

**UNC Modification Panel**  
**Minutes of Meeting 275 held on**  
**Thursday 15 July 2021**  
**via teleconference**

**Attendees**

**Voting Panel Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
A Green (AG), Total Gas and Power D Fittock (DF), Corona Energy M Jones (MJ), SSE R Fairholme (RF), Uniper R Keally (RK), British Gas S Mulinganie (SM), Gazprom Energy	A Travell (AT), BU-UK G Dosanjh (GD), Cadent H Chapman (HC), SGN P Hobbins (PH), National Grid R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	S Hughes (SH), Citizens Advice

**Non-Voting Panel Members:**

<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
W Goldwag (WG), Chair	S McPhillimy (SMP)	(None)

**Also, in Attendance:**

A Adams (AA), National Grid  
A Clasper (AC), Cadent  
A Raper (AR), Joint Office  
C Aguirre (CA), Pavilion Energy  
C Hooper (CH), Contract Natural Gas  
D Addison (DA), Xoserve - CDSP Representative  
D Turpin (DT), Xoserve  
K Elleman (KE), Joint Office

L Heyworth (LH), Cornwall Insight  
M Bhowmick-Jewkes (MBJ), Joint Office  
O Chapman (OC), British Gas  
P Garner (PG), Joint Office  
R Hailes (RH), Panel Secretary  
R Kimber (RK), Contract Natural Gas

### **Record of Discussions**

#### **275.1 Introduction**

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

WG noted that S McPhillimy (SMP) was attending the meeting as the Ofgem representative.

#### **275.2 Note of any alternates attending the meeting**

P Hobbins on behalf of D Lond, National Grid  
R Kealley on behalf of M Bellman, ScottishPower

#### **275.3 Record of apologies for absence**

D Lond, National Grid  
M Bellman, ScottishPower

#### **275.4 Minutes of the last meeting (17 June 2021)**

Panel Members approved the minutes from 17 June 2021.

#### **275.5 Review of Outstanding Action(s)**

**Action PAN 06/01:** Joint Office (PG) to create a 6 month Meeting Plan to address the various topics brought up in 0674 representations and an update will be provided at the next Workgroup.

**Update:** Action PAC 06/01 is covered under Agenda item 275.8 b).

**Closed.**

**Action PAN 06/02:** Joint Office (BF) to monitor any IT issues and update Panel at the July meeting.

**Update:** K Elleman (KE) advised that the Joint Office had updated their browser, which should resolve the IT issues. KE requested Panel members to inform the Joint Office if they experienced any further problems.

**Closed.**

**Action PAN 06/04:** ~~Joint Office (PG)~~ DNO Members (RP) to consider options for representing the UNC and Panel at the CCSG.

**Update:** P Garner (PG) advised that she has discussed this with R Pomroy (RP) and the DNOs would own this action going forward.

RP noted that as the Joint Office are Code Administrators and not Code Managers and CCSG required attendance from Code Managers, the DNOs would have to reconsider how the meeting attendance was managed. RP advised he would provide an update at the August Panel.

**Carried Forward.**

**275.6 Consider Urgent Modifications**

- a) None

**275.7 Consider Variation Request**

- a) None

**275.8 Final Modification Reports**

- a) **Modification 0664VVS - Transfer of Sites with Low Valid Meter Reading Submission Performance from Classes 2 and 3 into Class 4**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0664>

P Garner (PG) provided a brief background for this Modification.

WG asked the Proposer, M Jones (MJ) whether any new issues had arisen from the Consultation.

MJ noted a new issue for customer billing had been identified but explained that if Shippers met the read submission obligations under the UNC it would not be a problem.

S Mulinganie (SM) noted that the AUGE table, which can change each Gas Year, was also a new issue. MJ advised that the AUGE table did not incentivise Shippers and after discussing, Panel Members concluded that as this is an enduring Modification, this issue would not impact the implementation of the Modification.

Panel Members also considered the Relevant Objectives, agreeing that implementing this Modification would positively impact on Relevant Objective *d) Securing of effective competition between Shippers and/or Suppliers.*

R Hailes (RH) asked whether the implementation of this Modification would be aligned with the related IGT Modification. D Addison (DA) confirmed that Xoserve would be looking to align both implementation dates.

R Kealley (RK) suggested that the implementation should take place in November 2022, taking into consideration the implementation of Faster Switching.

Panel Members recommended implementation should take place no earlier than November 2022.

Panel Members then determined (13 Panel votes were available for the determinations):

- That there were no new issues requiring a view from Workgroup, by unanimous vote (13 out of 13).
- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- Modification 0664VVS implemented, by majority vote in favour (12 out of 13).

**b) Modification 0674 – Performance Assurance Techniques and Controls**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0674>

WG noted the governance process for reviewing Modification 0674 at the June UNC Panel meeting had been challenged by Mark Bellman (MB), the Proposer.

WG reminded Panel Members that the Modification had been returned to Workgroup for a Supplemental Report to be produced on the new issues identified in the representations received.

PG noted that the Workgroup Chair for 0674 had identified 15 issues from the Consultation representations for Panel to review and suggested Panel Members should review each issue and consider whether it was considered new and if so, whether it was material or not. She also noted that PAC (Performance Assurance Committee) had identified that the cost of implementing this Modification due to changes to the PAFD (Performance Assurance Framework Document) had changed and this would need to be considered as a new issue.

SM was concerned as he noted he had not had the opportunity to review the list of issues and did not have notice of this determination being required. A Green (AG) and D Fittock (DF) agreed with this view.

WG advised this approach was in response to MB's challenge around due process not being followed that and the Joint Office believed it would be the most prudent way to progress this Modification.

R Pomroy (RP) agreed with his Panel colleagues. However, RP noted that the Chair for Workgroup 0674, A Raper (AR) would need to structure the discussions around the new issues, and if Panel was unable to provide a structure to AR around which issues needed to be discussed, it would be up to AR to produce the list of issues for discussion.

SM noted that whilst a list of issues may aid discussions, all issues identified in the representations should be considered without being filtered.

A Travell (AT) noted he was also a PAC member and had been aware via that route about the potential need for an updated ROM. He was also aware that there were challenging timescales to meet for this Modification and suggested that a clear list of issues for Workgroup to review would mitigate some of these challenges. WG agreed with this view and added that some clarity around what would need to be discussed would be beneficial.

R Kealley (RK) asked why an Alternate Modification had not been raised when the views for this Modification were so divisive. WG suggested this would be something for the Workgroup to consider.

PG agreed with AT's suggestion and added in response to RK that various opportunities had been provided to a) create a Review group at the beginning of the life of Modification 0674 and b) to raise an Alternate Modification, but these had not been progressed by industry. PG highlighted that the Proposer's challenge is for Panel to review the Modification in an equitable and fair manner.

SM noted that the reason for the lack of Alternatives for Modification 0674 was because it had arisen from discussions at PAC, which is a closed meeting, rather than through wider industry discussions and advised that Alternatives to the Modification were likely.

WG acknowledged that the Modification was controversial but noted that the only way to resolve it would be for Panel to review it and invited AR to present the list of issues identified for Panel Members to review.

AR presented the list of issues identified to the Panel members with Panel reviewing the first four issues on the list at this meeting. Please refer to the full list in Appendix A.

SM suggested that it would be beneficial to share this list with the industry before reviewing it at Workgroup. SM added that the additional ROM-related issue arising from PAC would also need to be considered as the change in cost was potentially a material change which had not been previously considered.

DF highlighted that PAC oversight from UNCC would also need to be considered in greater detail.

RP noted that Panel should only review new issues arising from the Consultation, and whilst some new issues had arisen from the Consultation representations, most of the issues identified from the Consultation had previously been discussed by Workgroup. RP suggested that the issues should be tested by Panel as to whether they were new or not and issues that respondents simply did not like should not be considered new issues.

AT highlighted that the Supplemental Report by Workgroup should also enable Ofgem to make a decision on this Modification.

PG suggested the list of 15 issues should be considered to determine whether they were new or not in response to MB's governance challenge.

WG agreed and suggested that Workgroup should review the list and determine which ones were new in order to aid in Ofgem's decision making.

SM highlighted that the issue around cost arising from PAC would need some clarity from Xoserve, acting as the CDSP (Central Data Service Provider) on whether a new ROM was required for this Modification. These could be referred to as circumstantial change.

DF noted that circumstantial changes relating to PAC governance should also be taken into account referring to matters discussed by UNCC in January 2021.

D Turpin (DT) confirmed that the Modification did not reflect the updated costs and a new ROM would be required.

WG asked how long the Workgroup would need to resolve the issues and for the Supplemental Workgroup Report to be developed. AR advised he believed a minimum of 6 months (as determined at the June Panel).

RH added that a Variation would be required to make any further changes to the Modification at this stage or for a different Proposer to raise a new Modification.

SM noted that the Workgroup Report should explain why the Workgroup was being extended by a further 6 months, to aid Ofgem's understanding when making their decision.

PG summarised that:

- The Workgroup would determine any new issues from the list of issues, as well as consider the new issue arising from PAC to aid ROM discussions.
- Joint Office would arrange Workgroup meetings, taking into account the REC and SPAA meeting dates to ensure industry engagement, and advise the industry of which topics from the list of issues would be covered at each meeting.

It was agreed that the determinations from the June's Panel meeting still stood and 0674 would be returned to Workgroup for 6 months.

**c) Modification 0746 - Application of Clarificatory change to the AQ amendment process within TPD G2.3 from 1st April 2020**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0746>

WG provided a brief background to the Modification and noted out of the representations received, 2 supported implementation while 3 were not in support.

Panel Members discussed the Modification, and some were in favour of the proposal to allow the changes arising from the implementation of Modification 0736S to be applied retrospectively from 01 April 2020, while some were not in favour of retrospection.

RH advised that Panel Members needed to consider whether the proposed retrospection back to 01 April 2020 was warranted.

T Saunders (TS) highlighted Ofgem's previous comments on retrospection in relation to a number of Charging Modifications.

S Hughes (SH) stated that there was no explanation for 01 April 2020 retrospection within the Modification.

SM disagreed and noted that this issue was discussed in the 0736S Workgroup as well as in Gazprom's full response which provided additional clarity to Ofgem as to why retrospection was required. Please find these on p.5, under response to Q2 here:

<https://www.gasgovernance.co.uk/sites/default/files/ggf/book/2021-07/Representation%20-%20Gazprom%200746.pdf>

TS clarified her response to the additional Panel Question 2 in the Consultation should have referred to reason code 3 and not reason code 2.

RP noted that a high bar should be set for any retrospection. SM disagreed with this view and suggested that this proposal was being raised because of unfair treatment received by some industry parties.

Panel Members considered the Relevant Objectives, with some believing the implementation of this Modification would positively impact Relevant Objective *d) Securing of effective competition between Shippers and/or Suppliers*, whilst others believing it would be negatively impacted because of unfair advantage by some parties.

The same arguments applied to the consideration of charging Relevant Objective *c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers.*

Panel Members then determined (13 Panel votes were available for the determinations):

- That there were no new issues requiring a view from Workgroup, by unanimous vote (13 out of 13).
- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- Recommendation to not implement Modification 0746, by majority vote (8 out of 13).

**d) Modification 0755 - Enhancement of Exit Capacity Assignments**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0755>

Panel Members considered the representations made noting that implementation was unanimously supported in the 2 representations received.

RP queried the nature of the transfer being proposed. P Hobbins (PH) clarified this Modification enables partial Assignment to avoid the need for Shippers to engage in secondary market trades.

Panel Members considered whether this Modification should be subject to Self-Governance procedures and agreed that Self-Governance was suitable. S McPhillimy (SMP) confirmed that Ofgem agreed with this view.

PH noted that the implementation of Modification 0755S is likely to be in Spring 2022 alongside two other Modifications which will also impact Gemini.

Panel Members then determined (13 Panel votes were available for the determinations):

- That there were no new issues requiring a view from Workgroup, by unanimous vote (13 out of 13).
- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- The criteria for Self-Governance 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 (13 out of 13).
- Recommendation to implement Modification 0755S, by majority vote (12 out of 13).

### **275.9 Consider New, Non-Urgent Modifications**

#### **a) Modification 0773 - Introduction of a Micro Business identifier in Central Systems**

PG advised Gazprom Energy had withdrawn Modification 0773.

#### **b) Modification 0774 - Alignment of UNC TPD to the National Grid Licence in respect of the NTS**

PH provided a presentation explaining that this Modification proposes updating references to Licence terms within UNC TPD which refer to National Grid Gas Licence applicable from 1st April 2021. PH noted as this is a housekeeping Modification, Fast Track Self-Governance procedures are proposed.

TS noted that this Modification proposed significant changes to the UNC and suggested that it would be beneficial to have a full review of the Legal Text.

RP agreed with TS, noting that whilst he appreciated the proposed changes were driven by changes to National Grid's NTS licence, some sections of the UNC being amended were common to DNOs (Distribution Network Operators) as well and therefore may have an impact on them.

RP highlighted one section of the amended Legal Text that would have a direct effect on DNOs as well as NTS. RP suggested that this Modification was therefore not a housekeeping change.

H Chapman (HC) supported TS and RP's views.

Panel Members discussed whether the Modification would be considered at Transmission or Governance Workgroup. PG confirmed that the Modification would be included in the next Governance Workgroup on 04 August 2021.

Panel Members also discussed how long the Modification should be reviewed at Workgroup and agreed it should report back at the August 2021 Panel.

For Modification 0774 Members determined (13 Panel votes were available for the determinations):



- It is not related to the Significant Code Review, by unanimous vote (13 out of 13).
- The criteria for Self-Governance 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 (13 out of 13).
- The criteria for Fast-Track not met as this Modification is not proposing a house keeping change which has a material impact on the UNC, by unanimous vote (13 out of 13).
- That Modification 0774S be issued to Workgroup 0774 with a report by the 19 August 2021 Panel, by unanimous vote (13 out of 13).

**c) Modification 0775 - Amendment to the Requirement to Conduct the Transporting Britain's Energy Consultation**

A Adams (AA) introduced Modification 0775, explaining this Modification seeks to remove the obligation detailed in UNC TPD Section O for National Grid NTS (National Transmission Service) to conduct the Transporting Britain's Energy (TBE) consultation process in January of each year and instead permit them to issue the consultation once per year on a discretionary basis.

RP requested clarity on the interaction between the TBE consultation and Future Energy Scenarios (FES). AA advised he would provide this at Workgroup.

SH asked why the TBE consultation was issued in January. AA advised he understood this may be because of how it was set out in the Gas 10 Year Statement, noting he would need to confirm this and report back to Workgroup.

R Fairholme (RF) suggested that it would be beneficial to check whether there were any impacts to Shipper licences as a result of the proposed changes to the UNC.

SMP asked whether National Grid had an obligation to carry out the TBE consultation each year. AA confirmed this but noted that the data National Grid received from the FES was of a better quality and therefore used instead of the TBE data, which was why this Modification was being raised.

SM asked whether there would be any impacts on the FES process from the separation between National Grid NTS and Electricity System Operator (ESO).

AA advised that the ESO is already legally separated from National Grid and the FES information is currently provided through a contractual agreement, which should not change post the formal separation. AA highlighted that this had already been raised as part of the pre-modification discussions and was likely to be discussed again at Workgroup.

Panel Questions:

1. Workgroup to consider FES interactions.

2. Workgroup to consider impact of the annual January consultation date.
3. Workgroup to consider the impact on Shipper licences from the Modification.
4. Workgroup to consider any impact on the FES process from the separation of the ESO and National Grid.

For Modification 0775 Members determined (13 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (13 out of 13)
- The criteria for Self-Governance 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 (13 out of 13).
- That Modification 0775S be issued to Workgroup 0775 with a report by the 16 September 2021 Panel, by unanimous vote (13 out of 13).

**275.10 Existing Modifications for Reconsideration**

- a) None

**275.11 Workgroup Issues**

- a) None

**275.12 Workgroup Reports for Consideration**

- a) None

**275.13 Consideration of Workgroup Reporting Dates and Legal Text Requests**

Panel Members determined unanimously to extend the following Workgroup reporting date(s), recorded here with some additional data:

<b>Modification number and title</b>	<b>Current Panel reporting date</b>	<b>Requested Panel reporting date</b>	<b>Reason for request to change Panel reporting date/Comments</b>
0769S - Adding Local Authorities as a new User type to the Data Permissions Matrix	August 2021	September 2021	A revised Modification may be required.
0734S - Reporting Valid Confirmed Theft of Gas into Central Systems	August 2021	November 2021	The Workgroup are still reviewing the process and system impacts of this Modification.

**New Action PAN 07/01:** SM to review if the development of Modification 0734S - *Reporting Valid Confirmed Theft of Gas into Central Systems* can be accelerated.

There were no Legal Text requests.

#### **275.14 AOB**

##### **a) Joint Office New Company Update**

RP provided an update on behalf of the Joint Governance Arrangements Committee (JGAC) noting that significant work had been carried out to set up the Joint Office as a Limited Liability Company (LLC) and the aim was for the LLC to take effect from Autumn of 2021.

SM queried why there was a delay in setting up the LLC from July 2021 to Autumn 2021.

PG advised that Ofgem were currently considering the matter and discussions were ongoing to facilitate the setting up of the Joint Office as an LLC as soon as practicable.

WG requested that a standing agenda item should be added for Panel on this topic.

**New Action PAN 07/02:** Joint Office (PG) to include a standing agenda item for Panel regarding updates on the Joint Office New Company.

##### **b) Legal Text Guidance Document**

K Elleman (KE) advised that the Governance Workgroup had completed a further review of the Legal Text Guidance Document and had proposed the changes captured in v3.0, which had been issued to Panel Members for review. A clean and change marked copy of the document is published here: <https://www.gasgovernance.co.uk/panel/150721>

SH asked for an overview of the discussions at the Governance Workgroup. KE carried out a walkthrough of the suggested amendments and provided some explanations of the amendments made.

Members determined (13 Panel votes were available for the determinations):

- Panel Members unanimously voted approve the Legal Text Guidance Document v3.0.

**c) UNC Appointment Process Update**

KE advised the UNC Appointment Process had closed on 09 July 2021 and elections had not been necessary this year, noting that nominated candidates would commence their appointed roles in October 2021.

KE added that some Committees still had vacancies and that the Joint Office would be requesting further nominations over the coming weeks from the industry, requesting Panel Members to liaise with their colleagues to engage in the process.

KE advised that the next steps would be:

- Further nominations for vacancies (from 19 July to 30 July 2021):
  - EBCC (4 Vacancies)
  - DSC Change Management (2 Shipper Class C Vacancies)
  - DSC Contract Management (1 Shipper Class B Vacancy and 2 Shipper Class C Vacancies)
  - DSC Credit (2 Vacancies)
- Issue Election papers (if necessary, for subsequent vacancies (from 03 to 17 August))
- Joint Office to notify elected representatives by **01 September 2021**
- Nominated User Representative take position on **01 October 2021**

**d) IGT UNC Report- Transporters Response**

RP advised that he intended to reply to the letter from the Independent Chair of IGT UNC Panel on behalf of DNOs.

**275.15 Date of Next Meeting(s)**

10:00, Thursday 19 August 2021, by teleconference.

**Action Table (15 July 2021)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>	<b>Date of Expected update</b>
<b>PAN 06/01</b>	17/06/21	273.9	Joint Office (PG) to create a 6 month Meeting Plan to address the various topics brought up in 0674 representations and an update will be provided at the next Workgroup.	Joint Office (PG)	<b>Closed</b>	<b>July 2021</b>
<b>PAN 06/02</b>	17/06/21	273.9	Joint Office (BF) to monitor any IT issues and update Panel at the July meeting.	Joint Office (BF)	<b>Closed</b>	<b>July 2021</b>
<b>PAN 06/04</b>	17/06/21	273.15	DNOs (RP) to consider options for representing the UNC and Panel at the CCSG.	Wales & West Utilities (RP)	<b>Carried Forward</b>	<b>August 2021</b>
<b>PAN 07/01</b>	15/07/21	275.13	SM to review if the development of Modification 0734S - <i>Reporting Valid Confirmed Theft of Gas into Central Systems can be accelerated.</i>	Gazprom (SM)	<b>Pending</b>	<b>August 2021</b>
<b>PAN 07/02</b>	15/07/21	275.14	Joint Office (PG) to include a standing agenda item for Panel regarding updates on the Joint Office New Company.	Joint Office (PG)	<b>Pending</b>	<b>August 2021</b>

## Appendix A

List Discussion Topics from FMR	Issue	Issue Summary
Relationship with the UNCC and changes to the regulatory oversight and accountability / transparency of PAC activities and authorship of PAFD	Governance / UNCC Oversight	The Modification provided greater autonomy for the PAC than is the case for other UNCC sub-committees - the model draws heavily on the DSC arrangements set out in UNC GTD
The role of the UNCC in the Appeals Process	Appeals Process	Decisions to refer a party to Ofgem may be appealed. Where this is the case, the party may appeal to the UNCC. The UNCC decision will be noted by the PAC, but the UNCC decision is not binding on the PAC
The right for PAC to request information from a party	Request for Information	General Terms Section B offers an opt-out for a party to not provide information to a committee, but this would not apply in the case of PAC and settlement pertinent information
The potential for chairing of meetings by non-Joint Office personnel	Chairing of Meetings	Raised as an option for PAC to co-opt personnel from the PAFA to chairing or providing secretariat support at meetings
The ability of the PAC to raise Modifications	Modification Raising Powers	The PAC should be able to raise PAC relevant Modification
Interactions with IGT UNC suggested in E.ON's representation?	IGT UNC	The IGT operates to a release structure whereas the UNC is more flexible on implementation dates
Apparent discrepancies between the wording in BR2a and the proposed legal text.	Business Rule 2a Issues	Contains reference to UNC Modification Panel & UNCC (although is not in the text)
An apparent discrepancy in quoracy rules	Quoracy	Quoracy test based on members present
Views on the Performance Assurance Objective (PAO), the legal drafting proposed and its effects on:		
Code Parties	Performance Assurance Objective (PAO) on Code Parties	
Non-code Parties	PAO on Non-Code Parties	How would UNC obligation be placed on third parties
It's primacy position in terms of its relative position appearing to be above the Relevant Objectives	Interaction of PAO with Relevant Objectives	Some representations noted that the Relevant Objectives and how they relate to the PAO.

<p>It's lack of proportionality to cost and interaction with other UNC obligations.</p>	<p>Application of PAO and its Proportionality to Cost</p>	
<p>Several representations referred to REC and potential interactions between its performance framework and that being proposed here.</p>	<p>Interaction with REC performance Framework</p>	
<p>Several representations drew reference to the adoption of GTD-like arrangements while noting that these could only be changed by way of Modification</p>	<p>Comparisons with GTD</p>	
<p>Several representations drew reference to cost impacts of the Modification and its implementation</p>	<p>Implementation Costs</p>	