

UNC Modification Panel
Minutes of Meeting 290 held on
Thursday 19 May 2022
via teleconference

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy D Morley (DM), Ovo Energy M Bellman (MB), ScottishPower O Chapman (OC), Centrica R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom Energy and for E Proffitt (EP) from 11:15	A Travell (AT), BUUK D Lond (DL), National Grid NTS D Mitchell (DMi), SGN G Dosanjh (GD), Cadent R Pomroy (RP), Wales & West Utilities and for T Saunders (TS),	S Hughes (SH), Citizens Advice E Proffitt (EP), Major Energy Users' Council until 11:15

Non-Voting Panel Members:

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

Also, in Attendance:

E Rogers (ER), Xoserve - CDSP Representative

H Moss (HM), Cornwall Insight

J Bates (JB), National Grid NTS

M Bhowmick-Jewkes (MBJ), Joint Office

P Garner (PG), Joint Office

R Hailes (RH), Joint Office

T Davies (TD), Barrow Shipping Ltd (*only for Modification 0808*)

T Lattimore (TL), Gemserv

Record of Discussions

290.1 Introduction

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

290.2 Note of any alternates attending the meeting

R Pomroy on behalf of T Saunders, Northern Gas Networks

S Mulinganie on behalf of E Proffitt, Major Energy Users' Council

290.3 Record of apologies for absence

T Saunders, Northern Gas Networks

E Proffitt, Major Energy Users' Council from 11:15

290.4 Minutes of the last meetings 21 April 2022

Panel Members noted a minor amendment to the minutes from 21 April 2022. The amendment was accepted, and the minutes were approved.

290.5 Review of Outstanding Action(s)

PAN 02/01: National Grid NTS and CDSP (ER) to provide an update on Gemini system updates at the next Panel Meeting.

Update: E Rogers (ER) advised that the CDSP was unable to provide an update on the replacement Gemini system as they were not involved in the works being carried out.

D Lond (DL) asked for the action to be worded more clearly, noting he would try to provide an update at the June Panel. WG suggested this action could be closed and a new action taken for National Grid to update Panel Members on the Apollo system (Gemini replacement), including the tendering process.

E Proffitt (EP) requested regular quarterly updates and more frequent updates when substantial works were being carried out. DL accepted this request.

<p>PAN 05/01: National Grid (DL) to provide regular quarterly updates to the UNC Modification Panel on the Apollo system developments.</p>

Closed

290.6 Consider Urgent Modifications

a) None.

290.7 Consider Variation Request

a) None.

290.8 Final Modification Reports

a) Modification 0771S - Removal of the absolute requirement to include a Remotely Operable Valve (ROV) Installation for all new NTS Entry connections

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0771>

D Morley (DM) noted that there was a possibility of out of specification gas being in the system and asked what the impact of this would be. D Lond (DL) advised that there were no risks from this in accordance with the Health & Safety Executive (HSE) report.

D Mitchell (DMi) sought a view of the HSE report and asked what the cost difference between the different valves was. DL explained the difference in cost was approximately £250k.

D Fittock (DF) stated that making a determination on this Modification without a view of the HSE report could be inappropriate. M Bellman (MB) agreed with this view.

S Mulinganie (SM) suggested that it was not within Panel's vires to question the HSE report as it would set a dangerous precedent and could result in safety cases being opened.

DF asked why the HSE report was not included in the Modification. DL advised that HSE reports are usually not included in a Modification, as they are held between the Network Operator and HSE. DL added that in this case, the HSE had specified that the change arising from this Modification was non-material and they were comfortable for it to progress.

WG noted that where a HSE report has been prepared, the implication was for the industry to trust it.

E Proffitt (EP) asked whether a previous HSE report had recommended one of these valves and whether the proposed changes would benefit new connectors.

DL explained that a requirement for new valves had not previously been flagged by HSE but arisen out of an evolving understanding of the network needs. DL added, new customers would benefit from this, but similarly existing customers would not be charged for them if they could not have these valves fitted.

WG highlighted that whilst the consultation to this Modification had not received too many representations, Panel Members were raising technical questions at this stage, which was not ideal.

DL remarked that this was an example of lack of industry engagement at Workgroup and concerns being raised at Panel.

S Hughes (SH) asked whether the issues being discussed had been raised at Workgroup, and if not, were they considered to be new issues. SH also asked Panel Members to consider why these issues had not been raised in a more material manner at Workgroup previously.

R Hailes (RH) advised on behalf of the Workgroup Chair that the HSE report had been discussed at Workgroup and its findings had been accepted.

SH highlighted that there appeared to be some discrepancy between the Workgroup's views and that of Panel and asked for clarity for the reason behind this.

SM advised that as no concerns have been flagged by the HSE, the reports findings should be sufficient to provide clarity on safety.

MB asked whether safety was the only consideration or whether protection of quality should also be considered. DL explained that quality was linked to cyber security as ROVs have a risk of cyber interaction but noted that this risk should be mitigated.

DL noted that if there was a risk of downstream investment by Distribution Network Operators (DNOs), HSE would not have given their approval as it would raise safety concerns.

WG stated that discussing the findings of a HSE reports was not within the remit of Panel. P Garner (PG) confirmed this adding that the Joint Office do not review them as these reports are held between the DNOs and the HSE.

G Dosanjh (GD) suggested that this Modification could be sent to Ofgem for a decision rather than following Self-Governance procedures, with Panel making a recommendation rather than a decision based on not having sight of the HSE report.

SM agreed with the suggestion, noting that Ofgem likely have a Memorandum of Understanding (MoU) for cooperation between Ofgem and HSE, enabling them to seek further information if required.

WG invited the Ofgem Representative, J Semple (JS) for views. JS was unable to comment on Ofgem's relationship with the HSE but noted Ofgem would be happy to accept Panel's recommendations.

WG asked Panel Members to advise whether they were concerned the decision in the HSE report was wrong.

DF noted that as this Modification currently followed Self-Governance procedures, Panel Members are the arbiters of decision, which was why further scrutiny was required. DF suggested he would support referring the Modification to Ofgem for a decision instead.

R Pomroy (RP) highlighted that to send this Modification to Ofgem, Panel Members needed to be sure that the Self-Governance criteria had not been satisfied.

Panel Members reviewed the Self-Governance criteria, noting that Authority Direction can be sought if a proposal '*would entail network operators seeking approval of an amended Safety Case*'.

DL was concerned with Panel Members seeking to view the HSE reports as it is a confidential document and noted that this would set a dangerous precedent.

MB accepted DL's frustrations but noted that Panel Members did not have to accept HSE's views. DF agreed, adding Panel Members were within their rights to question it.

DL stated that he did not agree that National Grid should release the HSE report.

WG highlighted that challenging the HSE report was not within the remit of the UNC Modification Panel.

JS advised Ofgem sought Panel's view on this Modification. SH added this did not necessitate Panel had to make a decision, but only that Panel Member's views were being sought.

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

- No new issues were identified during consultation, by majority vote (11 out of 14).
- Modification 0771S still meets the Self-Governance Criteria, by majority vote (9 out of 14).
- Modification 0771S is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- Modification 0771S has no Cross Code impacts, by unanimous vote (14 out of 14).
- Modification 0771S to be implemented, by majority vote (8 out of 14).

290.9 Consider New, Non-Urgent Modifications

a) Modification 0808 - Reverse Compression

T Davies (TD) introduced this Modification explaining that it seeks to provide clarification that reverse compression, with zero net flow into or out of the network, is not to be classified as an entry and exit point. TD noted that he would like Panel's views on whether this Modification was required.

SM noted that this Modification was previously discussed at the Distribution Workgroup where the question around materiality of the Modification had been addressed. However, SM noted that there was still a concern around metering that needed to be addressed, suggesting that flows moving in unusual ways may result in meters becoming less accurate. SM suggested the this should be considered and addressed by the Workgroup.

DL suggested that this proposal was more suitable to be a Request than a Modification with bilateral discussions required to progress it. TD clarified that this had been raised as a Modification so it could be progressed more quickly with implementation hopefully by Summer 2022.

RP asked whether the compression could be used as an exit point in the system. TD clarified that the gas did not leave the system. RP noted that if the gas exited through a DNOs system, a Modification would be required.

TD explained that as long as DNOs agree to not use compression as an entry or exit point, it would facilitate additional entry. TD added that DNOs had been advised of the proposal and had largely accepted and approved of the proposals.

A Panel Member suggested that discussions should include Shippers and Suppliers as well as this would impact them.

DMi remarked that whilst SGN supported the principal of the proposal, he believed the solution proposed needed further details.

DMi also requested further details of how the compressor would be operated by the DNOs in the Modification solution. TD explained that the operational details would not be in the Modification as the UNC cannot specify these. RP replied that if the compressor was operated by DNOs, the details around it would need to be included in the UNC.

WG suggested that this discussion needed to take place at Workgroup rather than Panel. P Garner (PG) suggested that this Modification would be best placed in the Distribution Workgroup.

GD asked if this Modification had been discussed in other forums. TD advised the proposal had been discussed at the Customer Entry Forum, adding that a DNO was considering launching a compressor pilot programme.

RP highlighted the following comments on behalf of T Saunders (TS):

1. This Modification is unlikely to meet the Self-Governance criteria,
2. This Modification would impact the Charging Methodology,
3. It was likely to take longer than 3 months (the proposed timetable) as HSE impacts around gas quality would need to be considered,
4. Suggestion for this Modification to have a separate Workgroup apart from Distribution Workgroup.

SM, DL and SH agreed with these views, noting this Modification should likely sit in a separate Workgroup and that it is not likely to meet the Self-Governance criteria and would impact charging.

PG remarked that whilst the Joint Office could set up a separate Workgroup for this Modification, it may not result in sufficient industry engagement, which would not be the case if it was included in the Distribution Workgroup. PG suggested including the Modification in the Distribution Workgroup initially and then moving it to an independent Workgroup, dependant on industry engagement, if required. Panel Members agreed with this suggestion.

Panel Members considered Cross-Code impacts. TD noted that none had been identified yet, but some may be identified during further discussion.

Panel Questions:

Q1. Workgroup to consider the consequential impact on NTS boundary metering.

Q2. Clarification required of who would operate the installation and thus whether it is part of "the network".

Q3. What are the charging implications?

Q4. Workgroup to consider any cross-code impacts.

Q5. Workgroup to consider the governance route.

For Modification 0808 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 Cross-Code impacts, by majority vote (13 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 majority vote (9 out of 14).
- Modification 0808 issued to Workgroup 0808 with a report to be presented to the 18 August 2022 Panel, with no majority vote (7 out of 14).
- Modification 0808 issued to Workgroup 0808 with a report to be presented to the 17 November 2022 Panel, with no majority vote (7 out of 14).
- Modification 0808 issued to Workgroup 0808 with a report to be presented to the 18 August 2022 Panel, with deciding vote by Panel Chair (WG).

290.10 Existing Modifications for Reconsiderations

Jennifer Semple (JS) advised the following decision timelines for these Modifications awaiting Ofgem Decisions.

a) Modification 0796 - Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging

27 May 2022

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

TBC 2022

c) Modification 0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExA

TBC 2022

d) Modification 0761 - Arrangements for Interconnectors with additional Storage capability

TBC

e) Modification 0779/A - Introduction of Entry Capacity Assignments

TBC 2022

f) Modification 0800 - Introducing the concept of a derogation framework into Uniform Network Code (UNC) (Authority Direction)

TBC

PAN 05/02: PG to organise a meeting with Ofgem to remove Modifications that are no longer relevant with a view to see whether they can be rejected or sent back to be withdrawn by the Proposer.

290.11 Workgroup Issues/Updates

- a) None.

290.12 Workgroup Reports for Consideration

- a) None.

290.13 Modification Reporting

Workgroup Early Reporting for Information

Modification number and title	Current Panel reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0801 - Removal of capacity and balancing services from the role of CDSP	18 August 2022	June 2022	Reporting 2 months early

0781R - Review of the Unidentified Gas process	21 July 2022	June 2022	Reporting 1 month early
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Legal Text Requests

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

Legal Text Requests for Modifications
0801 - Removal of capacity and balancing services from the role of CDSP
0805S - Introduction of Weekly NTS Exit Capacity Auctions

290.14 AOB

a) Update from Governance Workgroup

RH presented the slides on the Governance Workgroup update. Please see published slides on Panel meeting page for further details.

SH asked whether a Proposer of a Modification could withdraw it at the decision stage.

RH explained that once a Modification went to Ofgem, it was up to them to decide, and it was not up to the Proposer to amend it in any way. B Fletcher (BF) agreed with this view noting that once a Modification had reached the decision stage, it was past the point of being amended or even withdrawn.

JS advised that whilst Ofgem believes the Modification process is the best way to amend the existing rules, they will consider all future Modifications on an individual basis as well as consider using 'Consent to Modify' route where necessary.

SM stated that Ofgem advised that the exceptional circumstances proposals would never be used. JS agreed noting Ofgem was reluctant to use that route.

Panel Members also reviewed the Fast Track rules and User Appointment process. It was suggested that the burden of administration could be made lighter by making all appointments for two years.

RH advised Panel could amend the current process by raising a Modification.

b) Code Reform – Transition Management

WG noted that it was unlikely that a Code Reform decision would be made soon and suggested a view from BEIS would be welcome.

PG agreed suggesting BEIS could be invited to the next Panel for their views.

RP noted that the intent of the Government was unclear at present and clarity would be welcome.

SM suggested drafting questions to pose to BEIS before they attended Panel.

PG agreed stating any questions could be submitted to the Joint Office.

JS advised if there were any questions for Ofgem to consider, they can be submitted to her.

c) Panel Feedback

RH advised that Panel Members and Alternates had been emailed requesting feedback. RH added any anonymous feedback would have to be submitted by post rather than email.

d) Change of Panel Member

DL informed Panel Members that this was his last Panel Meeting as a Panel Member. DL advised J Bates (JB) would continue to represent National Grid as a Panel Member going forward.

WG thanked DL for this time and efforts as a Panel Member till date.

e) Panel Start Times

RP suggested amending Panel start times to 10am. WG noted that she had received a few other similar suggestions.

SM suggested when there was a heavy agenda, an earlier start would be beneficial. O Chapman (OC) and SH agreed.

GD noted consistency in approach would be helpful.

PG advised Panel start times would revert to 10am, unless when a heavy agenda was expected. The Joint Office would flag these Panel meetings in advance and they would begin by exception at 9:15am instead.

290.15 Date of Next Meeting(s)

10:00, Thursday 16 June 2022, by teleconference

Action Table (19 May 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 02/01	20/02/22	287.8 c)	National Grid NTS and CDSP (ER) to provide an update on Gemini system updates at the April 2022 Panel Meeting.	Xoserve (ER) and National Grid	Closed	19 May 2022
PAN 05/01	19/05/22	290.5	National Grid (DL) to provide regular (quarterly) updates to the UNC Modification Panel on the Apollo system developments.	National Grid (DL)	Pending	16 June 2022
PAN 05/02	19/05/22	290.10	Joint Office (PG) to organise a meeting with Ofgem to remove Modifications that are no longer relevant with a view to see whether they can be rejected or sent back to be withdrawn by the Proposer.	Joint Office (PG)	Pending	16 June 2022