

UNC Governance Workgroup Minutes
Monday 22 February 2021
Via Teleconference

Kate Elleman (Chair)	(KE)	Joint Office
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office
Alex Travell	(AT)	BU-UK
Andy Clasper	(AC)	Cadent
Guv Dosanjh	(GD)	Cadent
Michael Lain	(MC)	EON
Steve Mulinganie	(SM)	Gazprom Energy
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/gov/220221>

1. Introduction and Status Review

1.1. Approval of Minutes

The minutes from 22 January 2020 were approved.

1.2. Review of outstanding Actions

The Workgroup agreed to close the outstanding actions (except Action 1104) as they were over 12 months old and no longer relevant.

Action 1104: Joint Office (PG) to review the use of pre-meeting briefs by JO meeting Chairs.

Update: Guv Dosanjh (GD) suggested that the proposal to issue pre-meeting briefs was beneficial and the action should be kept open until such time when this can be facilitated.

Steve Mulinganie (SM) recommended this action should also be forwarded to the UNC Modification Panel Chair to add as a recommendation to the Annual Report.

The Workgroup agreed to review this action in the future.

1.3. Pre-Modification Discussions

1.3.1. Innovation Derogations

Tracey Saunders (TS) presented 'Introducing Innovation Derogation as a concept in UNC' as a pre-modification for discussion. For a full detailed update, please refer to the published slides on the meeting page. The key points discussed by the Workgroup are noted below:

- Currently whilst the UNC (Uniform Network Code) does not have the concept of derogation, it is present in other Codes such as SPAA (Supply Point Administration Agreement) and DCUSA (Distribution Connection and Use of System Agreement) and is also used by Ofgem.
- TS noted that she wanted to introduce this concept to the UNC to facilitate the UK target of reaching Net Zero by 2050 as well as related projects to Net Zero to exercise innovation to trial solutions.

- TS explained that whilst this Modification would introduce the concept of derogations to the UNC, she was proposing to limit its scope to specific funded projects. The Modification would introduce an Innovation Derogation Guidance Document which will outline the application & approval process including evidence required to apply for Derogation. Any Derogation approval would also require unanimous approval by the UNC Panel members.
- TS added Ofgem would also reserve the right to review any Derogation projects and suggested this could be done through an appeal. She noted she would review how Ofgem carries out Derogation reviews under other Codes and that she would follow the same standard process.
- Alex Travell (AT) suggested that if Derogations were to be introduced to the UNC it would be best not to limit its scope as this might stifle innovation.
- SM noted he was concerned that the process could be misused as trials for products or projects which are innovative, but which do not comply with the UNC, could be approved using Derogation with minimal regulatory requirements.
- SM added that Derogation may not be the best vehicle for innovation. AT challenged this view and noted that each application would need to be reviewed individually alongside a detailed explanation of why Derogation was being sought.
- GD suggested that this Modification Proposal should clarify how it is different to the Ofgem Energy Regulation Sandbox proposal. TS accepted this suggestion.
- TS explained that she had already discussed her proposal with Ofgem and incorporated their suggestions to the pre-modification proposal. Ofgem have not challenged the proposal as they are supportive of its aims to facilitate Net Zero as well as innovation in the industry.
- TS noted that she was proposing that Derogation will apply to the entirety of the UNC except:
 - Modification rules
 - Active Significant Code Reviews (SCR)
 - Anything that impacts a Supplier or end consumers ability to switch.
- Michael Lain (ML) challenged the proposal to limit which areas of the UNC the Derogation would apply to, as it was not possible to predict which areas of the code would be affected by innovation. TS explained this was because Ofgem was wary of Derogation applied to the UNC unless it was in relation to specific areas.
- TS advised that she had considered whether Derogation could apply to all projects, but based on Ofgem and BEIS' direction, she had decided to limit its scope to Net Zero and other innovation projects only.
- SM questioned why switching activities were outside the proposed scope of Derogations. TS explained it was because this was a direct Code activity.
- KE noted innovation had been incentivised for Transporters since the introduction of RIIO (Revenue=Incentives+Innovation+Outputs) and it would be interested to understand how Transporters were innovating to meet their RIIO obligations.
- SM added that SGN's current Hydrogen project may be subject to Derogation, though there might be some risks. TS noted that the SGN project was not governed by the UNC and therefore would not meet the criteria for Derogation.

- TS advised she was aiming to develop this Proposal fully before raising it as a new Modification, which includes developing the scope, the Panel Arrangements, Code Requirements etc. She welcomed further feedback at Workgroup discussions to be held prior to the Modification being raised.
- The Workgroup agreed that the Modification Proposal should be discussed as a pre-modification at all relevant UNC Workgroups and Committees. KE agreed to provide a list of these meetings to TS.
- SM noted that more clarity was required regarding where and how Derogation would apply. TS clarified the initial proposal being drafted was geared towards fulfilling her RIIO obligations. She noted that if Ofgem approved the proposal in its initial format, it could be expanded later. She added that she was concerned that Ofgem would not approve of the Modification unless the scope was limited and well defined.
- The Workgroup discussed how this would impact and add constraints to the competition in the market.
- AT suggested reviewing similar BSC (Balancing and Settlement Code) Modifications for wording. TS accepted this suggestion.
- TS added she would have separate discussions with other members of the Workgroup for funding options.

2. Workgroups

2.1. 0676R – Review of Gas Transporter Joint Office Arrangements

(Report to Panel 18 March 2021)

<https://www.gasgovernance.co.uk/0676>

2.2. 0741S – Updating specific gender references to neutral terms

(Report to Panel 18 March 2021)

<https://www.gasgovernance.co.uk/0741>

3. BEIS/Ofgem Energy Codes Governance Review

This item was not discussed as there were no further updates.

4. Diary Planning

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

Subject to the agreement by Panel of an extension, Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Friday 26 March 2021	Via Microsoft Teams	Standard Governance Workgroup Agenda <ul style="list-style-type: none"> • Derogation Innovation Modification

Action Table (as at 22 February 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1104	04/11/19	8.0	Joint Office (PG) to review the use of pre-meeting briefs by JO meeting Chairs.	Joint Office (PG)	Carried Forward
1105	04/11/19	8.0	Joint Office (PG) to review whether they can publish consolidated minutes for Workgroups with more than one Modification.	Joint Office (PG)	Closed
1201	02/12/19	2.0	Joint Office (RH) to explore Webex and Skype as possible options for holding meetings.	Joint Office (RH)	Closed
1202	02/12/19	5.0	Xoserve (Fiona Cottam) as CDSP to provide update on DESC (Joint Office to email FC this action)	Xoserve (FC)	Closed
1203	02/12/19	5.0	Xoserve (Fiona Cottam) as CDSP to provide update on DESC (Joint Office to email FC this action)	Xoserve (FC)	Closed
0101	22/01/20	8.0	Joint Office (RH) to send out BEIS consultation to the industry.	Joint Office (RH)	Closed