

**UNC Modification Panel
Minutes of Meeting 276 held on
Thursday 19 August 2021
via teleconference**

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy and for A Green O Chapman (OC), Centrica M Jones (MJ), SSE from 10.45am. R Fairholme (RFa), Uniper S Mulinganie (SM), Gazprom Energy	D Lond (DL), National Grid NTS G Dosanjh (GD), Cadent H Chapman (HC), SGN R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	S Hughes (SH), Citizens Advice

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	R Fernie (RFe)	(None)

Also, in Attendance:

- A Barnes (AB), WatersWye
- B Fletcher (BF), Joint Office
- C Aguirre (CA), Pavilion Energy
- D Hisgett (DH), National Grid NTS
- E Fowler (EF), Joint Office
- E Marston (EM), Ancala Midstream
- E Rogers (ER), Xoserve - CDSP Representative
- J Semple (JS), Ofgem
- K Elleman (KE), Joint Office

K Morley-Hurst (KMH), Cornwall Insight

P Garner (PG), Joint Office

P Lucas (PL), National Grid NTS

Y Reid-Healy (YRH), Joint Office

Record of Discussions

276.1 Introduction

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

276.2 Note of any alternates attending the meeting

O Chapman on behalf of M Bellman, ScottishPower

D Fittock on behalf of A Green, Total Gas and Power

S Mulinganie for M Jones, SSE until 10.45am

276.3 Record of apologies for absence

A Green, Total Gas and Power

A Jackson, IGT UNC Panel Chair

A Travell, BU-UK

L Heyworth, Cornwall Insight

276.4 Minutes of the last meeting (15 July 2021)

Panel Members approved the minutes from 15 July 2021.

276.5 Review of Outstanding Action(s)

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

Update: R Pomroy (RP) advised that he has volunteered to represent the UNC Panel for the Cross Code Steering Group activities as the group is established. WG suggested that an item is added to the Panel agenda so that RP can provide updates as required.

RP suggested an agenda item is added as and when he has something of interest to report to Panel.

Closed

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.

Update: S Mulinganie (SM) advised that a number of bilateral meetings have been planned and some undertaken, with an aim of moving the process forward and concluding by the end of August.

Closed

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

Update: P Garner (PG) confirmed that a standing agenda item concerning the new Joint Office company has been included and that the action can now be closed.

Closed

276.6 Consider Urgent Modifications

- a) None

276.7 Consider Variation Request

- a) None

276.8 Final Modification Reports

- a) None

276.9 Consider New, Non-Urgent Modifications

- a) **Modification 0776 - Revision of the Modification Panel Meeting Location Requirement in the Modification Rules**

P Lucas (PL) introduced the modification, explaining that the Modification Rules are geographically specific for Panel meeting locations and that it would be beneficial if a more flexible approach could be included. This is an historical rule although there does not appear to be any justification other than most larger companies were originally based in and around London when the Transco Network Code was established.

PG advised that there would be benefit in considering alternative locations from an environmental and economic point of view. In addition, with a number of parties wanting to take a hybrid approach to meetings there needed to be more certainty about the availability of remote conferencing facilities.

SM would like to see the technology work in practice before committing long term to other locations to ensure parties are not subject to poor conferencing facilities.

PG noted the concerns and highlighted the investment in Joint Office facilities in terms of remote working and in person meetings. PG has also raised questions and expectations with conference facility providers to ensure the technology is suitable for hybrid working regardless of the physical meeting location.

WG agreed the technology needs to be demonstrated and that this should be a consideration for the Workgroup.

S Hughes (SH) asked if would be desirable to include provisions in the text that technology solutions should be encouraged to facilitate wider industry engagement and reduce the need for meeting locations to be fixed.

R Fairholme (RFa) agreed with the approach but felt a more straight forward and easier approach would be remove the location and leave this silent.

D Lond (DL) agreed with the simple approach, although the remote options and ways of working are a separate issue as other workgroups and committees work in different ways and there might be associated impacts.

T Saunders (TS) felt the Modification intent should mean all members were present in the same location or format for a meeting and not a mixed of approach based on individual member preferences for that day.

SM felt a hybrid approach allows individuals to participate regardless of their personal challenges and should encourage wider industry participation.

Panel Questions:

1. Proof of capability for remote conferencing facilities that support hybrid working.
2. Are there potential impacts on other Workgroups and/or Committees?

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

For Modification 0776 Members determined (12 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (12 out of 12).
- The criteria for Self-Governance are met, as this Modification is unlikely to have a material effect on the UNC Modification Rules and governance process, by unanimous vote (12 out of 12).
- That Modification 0776S be issued to Workgroup 0776S with a report by the 21 October 2021 Panel, by unanimous vote (12 out of 12).

b) Modification 0777 - Removal of Obstacles to Market Withdrawal

A Barnes (AB) on behalf of the proposer provided a presentation explaining that this Modification proposes to remove inappropriate obstacles to Users withdrawing from the Uniform Network Code (UNC) and assigning their rights and obligations under it to successors.

RP agreed that this Modification appears to be helping to clarify Code. However, the definition of assignment and novation needs to be understood and how the approach/definition is to be established in Code as he thought novation rather than assignment was required.

AB suggested this is not necessarily how National Grid NTS are interpreting assignment and the aim is to clarify this grey area in Code so that it is clearly understood by all parties.

SH asked why it is considered to be difficult to provide analysis, is there a numerical quantification for parties as a consequence that they can't exit Code – if so, this should be established so that the materiality of the issue can be understood.

AB advised that sleeving arrangements are in place between parties due to commitments to capacity, but these are subject to confidential bilateral arrangements and are unlikely to be provided for Workgroup discussion.

WG noted the concern around confidentiality but felt the Workgroup should be encouraged to discuss and produce supporting analysis at least at a global level so that the materiality of the issues can be understood by Panel and Ofgem.

TS agreed in principle with the approach but felt the Workgroup should be allowed more time to explore the associated credit and energy balancing issues that are likely to surface during discussions.

DL agreed it would be beneficial to add further clarity to Code although there is a difference of opinion in terms of the approach being proposed and this is currently being validated by seeking a legal view. The aim is to support the Workgroup to identify the most suitable approach and he would be supportive of extension to the Workgroup reporting date, but this should be less than 6 months.

SM asked why two months is being requested, is the Modification time critical. The Modification can be brought back early if work is concluded so he could see no problems in extending the reporting date.

AB felt this is an understood issue, the parties seem to want to resolve it and two months seems to be sufficient for this purpose. There are no significant system issues currently identified.

TS challenged that the central systems might be impacted and this would not be clear until an assessment is undertaken by the CDSP.

E Rogers (ER) noted the issues raised and that Xoserve would review the impacts based on options of approach within the Modification and any supporting process information i.e., a manual system approach if volumes are low with a full system option if the volumes warrant the approach.

Panel Question:

1. Consider if there are any associated impacts related to Modification 0779.

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

For Modification 0777 Members determined (12 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (12 out of 12).
- The criteria for Self-Governance are 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 (12 out of 12).
- That Modification 0777 be issued to Workgroup 0777 with a report by the November 2021 Panel, by majority vote (11 out of 12).

c) Request 0778R - Gas Vacant Sites Process review

O Chapman (OC) introduced this Request which is proposing to review the process and treatment of long-term Vacant Sites in Settlement and how these potentially impact unidentified gas. The aim is to review the process end to end to get an understanding of where the issues reside.

SM agreed with the approach and suggested that it needs the right audience and should have its own Workgroup meeting day as operational colleagues are likely to want to be involved in the review. SM suggested a longer period for the review is likely to be required due to the complexity and wide-ranging impacts.

WG asked if it is possible to hold its own workgroup meeting day. PG confirmed this is currently being planned.

TS and RP supported the aims of the review and suggested questions for Workgroup to consider.

SM was concerned that the questions might constrain the Workgroup and its interpretation of the wider issues.

Panel Questions:

1. Consider the interactions with rejected Modification 0282.
2. Why is the existing Isolation and Withdrawal process not working?
3. Identify any potential impacts on charging.
4. Provide quarterly updates to Panel.

Panel Members also discussed how long the Request should be reviewed at Workgroup and agreed it should report back to the August 2022 Panel.

For Request 0778R Members determined (12 Panel votes were available for the determinations):

- That Request 0778R be issued to Workgroup 0778R with a report by the August 2022 Panel, by unanimous vote (12 out of 12).

d) Modification 0779 - Introduction of Entry Capacity Assignments

D Hisgett (DH) explained that this Modification proposes to enable network Users to transfer, in full or in part, both the Capacity and associated financial Liability at an Aggregated System Entry Point (ASEP).

RP felt there is an overlap between this Modification and Modification 0777. DH advised they touch the same area but do not interact and have consequences for each other.

RP suggested a joint report might be needed. DL noted the concerns but stated that he was reasonably comfortable the Modifications would not impact each other in terms of development, and both could be implemented without impacting the other.

WG noted RP's concerns and suggested that consideration needs to be given to the fact that both Modifications could potentially impact the same sections of Code text and create implementation issues.

SM suggested a Panel question for Workgroup to consider this potential issue.

Panel Question:

1. Consider if there are any associated impacts related to Modification 0779.

Panel Members also discussed how long the Modification should be reviewed at Workgroup and agreed it should report back at the February 2022 Panel.

For Modification 0779 Members determined (12 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (12 out of 12).
- The criteria for Self-Governance are 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 (12 out of 12).
- That Modification 0779 be issued to Workgroup 0779 with a report by the 17 February 2022 Panel, by unanimous vote (12 out of 12).

e) Modification 0780 - Amendment to Gas Quality NTS Entry Specification at the St Fergus SAGE System Entry Point

E Marston (EM) explained that this is an enabling Modification to facilitate a change to the current contractual carbon dioxide limit at the St Fergus SAGE System Entry Point, through modification of a network entry provision contained within the Network Entry Agreement (NEA) between National Grid Gas plc and SAGE North Sea Limited (SNSL) in respect of the St Fergus SAGE Sub-Terminal.

EM noted that volumes of gas delivery are declining at SAGE and therefore the mix of CO₂ is reducing to what it was previously delivered at SAGE which was required to be processed out to ensure gas remained within the NEA limits. There are various reasons for this associated to the connected fields and Shipper contract mix.

The proposal is to retire the current processing plant and therefore improve efficiency and economic operation of the site and use blending with gas being delivered by other nearby terminals to manage CO₂ levels.

WG asked if there were any direct contractual arrangements between the terminals directly. EM confirmed that each terminal has its own bilateral arrangements with National Grid and the assumptions in the analysis provided are based on theoretical maximums of CO₂ parts per million from SAGE and other terminals in the area where blending is proposed to occur.

SM challenged if 4 months development time is sufficient considering the analysis required.

EM felt 4 months was sufficient as National Grid has supported the development of analysis which has been published alongside the Modification which should aid Workgroup consideration of the Modification.

Panel Question:

1. Make a recommendation on the Self-Governance status of the Modification.

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

For Modification 0780 Members determined (12 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (12 out of 12).
- The criteria for Self-Governance are 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 (9 out of 12).
- That Modification 0780S be issued to Workgroup 0780S with a report by the December 2021 Panel, by majority vote (11 out of 12).

276.10 Existing Modifications for Reconsideration

- a) None

276.11 Workgroup Issues

- a) None

276.12 Workgroup Reports for Consideration

- a) **Modification 0760 - Introducing the concept of a derogation framework into Uniform Network Code (UNC)**

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to Consultation.

It was noted that 15 Days consultation would close on 10 September and would therefore need to be considered at Short Notice at the September 2021 UNC Modification Panel.

Noting the recommendation in the Workgroup Report that consultation should be for at least 15 Days, with the Final Modification Report being discussed at the October 2021 Panel, Members determined that consultation should be for 20 Days.

For Modification 0760, Members determined (12 Panel votes were available for the determinations):

- Modification 0760 be issued to consultation with a close out date of 20 September 2021 (this includes a deemed request for Legal Text) and considered at the 21 October Panel, by unanimous vote (12 out of 12).

b) Modification 0765 - New retrospective debit and credit charges to reflect changes to the treatment of Entry Capacity Revenue between October and December 2020

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to Consultation.

SH noted a question in the Workgroup Report and suggested Panel should consider if views should be sought from Consultation respondents.

SM challenged that the proposed question was from an industry participant and not a recommendation from the Workgroup, should this be a Panel question without a Workgroup recommendation of Panel justification to do so. It was noted a Panel member could ask a question if they chose to propose it.

SH noted the concern but wanted to ensure the Consultation included appropriate questions to ensure a Panel and/or Ofgem decision is informed but noted it was not a Workgroup recommendation.

DF felt some consideration should be given to whether respondents would answer the suggested question as it seems to be a commercially sensitive issue.

WG noted the concerns while also noting that Panel should be comfortable that at some point in time, they will need to address the retrospective nature of the modification which historically seems to be a very sensitive issue.

SM felt retrospection would be addressed by respondents as it is a key feature of the modification.

SH noted the concerns and suggested National Grid might want to consider the question and if it should be amended.

DL agreed with the concerns raised and that respondents will address the retrospective nature of the modification without being prompted by a question.

It was agreed that Consultation would be for 20 Days and the Final Modification Report would be considered at the October 2021 UNC Modification Panel.

For Modification 0765, Members determined (12 Panel votes were available for the determinations):

- Modification 0765 be issued to consultation with a close out date of 20 September 2021 (this includes a deemed request for Legal Text) and considered at the 21 October Panel, by unanimous vote (12 out of 12).

c) Modification 0769S - Adding Local Authorities as a new User type to the Data Permissions Matrix

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to Consultation.

It was agreed that Consultation would be for 15 Days and would therefore be considered at Short Notice at the September 2021 UNC Modification Panel.

For Modification 0769S, Members determined (12 Panel votes were available for the determinations):

- Modification 0769S be issued to consultation with a close out date of 13 September 2021 (this includes a deemed request for Legal Text) and be considered at Short Notice at the 16 September Panel, by unanimous vote (12 out of 12).

d) Modification 0774S - Alignment of UNC TPD to the National Grid Licence in respect of the NTS

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to Consultation.

It was agreed that consultation would for 10 Days and would therefore be considered at the September 2021 UNC Modification Panel.

For Modification 0774S, Members determined (12 Panel votes were available for the determinations):

- Modification 0774S be issued to consultation with a close out date of 03 September 2021 (this includes a deemed request for Legal Text) and be considered at the September Panel, by unanimous vote (12 out of 12).

276.13 Consideration of Workgroup Reporting Dates and Legal Text Requests

Panel Members determined unanimously to extend 1 out of 3 of the following Workgroup reporting date(s), recorded here with some additional data:

Modification number and title	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0761 - Arrangements for Interconnectors with additional Storage capability	September 2021	October 2021	1 Month Extension Approved – Workgroup require more time
0772 - Transparency Improvements to the Process for Changing Gas Quality Limits in NTS Connection Agreements	September 2021	September 2021	Extension rejected as an extra Workgroup meeting is planned prior to September Panel. Workgroup Report to be submitted at Short Notice
0775 - Amendment to the Requirement to Conduct the Transporting Britain's Energy Consultation	September 2021	September 2021	Extension rejected as an extra Workgroup meeting is planned prior to September Panel. Workgroup Report to be submitted at Short Notice

Legal Text Requests:

0774S - Alignment of UNC TPD to the National Grid Licence in respect of the NTS was deemed.

276.14 AOB

a) UNC Appointment Process Update

K Elleman (KE) provided an overview of the conclusion of the UNC User appointment process, advising that no elections were required and that a formal notification of appointments is to be circulated by 01 September 2021.

In response to a question concerning the appointment of a non-domestic consumer representative, PG advised that Ofgem have been provided with two nominations from industry participants and that the Joint Office is now awaiting further communication from Ofgem.

WG asked if R Fernie (RFe) had a view on the nominations proposed and if there was a decision on the non-domestic consumer representative due soon.

RFe advised that Ofgem are considering the information provided and aim to make a decision soon.

WG asked for the reasons for the delay, is it process, or individuals concerned that is causing the delay.

RFe advised that they were considering the information provided which is very limited and that they were considering what additional information they might require to complete the appointment process.

SH wanted to understand the wider industry engagement process and why there were no elections.

PG advised that the industry is notified through the registered Single Points of Contact for each organisation to seek nominations for the various Panel and Committee memberships. In addition, awareness notifications are sent, and meeting chairs remind attendees at various points in the nominations process. It was noted that responses to nominations can be different each year, with some years requiring elections and others not.

WG agreed with the challenge and that it should be considered beneficial where there is a churn in memberships to ensure different points of view are brought forward.

DF noted that the BEIS/Ofgem Codes review might change the process in future years, while also detracting from industry engagement as parties wait to see what the new landscape looks like.

PG agreed with the potential Codes review impacts, noting that the consultation proposals is not to have industry Panels and suggested members review the proposals as they will have significant impacts in future.

b) Joint Office New Company Update

PG asked members to note that following on from recent updates to the industry, Ofgem have requested further clarity in terms of the establishment of the new company. The Joint Governance Arrangements Committee (JGAC) are working through the questions and then intend to provide a response to Ofgem, although this is expected to be an iterative process.

OC asked if the Ofgem/JGAC questions and responses will be circulated to the wider industry.

PG did not believe it would be appropriate to provide these at this time due to the nature of the discussions – there might also need to be further iterations and questions as the process concludes. PG noted the concerns and advised that further information and industry engagement will be forthcoming.

WG suggested PG asks for a view from JGAC in terms of managing this process with stakeholders and that regular updates are provided to allow members to get a view of likely timelines and potential impacts as the process moves forward.

c) NEW Modification Template – Reminder

KE reminded members that the new template has been implemented and that for a short period of time the Joint Office has been converting new modifications submitted on the previous version of the template to the new template. However, in future, new modifications submitted on the older versions of the template will be rejected.

d) Energy code reform: governance framework

SH suggested the industry codes review should be on Panel agenda as it is with other Panels he attends.

WG noted that it would have been useful to receive an update from Ofgem in terms of the consultation aims, while also noting it would have been a difficult exercise to coordinate this activity across the various Code Panels.

RFe advised that an industry wide workshop had been arranged and that the consultation runs until 28 September.

WG advised that she had received an individual call from BEIS/Ofgem concerning the proposed consultation and had hosted a briefing call for all industry Panel chairs.

PG recommended that parties consider providing a response to the Consultation, expressing a view that it is likely a representation will be provided by the Joint Office as an organisation but not on behalf of Panel as this should be down to individual member organisations.

SM challenged why the Joint Office is intending to provide a response when it is not separate from the Transporters.

PG advised that Transporters provide the Joint Office and its head with a degree independence to demonstrate its impartiality, therefore providing a response as Code Administrators demonstrate this independence as its views might be different to that of Transporters.

SH noted that other Panels are discussing the consultation proposals but not necessarily to provide a Panel response.

KE advised this is a standing item for the Governance Workgroup.

See a related discussion in the UNCC meeting 213 Minutes, item 213.6 AOB c)
<https://www.gasgovernance.co.uk/uncc/190821>

e) Response to IGT UNC Panel from R Pomroy

RP advised that he had circulated to members his response to the IGT UNC Panel Chairs paper *IGT UNC Cross Code Working Report* which was discussed at the May 2021 Panel meeting.

In addition, he had attended the IGT UNC Panel to provide his views with the aim of supporting the coordination of change across both Codes.

276.15 Date of Next Meeting(s)

10:00, Thursday 16 September 2021, by teleconference.

WG advised that currently the working assumption is the September meeting will be a Teams meeting.

PG agreed and advised that the Joint Office will write to its stakeholders to ask what they want from meetings in future, suggesting the hybrid model is likely to be the process going forward with fully face to face meetings from January 2022 or April 2022, based on industry views on the approach to be going forward.

New Action PAN 08/01: Joint Office (KE) to write to stakeholders seeking views on the approach to hosting future industry meetings e.g. All teleconference, hybrid or face to face and the timescales for each.

Action Table (19 August 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 06/04	17/06/21	273.15	DNOs (RP) to consider options for representing the UNC and Panel at the CCSG.	Wales & West Utilities (RP)	Closed	
PAN 07/01	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)	Closed	
PAN 07/02	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)	Closed	
PAN 08/01	19/08/21	276.15	Write to stakeholders seeking views on the approach to hosting future industry meetings e.g. All teleconference, hybrid or face to face and the timescales for each.	Joint Office (KE)	Pending	September 2021