

UNC Modification Panel

Minutes of Meeting 294 held on

Thursday 18 August 2022

via teleconference

Attendees

Voting Panel Members:

| Shipper Representatives | Transporter Representatives | Consumer Representatives |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| D Fittock (DF), Corona Energy and on behalf of S Mulinganie D Morley (DM), Ovo Energy O Chapman (OC), Centrica and on behalf of M Bellman R Fairholme (RF), Uniper | A Travell (AT), BUUK D Mitchell (DMi), SGN G Dosanjh (GD), Cadent J Bates (JB), National Grid NTS T Saunders (TS), Northern Gas Networks and on behalf of R Pomroy | S Hughes (SH), Citizens Advice E Proffitt (EP), Major Energy User's Council |

Non-Voting Panel Members:

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

Also, in Attendance:

B Fletcher (BF), Joint Office

B Mulcahy (BM), Northern Gas Networks

C Manning (CM), EON Next

E Rogers (ER), Xoserve - CDSP Representative

K Elleman (KE), Joint Office

M Bhowmick-Jewkes (MBJ), Joint Office

R Hailes (RH), Joint Office

S Britton (SB), Cornwall Insight

T Lattimore (TL), Gemserv

Record of Discussions

294.1 Introduction

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

294.2 Note of any alternates attending the meeting

D Fittock on behalf of S Mulinganie

T Saunders on behalf of R Pomroy

O Chapman on behalf of M Bellman

294.3 Record of apologies for absence

S Mulinganie, SEFE Energy

M Bellman, ScottishPower

R Pomroy, Wales & West Utilities

A Jackson, Gemserv

P Garner, Joint Office

294.4 Minutes of the last meetings 21 July and 03 August 2022

K Elleman (KE) advised some amendments were suggested for the minutes of 21 July Modification Panel.

Panel Members approved the amended minutes from the 21 July Panel and the minutes from 03 August Extraordinary Modification Panel.

294.5 Review of Outstanding Action(s)

PAN 05/02: 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.

Update: The Ofgem Representative (JS) provided the following update:

- Ofgem's ability to send back Code Modification proposals and direct that they are revised or resubmitted is limited to where it cannot properly form an opinion on whether the proposal will better facilitate the achievement of the relevant objectives.
- Once a Code Modification proposal has been received by Ofgem, they must make a decision on the approval of the proposal based on whether the proposal will better facilitate the achievement of the relevant objectives and whether it will be consistent with their principal objective and statutory duties.
- Ofgem prioritises Code Modifications based on importance, urgency, the impact of the Modification and Ofgem's strategic priorities.

- Ofgem's understanding is that this action was raised in relation to UNC Modification 0746 - *Application of Clarificatory change to the AQ amendment process within TPD G2.3 from 1st April 2020* and UNC Modification 0696V - *Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs*. An EDD of 13 September has been set for UNC Modification 0746. However, Ofgem would welcome the Joint Office reviewing all Modifications currently sitting with Ofgem for a decision and informing Ofgem of those which may be redundant.
- The Head of Industry Codes at Ofgem and the Ofgem Representative at the UNC Modification Panel would be happy to discuss this further.

G Dosanjh (GD) suggested that a Modification should be 'sent back' if the Final Modification Report (FMR) was incomplete.

K Elleman (KE) asked if Ofgem sends a Modification back, can the Proposer choose to withdraw it.

T Saunders (TS) noted that a Modification can only be withdrawn prior to being sent to Ofgem. R Hailes (RH) agreed with this view.

WG accepted this but asked whether an agreement can be reached with the Proposer to close the Modification instead.

WG asked the Joint Office to review the old Modifications awaiting Ofgem decisions and see if any of them can be closed.

New PAN 08/01: Joint Office (KE) to review Modifications awaiting Ofgem decisions on the basis of age and whether they are out of date and can be closed.

KE also noted the Joint Office would review the possibility of raising a Modification to change the rules of whether a Modification can be withdrawn once the FMR had been published.

Closed

PAN 07/01: JGAC to consider the recording of Panel meetings.

Update: This action was deferred until the October Panel following the next JGAC meeting in October.

Carried Over

294.6 Consider Urgent Modifications

- a) None.

294.7 Consider Variation Request

- a) None.

294.8 Final Modification Reports

- a) None.

294.9 Consider New, Non-Urgent Modifications

a) Modification 0815 - DSC Committee Quoracy

B Fletcher (BF) presented this Modification on behalf of S Mulinganie (SM), the Proposer, explaining that it is seeking to amend the minimum quoracy requirements for Data Services Contract (DSC) Committees for Shippers and Transporters from three to two in line with the UNC Modification Rules for the UNC Modification Panel and UNC Committee.

BF noted that as the Proposer is not present, Panel can defer consideration of the Modification until September. BF advised that it had originally been raised as the DSC Contract Management Committee would not have been quorate from October, however, this was no longer a concern as the Committee was now quorate.

D Fittcok (DF) advised that SM provided the following comments:

Happy for this to be carried forward if need be as the immediate concern of quoracy from October has been addressed. Accordingly, we have amended to enable a couple of rounds of discussion. We believe it is still needed as the marginal level of representation could mean the committee is not quorate if parties are unable to attend at short notice i.e. we have little or no wiggle room therefore aligning the quoracy arrangements with the UNC Modification panel still seems prudent in the medium to long term.

TS asked whether Panel should consider this Modification in the absence of the Proposer. RH confirmed that under Modification Rules 6.3.1 Panel can consider it. BF agreed and added that historically there have been instances where Panel have issued new Modifications to Workgroup without the Proposer being present at the Panel.

The Panel Members discussed this and agreed that they would consider the new Modification with a view of issuing it to Workgroup.

J Bates (JB) asked for clarity around DSC quoracy and why it has a higher bar. BF explained that when the DSC Committees were established, the Shipper classes were split via constituency to ensure the different Shipper classes were duly represented.

E Rogers (ER) suggested that these clarifications should be raised at Workgroup. Panel Members agreed with this view. ER suggested that Workgroup should also consider how to mitigate a tied vote.

S Hughes (SH) asked what the consequence for the different constituencies would be if the DSC Committee was not quorate and if there were any incentives for parties' attendance. BF explained lack of attendance is usually limited to Shipper Class C and that this could be an education or resourcing issue due to the market shrinking. It is therefore suggested that changing the quoracy requirement in this matter would be beneficial.

BF added that for the two main DSC Committees, Change Management and Contract Management, quoracy is required from both the Shipper and Transporter communities to manage votes and develop Change Proposals. The consequence of not being represented in the voting means a constituency would lose their ability to influence and manage the changes being proposed, and this can have consequential impacts on other changes in the UNC as well as the rest of the industry.

TS asked Workgroup to consider the discrepancy between Shipper and Transporter voting as presently Shipper Classes can automatically transfer the votes between the Classes.

TS requested on behalf of R Pomroy (RP) for the Joint Office to update the IGTs of this Modification, although A Travell (AT) confirmed there were no IGT impacts.

New PAN 08/02: Joint Office (RH) to update the IGT UNC Representative of Modification 0815.

Some Panel Members suggested the Self-Governance criteria should be reviewed at Workgroup (this would be covered under the standard meeting terms of reference).

Panel Questions:

Q1. Consider the potential for tied votes and how to mitigate this.

Q2. Consider the imbalance between Shippers and Transporter voting arrangements and transferable votes for Shippers between Classes.

For Modification 0815 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 is 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 (14 out of 14).
- Modification 0815 issued to Workgroup 0815 with a report to be presented to the 20 October 2022 Panel, by unanimous vote (14 out of 14).

b) Modification 0816 - Update to AQ Correction Processes

E Rogers (ER) presented this Modification on behalf of the Proposer and advised that this Modification aims to add two further 'eligible clauses' to the Annual Quantity (AQ) amendment process within UNC Transportation Principal Document (TPD) G2.3.21 and to prevent AQ amendments being processed where there is no change in value to the AQ.

C Manning (CM) added that there may be additional new eligible clauses for vacant premises, which would be raised as a separate Modification.

TS asked for any evidence supplied and discussed in the Workgroup be robust, and that Workgroup should identify if this was a material issue. TS added that if it was a material issue, it would impact billing and AQ, which in turn would change whether this Modification should follow Self-Governance or Authority Direction route.

Panel Questions:

Q1. Consider materiality relating to billing impact and whether the Modification meets the Self-Governance criteria?

For Modification 0816 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 unanimous vote (14 out of 14).
- The criteria for Self-Governance is 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 (12 out of 14).
- Modification 0816 issued to Workgroup 0816 with a report to be presented to the 17 November 2022 Panel, by unanimous vote (14 out of 14).

294.10 Existing Modifications for Reconsiderations

- a) None.

294.11 Workgroup Issues/Updates

a) Modification 0808 – Reverse Compression

R Hailes (RH), the Chair of this Modification Workgroup, advised that the Proposer was Barrow Shipping Ltd.

RH explained that the development of the Modification had halted as the Legal Text provider for this Modification, SGN, had rejected the Legal Text request as they did not consider the Modification to be suitably developed and believed it required substantial amendments before the Legal Text could be drafted.

RH confirmed that the solution of the Modification at present was not readily implementable and that whilst an Amended Modification had been requested, it had not been received.

RH asked SGN if they would accept a new Legal Text request. D Mitchell (DMi) confirmed that SGN would not accept the request until an Amended Modification had been raised.

WG asked whether the Workgroup would be able to resolve this issue.

RH explained that it was unlikely as the Proposer and the Transporter's views were not aligned, although the Transporters had attempted to resolve the issues and had provided considerable feedback already.

BF noted that according to the Modification Rules, if a Proposer is unwilling to amend a Modification, any other party can raise an Alternate.

RH suggested that the Workgroup Report could be presented at the September UNC Modification Panel with a recommendation from Workgroup on whether the Modification is implementable.

Panel Members accepted this suggestion.

294.12 Workgroup Reports for Consideration

a) Modification 0763 – Review of the Gas Meter By-Pass Arrangements

Panel Members noted the Workgroup Report recommended that that this Request Workgroup should be closed.

RH explained that the Workgroup had formulated two documents (a Guidance note and a Flow Chart) but could not agree where they should be published as they were not linked to the UNC. Panel was asked to consider where they should be published so they were visible.

WG asked if they could be published on the Joint Office website under the Industry Information section. WG asked if there were any other options where these documents could be published.

TS advised that as process guides are held by ENA, the meter by-pass Guidance Note and Flow Chart could be held by them as well. RH agreed and noted she would liaise with ENA.

AT suggested that these documents could also be held under the metering information in the Retail Energy Code (REC). RH noted she would ask the Metering Experts group, as part of REC, for their views.

New PAN 08/03: Joint Office (RH) to liaise with ENA and Metering Experts group on where the Gas Meter By-Pass Arrangements Guidance Note and Flow Chart should be published.

For Request 0763R, Members determined (14 Panel votes were available for the determinations):

- Workgroup 0763R to be closed, by unanimous vote (14 out of 14).

b) Modification 0783R - Review of AQ Correction Processes

Panel Members noted the Workgroup Report recommended that that this Request Workgroup should be closed.

For Request 0783R, Members determined (14 Panel votes were available for the determinations):

- Workgroup 0783R to be closed, by unanimous vote (14 out of 14).

294.13 Modification Reporting

TS asked KE to share the full Modification Reporting document on the Modification Panel meeting page. KE agreed to the request with the caveat that the document would only show the view on the day it was published and would be subject to change.

Workgroup Extension Request

None.

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 |
|---------------------------------------|
| None. |

294.14 AOB

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

TS advised that the Modification 0800 practice trial had been successful, and the Joint Office would be issuing a Revised Notice of Implementation for 01 October 2022.

b) Ofgem Updates

Modification 0814 (Urgent) - Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector

JS advised that Ofgem have paused work on Modification 0814 as they were waiting for confirmation from the Proposer that this Modification would be progressed.

Energy Code Reform:

- Ofgem intend to publish a call for input in the late summer/early autumn, seeking views in relation to Code consolidation, Code manager licence conditions and stakeholder advisory forums as well as providing some further information about the approach to implementation.
- Ofgem have started, and will continue, to engage with key stakeholders ahead of the call for input.
- Ofgem currently anticipate publishing a full consultation on implementation of the reforms in the early part of 2023.

c) EIPC update

WG provided a brief update following the Energy Industry Panel Chair's meeting on 17 August 2022 where Ofgem's Code Reform plans had been discussed:

- WG reiterated that Ofgem have urged the industry to engage in the Code Reform call for input and stakeholder engagement forums.
- Other Codes are also getting involved in this work.
- Ofgem and BEIS determined to carry out these works with a view to encourage innovation and with Net Zero as their target.
- WG warned that if there are not enough industry representatives in the proposed stakeholder engagement sessions, there is a grave danger of the Authority and Government making theoretical decisions which are not implementable.

294.15 Date of Next Meeting(s): 10:00 Thursday 15 September 2022, by teleconference

Action Table (18 August 2022)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update | Date of Expected update |
|-------------------|---------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------|--------------------------------|
| 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) | Closed | 18 August 2022 |
| PAN 07/01 | 21/07/22 | 292.4 | JGAC to consider the recording of Panel meetings. | Joint Office (PG) | Carried Forward | 15 September 2022 |
| PAN 08/02 | 18/08/22 | 294.5 | Joint Office (KE) to review Modification awaiting Ofgem decisions on the basis of age and whether they are out of date and can be closed. | Joint Office (KE) | Pending | 15 September 2022 |
| PAN 08/03 | 18/08/22 | 294.9 a) | Joint Office (RH) to update the IGT UNC Representative of Modification 0815. | Joint Office (RH) | Closed | 18 August 2022 |
| PAN 08/04 | 18/08/22 | 294.12 a) | Joint Office (RH) to liaise with ENA and Metering Experts group on where the Gas Meter By-Pass Arrangements Guidance Note and Flow Chart should be published. | Joint Office (RH) | Pending | 15 September 2022 |