and whether further justification should be sought in consultation. JF felt that permissions modifications typically should be self-governance, however on this occasion this challenge would aid in the decision-making process. AMa agreed with this view and if possible respondents should be asked to identify the data items that could create a material risk.

RE asked if Northern Gas Networks lawyers had a view on the requirement to provide data to such parties. JF advised that their lawyers were comfortable with the approach but would like to see views from respondents. Should there be conflicts with the Data Protection Act they would need to refer to Ofgem regarding implementation. JF reminded members that this modification provides permission to release data it does not provide the service to do so.

AL asked if the agreement that provides the service was available for review by industry parties. JF advised it wasn't published for this purpose but there had been discussion on the likely content as is the usual model in such circumstances.

Members requested that the initial representation provided for Workgroup consideration be included in the FMR for reference.



JF advised that the responsibility for managing confidentiality provisions is between the applicant and Gas Transporters, whereas the commercial arrangements were between the applicant and Xoserve/CDSP.

RE asked if TPIs were included in the final order as he thought it was restricted to PCWs only? JF was sure the modification was reflective of the final order and that this includes TPIs.

RE asked what additional steps were required to be compliant with the order. JF advised governance was in progress (this modification) and process/systems/contract options to be provided by Xoserve would be available should a relevant party request a service.

RE asked for a reference (link) to the final order and explanatory note in the FMR and agreed to provide a link once he had clarified the correct version.

For Modification 0593, Members determined that:

- It should proceed to Consultation with a close out date of 09 February 2017.

b) Modification 0597 - Rules for the release of incremental capacity at Interconnection Points

AL asked if this modification still requires input from European Code discussions to set an implementation date. LJ advised that the modification is dependent on an Ofgem decision and confirmation of its view on the implementation date when considering European Code requirements.

For Modification 0597, Members determined that:

- It should proceed to Consultation with a close out date of 09 February 2017.

c) Modification 0598 - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations

For Modification 0598, Members determined that:

- It should be considered at short notice;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition, the contractual regime for the transportation of gas through pipes or the UNC Change process;
- It should proceed to Consultation with a close out date of 09 February 2017.

d) Modification 0602 0602A - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification)

Joint Office of Gas Transporters

Members agreed that a question should be included in consultation specifically around whether Modification 0602 allows sufficient time for Supply Point Transfer objections to be raised.

For Modifications 0602 0602A, Members determined that:

- They should proceed to Consultation with a close out date of 09 February 2017.

### 201.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

Members determined unanimously to extend the following Workgroup reporting date(s):

<b>Workgroup</b>	<b>New Reporting Date</b>
0604S - Central Data Services Provider – Arrangements following implementation of Project Nexus	March 2017

Members determined unanimously to request Legal text for the following modification(s):

<b>Modification</b>
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum
0600S - Amend obligation for the acceptance of EPDQD revisions made after D+5
0604S - Central Data Services Provider – Arrangements following implementation of Project Nexus
0605S - Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas
0606S - National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus Implementation

### 201.10 Consideration of Variation Requests

None.

## **201.11 Final Modification Reports**

None.

## **201.12 Any Other Business**

### **a) CGR3 Implementation Plan**

LJ provided a brief update on the 3 outstanding items contained in the implementation plan:

- i) Modification 0596 - Implementing CGR3 decisions on Significant Code Reviews and self-governance - is with Ofgem awaiting a decision;
- ii) Development of Project Management and Assurance provisions by code administrators - is ongoing and a modification is to be raised soon;
- iii) The development of Forward Work plans by code administrators – the industry plan has now been published and a link is to be provided to the Elexon website.

LJ advised that he intended to notify Ofgem concerning the status of the plan and that implementation was virtually complete.

Members agreed to remove this item from the agenda once confirmation is given to Ofgem.

### **b) Process clarification – Alternate self-governance modifications**

LJ provided a presentation explaining that as more self-governance modifications were likely to be progressed, it is more likely an alternate will be raised for one of them. The Modifications Rules are not very specific on this process currently and it would be useful to get Members' view on a way forward, particularly if there were a tied implementation vote.

RP challenged the view that one or another modification should be implemented once either furthers the Relevant Objectives as this provides a conflict with the preference vote.

LJ advised that due to the change in the scope of self-governance, it is likely that there will be more alternate modifications and the rules do not envisage a preference vote for self-governance modifications. He suggested that the rules should be established to mirror the standard modification process to give a preference vote. However, this would not resolve the issue where a preference is not clearly identified, yet members have clearly identified that one or the other should be implemented.

RP felt it is harder to demonstrate that a self-governance modification or alternate should be implemented unless they fail to meet a deadlock position, it should not be automatically assumed either should be implemented as in reality they should be non-material in nature.

AMa suggested that if a modification fails to get the required vote by simple majority, it should not progress. LJ advised that this is about preference as the vote for implementation would have already been established at this point – if one modification passed for implementation and another didn't, there wouldn't be a need for a preference vote.

RF wanted to understand the possible impacts on appeals. LJ didn't think this was an issue until there was an implementation decision, then the option for appeal is available.

AP suggested that in a situation where a modification and one or more alternates each furthered the relevant objectives, but there was no clear preference, it was better for there to be a means of breaking the deadlock, as to not implement any of the modification would leave the status quo unchanged, and deny the industry and its customers of the benefit of one of the modification going through. He therefore favoured a solution that enabled the deadlock to be broken. He felt there were options that could be combined: for example asking for a revote in the case of a tie, deferring a decision to a later meeting, or asking for a view from Ofgem. The option of turning to a Chair's casting vote could be held in reserve if these options did not resolve the deadlock. The option of seeking a view from Ofgem could be problematic as Panel couldn't compel Ofgem to give a view and Panel would still need to resolve the issue.

LJ suggested the possibility to provide a casting vote for the Chair after a revote to see if views have changed.

RP advised that he would consider raising a modification to encompass Panel views, although he still felt there was an option not to do anything until it does cause an issue.

There was a general discussion around whether doing nothing was an option so that both modifications failed to be implemented, this was felt to be undesirable as the benefits of implementing either modification would be missed if the governance process could not deliver a solution.

AL felt it the option allowing Panel to vote again would be preferable and if there is still no preference the Chair should be given a casting vote.

AG asked if the casting vote was not exercisable could they then ask for a view from Ofgem. JF asked what the difference would be between Ofgem direction and a view? LJ felt that an informal view would be preferable as Panel would not need to demonstrate materiality to Ofgem, and would still be in control of the decision ensuring the self-governance process remained whole.

SMo suggested that his preference would be to go in the order as follows when referencing the options in the presentation: Option 2, 5, 1 ie. second Panel vote, then defer to another meeting, then give the Chair a casting vote.

Members agreed a modification should be raised to include this options for further discussion and development.

c) Independent Panel Chairperson – recruitment process 2017 (discussion)

LJ advised that he would like to commence the recruiting process for appointing a new Panel Chair, utilising the previous approach.

this would include using a Transporter representative, Shipper representative and the CEO of the Joint Office as the selection committee.

The aim would be to initiate a short consultation process in March, mainly to remind people of the process. With head hunting beginning in April and a recommendation to Ofgem in July. This would allow Ofgem to decide sometime between August and September 2017, which would give ample time to agree and manage a hand over process.

AMa asked for the term of appointment, will it be 2 years with an extension up to 2 years. LJ confirmed that was the current position with the agreement, so it is likely to be similar.

RF asked how would Shippers be represented, although he didn't think it should be a Panel member. LJ suggested that Shipper Panel members should nominate a representative for the selection committee. AL asked if there should be more than one to get wider industry representation? AP felt it should be one person to make an interview panel of 3 people.

AL suggested using one of the Xoserve Board Shipper representatives as the Shipper nomination.

It was agreed to discuss this item further at the February meeting.

d) Relevant Objectives – Clarification of Licensee in Modification template

RP asked Members to note that at a recent Workgroup meeting, there had been some confusion over the wording against Relevant Objective c) in the Relevant Objectives table as follows:

*c) Efficient discharge of the licensee's obligations.*

RP suggested that the template should be amended to ensure the wording is consistent with the Transporters licence by adding

*c) Efficient discharge of the licensee's licence obligations.*

It was agreed to consider this in the next template update.

**201.13 Conclusion of Meeting and agreed Date of Next Meeting**

10:30, Thursday 16 February 2017, at Elexon

**Action Table (19 January 2017)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update