

UNC Modification Panel
Minutes of Meeting 286 held on
Thursday 20 January 2022
via teleconference

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy M Bellman (MB), ScottishPower and alternate for D Morley O Chapman (OC), Centrica R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom Energy	A Travell (AT), BU-UK D Lond (DL), National Grid NTS D Mitchell (DM), SGN G Dosanjh (GD), Cadent R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	S Hughes (SH), Citizens Advice E Proffitt (EP), Major Energy Users' Council

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	J Semple (JS)	(None)

Also, in Attendance:

A Blair (AB), Interconnector (UK) Limited
A Ryan, (AR), Ofgem
C Aguirre (CA), Pavilion Energy
C Caple (CC), E.On
D Addison (DA), Xoserve
D Hisgett (DH), National Grid NTS
E Rogers (ER), Xoserve - CDSP Representative
H Moss (HM), Cornwall Insight

K Elleman (KE), Joint Office

L Jauss (LJ), RWE

B Fletcher (BF), Joint Office

P Garner (PG), Joint Office

R Hailes (RH), Joint Office

R Hewitt (RHe), BBL

T Addy (TA), Gemserv

Record of Discussions

286.1 Introduction

The UNC Modification Panel Chair, Wanda Goldwag (WG), welcomed all attendees and advised that Andrew Ryan from Ofgem wanted to provide an update on the decisions being taken for Modifications 0687V and 0797.

A Ryan (AR) advised that the decisions for Modifications 0687V and 0797 should be provided later today and Ofgem's minded to position is to implement Modification 0797.

WG welcomed the statement from AR, requesting that any notification provided to the Joint Office are within the usual office hours.

286.2 Note of any alternates attending the meeting

M Bellman on behalf of D Morley, Ovo Energy

T Addy on behalf of A Jackson, Gemserv

286.3 Record of apologies for absence

A Jackson, Gemserv

D Morley, Ovo Energy

286.4 Minutes of the last meetings (14 December 2021, 16 December 2021 and 12 January 2022)

Panel Members noted some minor amendments had been suggested to the minutes from 14 and 16 December. The amendments were accepted and the minutes from 14 December and 16 December 2021 were approved. It was agreed that the minutes from 12 January 2022 would be reviewed at the February 2022 Panel meeting.

286.5 Review of Outstanding Action(s)

PAN 11/03: Joint Office (KE) to review and consider the criteria for Urgency Procedures within the Governance Workgroup.

Update: K Elleman (KE) confirmed that the Governance Workgroup had reviewed the current process to see whether a Modification could progress under an expediated timetable. The Governance Workgroup did confirm that the current Modification rules were sufficiently flexible to allow a Modification to progress under an expediated timeline, if required. Discussions would continue at the Governance Workgroup.

It was noted that a Modification is likely to be raised which will cover 'exceptional circumstances' and S Mulinganie (SM) advised that he intended to raise a Modification to include "exceptional circumstances" in Code.

WG noted that it should be related to acts of God or similar significant circumstances and should not be used to replace the usual Modification or urgency processes. SM agreed with this view.

Closed

PAN 12/01: Related to Modification 0761. Ofgem Representative J Semple (JS) to liaise with colleagues at Ofgem and BEIS and seek BEIS' attendance at the Workgroup where this Modification will be discussed.

Update: J Semple (JS) advised that an Ofgem representative attended Workgroup 0761. However, it is for Panel to seek its own opinions and not rely on Ofgem to provide this view, as their responsibility is to ensure wider industry governance and not specific legal interpretation.

R Hailes (RH) advised that an update on the action had been provided by BEIS confirming that a further response is to be provided to focus on setting out the status of EU-derived law within English law now that the UK has left the EU. It will not constitute legal advice on the question of whether interconnectors are permitted to offer storage services. Where there is a difference of opinion it will be down to individual parties to determine how this would impact the Modification and its assessment. R Fairholme (RF) felt this will answer the question in terms of the Workgroup action and progressing the Modification. D Lond (DL) wanted to understand what the information will be required or how the Modification can progress to the next step. KE confirmed that the next steps can be discussed when considering the agenda item 286.9 a) for Modification 0761.

Closed

PAN 12/02: Ofgem Representative (JS) to liaise with Ofgem Policy Lead for engagement with Panel Members in developing a new expedited process to deal with emergencies.

Update: See discussion under action PAN11/03 above, discussion to continue at Governance Workgroup.

Closed

PAN12/03: Gazprom Energy S Mulinganie (SM) to draft a Modification setting out the suggested expedited governance process for managing a national emergency.

Update: See discussion under action PAN11/03 above.

Closed

286.6 Consider Urgent Modifications

- a) None

286.7 Existing Modifications for Reconsideration

List of Modifications awaiting Ofgem Decisions:

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

JS advised that this Modification is currently being considered and a decision will be provided in the next few days.

- b) **Modification (Urgent) - Contingency Gas Procurement Arrangements when a Supplier acts under a Deed of Undertaking 0791**

JS advised that this Modification is currently being considered and a decision will be provided in due course.

286.8 Consider Variation Request

- a) None

286.9 Final Modification Reports

- a) **Modification 0761 - Arrangements for Interconnectors with additional Storage capability**

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0761>.

Panel Members noted the Supplemental Report provided by the Workgroup and that it would not be beneficial to send this Modification back to Workgroup, although it was suggested that consideration should be deferred until the response related to action **PAN12/01** above was provided by BEIS.

A number of Panel Members agreed as the BEIS update might provide useful insight to Panel when make its determinations.

It was proposed that a vote should be taken on deferring consideration to the February Panel or an extraordinary Panel if a response is received from BEIS whichever is sooner.

Panel Members then determined that (14 Panel votes were available for the determinations):

- Modification 0761 will be deferred to the February Panel or an extraordinary meeting subject to a BEIS response being received, by unanimous vote (14 out of 14).

b) Modification 0785 - Application of UNC processes to an aggregated Bacton (exit) Interconnection Point

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0785>.

Panel Members then determined that (14 Panel votes were available for the determinations):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- Modification 0785 is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- Modification 0785 has no Cross Code impacts, by unanimous vote (14 out of 14).
- Modification 0785 recommended for implementation, by unanimous vote (14 out of 14).

c) Modification 0795S - Arrangements for charging for revenue to pay valid Last Resort Supplier Payment claims

<https://www.gasgovernance.co.uk/0795>.

Panel Members agreed to defer consideration to the February Panel meeting noting that this Modification had links to 0797 and 0687V and therefore agreed to wait until the Ofgem decision letter had been published.

Panel Members then determined that (14 Panel votes were available for the determinations):

- Defer consideration to February 2022 Panel, by Unanimous Vote

286.10 Consider New, Non-Urgent Modifications

a) Modification 0798 – Enablement of Exit Assignment process at Interconnectors

D Hisgett (DH) introduced this Modification explaining it seeks to correct an omission in the legal text of implemented Modification 0755S and therefore it is requested that the Modification follows Fast-Track Self-Governance.

R Pomroy (RP) asked if the issues are in the UNC or CAM, as EID is part of UNC and not CAM and the two need to be separated. The Modification seems to say Modification 0755S legal text is deficient and didn't modify all the relevant parts of the UNC or EID. DH agreed, there is a deficiency in Code, the objective is not to say EID isn't part of the UNC but changes were required to ensure the intent of Modification 0755S is implemented.

SM challenged the intent of the Modification using the Fast-Track process and that by amending or removing a "for avoidance of doubt" statement might materially change the intent of the Modification. SM suggested the inclusion of extra text to clarify this position in the Modification and not to remove the "for avoidance of doubt" statement which was included for a reason.

DL felt the intent is clear and the Fast-Track process was suitable but noted that the Modification could be issued to Workgroup for 1 month to clarify any concerns.

Panel Question to Workgroup:

Q1. is the removal of text (avoidance of doubt statement) appropriate and if so why, and what are the potential consequences?

Q2. Does this impact the governance of the Modification?

For Modification 0798 Members determined (14 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- There are no Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance not met, as this Modification is likely to have a material effect given the changes to legal text reviewed by Panel Members which were felt to be significant and could change the intent of the original Modification and therefore potentially impacts UNC governance,
 - vote (8 out of 14).
- Modification 0798 is issued to Workgroup 0798 with a report to be presented to the February Panel, by unanimous vote (14 out of 14).

b) Modification 0799 - UNC arrangements for the H100 Fife project (100% hydrogen)

D Mitchell (DM) presented this Modification, advising it is proposing to establish UNC processes to support a project that is trialling the use of hydrogen in a geographically defined area and network.

WG asked if the Modification is within the scope of *Modification 0760 - Introducing the concept of a derogation framework into Uniform Network Code (UNC)* which is currently with Ofgem for a decision.

RP noted that Modification 0760 would support the process but did not cover the full scope of this Modification. DM agreed that a Modification would have been required even if Modification 0760 had been implemented.

SM asked if this is transitional or enduring process for managing hydrogen networks within the UNC. DM advised it would be transitional at this time as it is for a geographical defined trial area and for a defined period of time.

T Saunders (TS) advised that as proposer of Modification 0760, Ofgem are seeking a meeting to discuss the progression of the Modification 0760 decision.

JS confirmed that Ofgem are finalising their decision on Modification 0760 but was unsure how this would impact the timeline for this Modification.

SM asked if there were any non-domestic sites within the trial boundary. DM confirmed the area is all domestic sites and no IGTs were involved.

A Travell (AT) asked if this is geographically ring-fenced trial with a separate network, why was there a need to use the UNC, why not separate arrangements. DM confirmed the aim is to minimise any potential disruption to consumers by minimising the use of different processes.

DL noted that as the area is being carved out, there is no energy balancing or other risks. DM confirmed this should be ring fenced with no wider impacts on Code parties.

M Bellman (MB) wanted to know why this is a UNC issue when it is a separate network and therefore not connected to the DNO network. Is it a parallel network and could be managed outside of the UNC.

DM advised the aim is to run the trial area as parallel networks so there is no difference between being connected to the Natural Gas or Hydrogen network depending on the specific consumer choice. The consumer experience can be maintained in terms of choice of supplier and being able to switch, therefore using existing UNC processes where possible is desirable.

R Hewitt (RHe) provided an overview of the Scottish Independents networks process used in the past which maintains the consumer as if they were connected to the main distribution networks, when they were connected to a discrete liquified natural gas network.

RF noted the points made and the work being undertaken by other projects. He suggested that this Modification cannot be rushed through the process and based on the questions raised so far, challenged if a report was possible in 3 months.

RP noted that other DNOs are submitting trial proposals for hydrogen villages and there will need to be similar process to evolve the concepts, possibly more involved than those currently proposed.

S Hughes (SH) asked if the previous comments mean that other projects might be able to use these rules and processes. RP confirmed the solutions will be more encompassing as other projects may well include non-domestic sites and IGTs but this could be a starting point for each new project.

SM noted that there is a consultation on future billing scenarios and feels this Modification is unlikely to be concluded within 3 workgroups due to the complexity of the issues involved – is the Modification time critical. DM confirmed that time is of the essence, and they will consider how the issues can be expedited prior to the Workgroup process commencing.

RP asked about the Ofgem “sandbox” process for managing trial arrangements. DM confirmed this has not explored with Ofgem.

T Addy (TA) noted that the Modification as drafted should have no impacts on IGTs therefore they have no concerns based on the current ringfence but would keep this and any other similar Modifications under review.

RP suggested an individual Workgroup is established so that meetings can be arranged as needed and the correct focus applied.

MB asked if there are any SEC or REC issues due to changes to metering arrangements. DM was unaware of any issues, but it was noted that the meters would be hydrogen specific for the hydrogen network.

SH and RF wanted to understand when an Ofgem decisions is needed by and can Ofgem turn this decision around within the required timeline to allow this project to proceed.

DM agreed to provide a project plan for the first workgroup meeting to establish target dates for workgroup development and submission of the Final Modification Report to Ofgem.

Panel Question to Workgroup:

Q1. Does the Modification have a potential impacts on the (Switching) SCR?

Q2. Do the Workgroup agree with the Proposer's view on the SCR?

Q3. Does the Modification have any potential IGT & other Code impacts?

For Modification 0799 Members determined (14 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance 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 (14 out of 14).
- Modification 0799 is to be issued to Workgroup with a report by the 21 April 2022 Panel, by majority vote (9 out of 14).

286.11 Workgroup Issues

- a) None

286.12 Workgroup Reports for Consideration

- a) **Modifications 0779 0779A - Introduction of Entry Capacity Assignments [with Defined End Date]**

Panel Members noted the Workgroup Report recommended that that these Modification should be issued to Consultation.

For Modifications 0779 0779A, Members determined (14 Panel votes were available for the determinations):

- Modification 0779 0779A to be issued to consultation with a close out date of 11 February 2022 and to be considered at the 17 February 2022 Panel at Short Notice, by unanimous vote (14 out of 14).

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

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

For Modification 0780S, Members determined (14 Panel votes were available for the determinations):

- Modification 0780S to be issued to consultation with a close out date of 11 February 2022 and to be considered at the 17 February 2022 Panel at Short Notice, by unanimous vote (14 out of 14).

- c) **Modification 0784S - Transition to the Central Switching Service and the Retail Energy Code v3.0**

Members noted that there is a request to consider the Workgroup Report at Short Notice.

Members noted that there is a deemed request for the provision of legal text. G Dosanjh (GD) confirmed the legal text is suitable for inclusion in the Draft Modification Report.

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

For Modification 0784S, Members determined (13 Panel votes were available for the determinations):

- To be considered at Short Notice, by unanimous vote (13 out of 13)
- Modification 0784S to be issued to consultation with a close out date of 11 February 2022 and to be considered at the 17 February 2022 Panel at Short Notice, by unanimous vote (13 out of 13).

d) Modification 0793S - Determination of Charging Area CVs (Daily CVs) – Modification of Calculation Process Arrangements

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

For Modification 0793S, Members determined (12 Panel votes were available for the determinations):

- Modification 0793S to be issued to consultation with a close out date of 11 February 2022 and to be considered at the 17 February 2022 Panel at Short Notice, by unanimous vote (12 out of 12).

286.13 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:

Modification number and title	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0782 - Creation of Independent AUGÉ Assurer (IAA) role	February 2022	May 2022 – pending update from proposer	Extension Requested – to ensure time is allowed to review the current assurance process.

Legal Text Requests

UNC Modification Panel Members discussed a number of Legal Text Requests and determined unanimously to make Legal Text Requests for the following Modification(s):

Legal Text Requests for Modifications
0796 - Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging

286.14 AOB

a) Panel Voting Arrangements

KE advised that there was no consensus to make wide scale changes to Panel voting and where there is an implementation Vote saying “silent” is not making an affirmative vote in favour and does not impact the overall number of Votes eligible to be counted.

TS requested to understand if a Self-Governance implementation vote is taken, there is a different interpretation in the Modification Rules as it should be compared to votes exercised and not exercisable.

WG noted the concerns and suggested the issue was reconsidered at the next Governance Workgroup meeting to identify words that could be used to ensure members votes and intentions can be provided when accessing meetings remotely.

b) UNC Modification Proposals – Guidance for Proposers Document

KE advised that this document was available for its annual review and requested Panel Members to provide comments should they wish to review the document. The document was last reviewed at the May 2021 meeting and no further changes are proposed now.

TS asked if the Modification templates could be a reviewed to remove all of the guidance text and have the information published alongside (in this document) rather than within the templates.

New Action PAN01/01:	Review Modification templates to consider removing guidance text and if the text should be included in the guidance document	Joint Office (KE)
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c) Faster Switching SCR Update

D Addison provided a presentation on the provision of legal text to Ofgem to support the Faster Switching programme, this is the 4th iteration provided. This presentation has been discussed at Workgroup.

The presentation slides are published on the Joint Office website:
<https://www.gasgovernance.co.uk/SCR/switching>

d) Consultation for Modifications 0786 and 0787

Consultation for both Modifications 0786S and 0787S closed out on Tuesday 18 January 2022 with no industry representation provided for either Modification. The Final Modification Reports are to be considered at February Panel.

DL advised that technical issues prevented the provision of their representations, although it had been their intention to submit them on time. He also noted that it was not anticipated there would be significant industry submissions as these arrangements were limited in terms of impacted parties and Modifications were required to support the governance process.

RHe noted that BBL would be willing to provide representations if they would be accepted late and apologised for their error in not providing them on time.

Members agreed that representations would be accepted late for these Modifications and that the Joint Office is to notify industry parties.

e) Cross Code Survey

JS advised that Ofgem have published the annual Cross Code survey results. This is the 4th year of the survey and that the survey focused on questions relating to various aspects of Code Governance and performance and she hoped members would find it useful.

WG asked why the survey makes no reference to the size and cost base of the various Code bodies as this would make a useful comparator.

JS agreed to make this point to colleagues within Ofgem.

RP noted the sample sizes and was a concern as there is an initial statement but does not feature wider in the report, particularly where sample sizes are very small. There does not seem to be an analysis of statical variation in the process and how these variations might cause significant performance variation but only from a very small sample of perhaps 1 or 2 individuals.

P Garner (PG) was disappointed in the feedback from the survey results and that Ofgem had ignored the Panel view that the survey should be delayed until the industry was back on a level footing when considering the impacts of the pandemic. PG was also concerned that sample sizes were very low and that the results of were limited use in terms of identifying how widespread views were in the industry. However, lessons can be learned and that a Joint Office update will be provided to the March Panel.

AT noted concerns related to costs and size of organisation but that this survey was also around perception and how respondents feel about the provision of the services, and it should still be considered relevant.

D Fittock (DF) noted the grey area between Code Administrator and Code Manager and that it is difficult to compare one to the other as their roles are very different. He noted that as a Panel member he was not asked to provide views on the UNC which he found difficult to understand.

286.15 Date of Next Meeting(s)

10:00, Thursday 17 February 2022, by teleconference

Action Table (20 January 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 11/03	18/11/21	281.14 b)	Joint Office (KE) to review and consider the criteria for Urgency Procedures within the Governance Workgroup.	Joint Office (KE)	Closed	
PAN 12/01	16/12/21	284.9 a)	Ofgem Representative (JS) to liaise with colleagues at Ofgem and BEIS and seek BEIS' attendance at the Workgroup where this Modification will be discussed.	Ofgem (JS)	Closed	
PAN 12/02	16/12/21	284.14 a)	Ofgem Representative (JS) to liaise with Ofgem Policy Lead for engagement with Panel Members in developing a new expedited process to deal with emergencies.	Ofgem (JS)	Closed	
PAN 12/03	16/12/21	284.14 a)	Gazprom Energy (SM) to draft a Modification setting out the suggested expedited governance process for managing a national emergency.	Gazprom Energy (SM)	Closed	
PAN 01/01	20/02/22	286.14 b)	Review Modification templates to consider removing guidance text and if the text should be included in the guidance document	Joint Office (KE)	Pending	17 February 2022