

**UNC Modification Panel
Minutes of Meeting 297 held on
Thursday 22 September 2022
via teleconference**

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF), Corona Energy D Morley (DM), OVO Energy O Chapman (OC), Centrica and for M Bellman R Fairholme (RF), Uniper S Mulinganie (SM), SEFE Energy Limited	C Williams (CW), National Grid NTS, on behalf of J Bates D Mitchell (DM), SGN G Dosanjh (GD), Cadent K Matiringe (KM), BUUK on behalf of A Travell 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	A Sheikh (AS)	(None)

Also, in Attendance:

A Love (AL), Elexon
D Turpin (DT), CDSP Representative
E Rogers (ER), CDSP Representative
K Elleman (KE), Joint Office
M Berrisford (MiB), Joint Office
M Brannan (MB), BEIS
P Garner (PG), Joint Office

R Hailes (RH), Joint Office

Record of Discussions

297.1 Introduction

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

As part of the introduction and opening background statement, WG provided a high-level view of industry concerns that have come to light in response to extremely tight timescales associated with the delivery of the Urgent Modification, the key points of the discussion noted as follows:

- Short notice and potential timing differences (involving a two day difference) between the (equivalent) Electricity and Gas market elements.
- M Brannan (MB) responded by apologising for the short notice requirements which fall outside what is perceived to be 'normal business' which are in part a result of several factors such as Governmental changes and pressure, the involvement of Non Disclosure Agreements (NDAs) within Governmental bodies alongside the keenness of BEIS and Ministers to deliver this crucial / critical energy market intervention scheme in a timely manner. To this end, MB recognised the support provided by the CDSP / Xoserve and D Turpin in particular, in reaching the stage we are at now.
- It was noted that whilst the Electricity model ensured that Elexon were perfectly placed to support delivery, the more complex (i.e. Shipper / Supplier aspects etc.) Gas model required a different approach whereby engagement and involvement of the CDSP / Xoserve ensured utilisation of existing mechanisms in order to better avoid delays in undertaking any 'due diligence' exercises.
- MB confirmed the role the Secretary of State would undertake as part of the proposed scheme in order to potentially prevent later changes undermining the provisions proposed by the Modification.
- It was noted that should a (future) need arise to undertake further changes, central Government would look to support the process and that the Joint Office would be able to support any governance requirements going forward.
- It is noted that industry concerns remain around aspects such as unlimited liability, costs and potential resourcing impacts (i.e. redirection of 'core service' resources).
- Some industry parties voiced concern that the governance of the associated processes would have been better served via utilisation of the REC / DSC route(s).

- WG suggested that BEIS and the CDSP / Xoserve need to ensure that any liabilities are correctly 'socialised', especially bearing in mind that Elexon were able to provide a view on costs earlier in the process whereas on the Gas side there has been a delay.
- D Turpin (DT) outlined the (draft) Rough Order of Magnitude (ROM) costs as being circa £300k - £500k to establish the system and thereafter a £1m - £1.5m p.a. running cost for the scheme.
- A Love (AL) confirmed the equivalent (estimated) Electricity side costs (as quoted within the BSC Modification) as being <£53k for implementation and <£500k ongoing cost. Details can be found here - <https://www.elexon.co.uk/mod-proposal/p446/>
- P Garner (PG) highlighted the Joint Office's concerns in relation to the governance process being followed and highlighted that in their opinion, the DSC route would have been the preferred option, rather than BEIS engaging directly with the CDSP / Xoserve in the first instance.
- PG went on to highlight further concerns in relation to the fact that the UNC Panel has never approved an Urgent Modification without fully developed Legal Text, and pointed out that the Joint Office remains gravely concerned at the proposed approach, especially bearing in mind that the Legal Text provided required additional changes (addressing inappropriate paragraph numbering, Defined Terms clarification and addressing a typographical error within paragraph 1.9.11 whereby 'with' should read as 'without') following the Panel Members vote and recommendation.
- It was noted that in a worst case scenario (possibly where Ofgem overturns a Panel decision in respect of the Urgent Modification) there would always be the option to request a Judicial Review.
- In observing that this Urgent Modification entails the shortest turnaround of any UNC Modification to date, PG recognised that 'the scheme' proposed by the Modification is needed urgently and pointed out that the Final Modification Report would look to capture all concerns and would sit alongside these minutes as a record of the industry debate undertaken on the matter.

297.2 Note of any alternates attending the meeting

C Williams on behalf of J Bates

K Matiringe on behalf of A Travell

O Chapman on behalf of M Bellman

297.3 Record of apologies for absence

A Travell, BUUK

Jennifer Semple, Ofgem

Joshua Bates, National Grid NTS

297.4 Consider Urgent Modifications

a) Modification 0824 - Appointment of CDSP as the Scheme Administrator for the Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas)

Panel Discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0824>

R Hailes (RH) briefly introduced this Urgent Modification and invited the Proposer to present it.

T Saunders (TS), as the Proposer, explained that the Urgent Modification is required to appoint the CDSP as the Scheme Administrator to enable the implementation of the Energy Price Guarantee (EPG) (Gas) by 1st October 2022 in line with the Government Direction.

The CDSP has been instructed by BEIS to administer the Scheme and it is believed that this service can be provided efficiently and economically, by leveraging the data that the CDSP has access to and potentially utilising synergies with existing processes operated by the CDSP.

RH explained that this Urgent Modification is seeking to enable the Central Data Service Provider (CDSP) to be appointed as Scheme Administrator for implementation and administration of the payment scheme for part of the Government's Energy Price Guarantee (EPG) for Domestic Gas Consumers (Gas) scheme within Great Britain, which takes effect from 01 October 2022.

Panel Members discussed the issues raised in the representations and these were captured in the Final Modification Report. Please see below for a high-level overview of the main topics of focus:

- **Costs**

Panel Members were concerned that the Modification omits any information on a breakdown of costs. Concerns were raised around indirect costs arising for DSC Parties due to delay in business as usual activities, consequential impacts of diversion of key experienced Xoserve resources and the cost of running the scheme.

Panel Members expressed concern that the Gas scheme costs presented by the CDSP were up to 3 times the published Elexon costs for administering the equivalent Electricity scheme and stated that Ofgem and BEIS may wish to apply some appropriate scrutiny to this.

- **Legal Text (including any additional changes)**

There was concern that some consultation respondents had been unable to complete an assessment of the Legal Text within the timeframe given and that there had been a large number of queries received in consultation responses regarding the Legal Text.

PG stated that she would be extremely uncomfortable submitting the Final Modification Report to Ofgem without final sign off of Legal Text at the Panel meeting.

- Governance and Timings

It was agreed that the time allowed for consultation was inadequate and were unsure as to why the equivalent Modification in Electricity (Modification P446) was raised earlier and therefore given longer for consultation.

There was agreement that the liability arising from implementation of this Modification is at best unclear. It was noted that the CDSP is a 'not for profit' organisation and questioned why REC was not considered.

- Documentation (both Scheme related and BEIS – Xoserve Contractual aspects)

Concern at the lack of scheme documentation and the lack of contractual details between BEIS and Xoserve was discussed, and a request made that the documentation be made available.

- CDSP Role

A Panel Member expressed extreme concern that the Modification may result in exposure of DSC parties to potentially unlimited liability.

- Resource Allocation

Some Panel Members were concerned that the current Modification 0824 facilitates for the CDSP to involve itself in matters for which it was not originally contemplated, taking its resources away from its core activities.

Panel Members discussed the Relevant Objectives.

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

- Modification 0824 (Urgent) recommended to be implemented, by unanimous vote (14 out of 14).

297.5 AOB

a) None.

297.6 Date of Next Meeting(s): 13:00 Wednesday 28 September 2022, by teleconference and 10:00 Thursday 20 October 2022 by teleconference.