

**Record of Determinations: Panel Meeting 15 June 2017**

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Determination Sought
		AG	AM	CB	MJ	RF	SM	AC	DL	HC	SK	RP	NR	SH	
<b>0620 - Deferral of the UK Link Manual delivery date (further revision)</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Modifications 0620 is a self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does Modification 0620 satisfy the Self-Governance criteria
	Proceed to Consultation ending 4/7 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation?
	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 04 July 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0620S consultation end on 04 July 2017
	FMR to be considered at extraordinary Panel meeting on 07 July 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Consider FMR at extraordinary Panel meeting on 07 July 2017
<b>0621 - Amendments to Gas Transmission Charging Regime</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?	
	Modification 0621 is a not self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0620 satisfy the Self-Governance criteria?	
	Issued to NTSCMF Workgroup with a report presented by the January 2018 Panel - <i>majority vote in favour</i>	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the January 2018 Panel?

<b>0622 - Correct allocation of Shrinkage Error as identified by the AUGE</b>	Modification to be considered at Short Notice - <i>majority vote in favour</i>	✓	X	X	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should modification be considered at Short Notice?
	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review?
	Modifications 0622 is a not self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0622 satisfy the Self-Governance criteria?
	Issued to Distribution Workgroup with a report presented by the August 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	Should Modification be issued to Workgroup with a report by the August 2017 Panel?
<b>0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum</b>	Do not proceed to Consultation - <i>unanimous vote in favour</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Should DMR be Issued to Consultation (includes a deemed request for Legal Text)?
	Referred back to Workgroup 0570 for report back by July 2017- <i>unanimous vote against</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0570 be issued to Workgroup with a report by the July 2017 Panel?
<b>0605S - Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas</b>	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation (includes a deemed request for Legal Text)?
	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?
	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 06 July 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0605S consultation end on 06 July 2017
<b>0611 - Amendments to the firm capacity</b>	Proceed to Consultation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should DMR be Issued to Consultation (includes a deemed request for Legal Text)?
	Legal text required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	Is further Legal text required for inclusion in DMR?

<b>payable price at Interconnection Points</b>	Cost estimate not required - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Is a cost estimate required for inclusion in DMR?
	Consultation to close out on 06 July 2017 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should 0611 consultation end on 06 July 2017
<b>0613S - Revised UK Link Manual CDSP Data Services Document</b>	Returned to Workgroup 0613S with a report presented by the August 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be returned to Workgroup with a report by the August 2017 Panel
<b>0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum</b>	Legal text requested for 0570 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text for 0570
<b>0615S - Representation on DSC Committees: amendment to include mid-year appointments</b>	Legal text requested for 0615S - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Request Legal Text for 0615S
<b>0616S - Capacity Conversion Mechanism for Interconnection Points</b>	Workgroup 0616S to report to the September Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Workgroup reporting date be extended to the September 2017 Panel

In favour	Not in Favour	No Vote Cast	Not Present
✓	X	NV	NP

**UNC Modification Panel**

**Minutes of the 206<sup>th</sup> Meeting held on Thursday 15 June 2017  
at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representative</b>
A Green (AG), Total A Margan (AM), British Gas C Baldwin (CB), EON UK M Jones (MJ), SSE R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom*	A Clasper (AC), Cadent Gas D Lond (DL), National Grid NTS H Chapman (HC), Scotia Gas Networks S Key (SK), Northern Gas Networks R Pomroy (RP), Wales & West Utilities N Rozier (NR), BUUK Infrastructure	S Horne (SH), Citizens Advice

**Non-Voting Members:**

<b>Chairman</b>	<b>Ofgem Representative</b>
A Plant (AP), Chair	R Elliott (RE)

**Also in Attendance:**

C Williams (CW), National Grid NTS; G Pintér (GP), Ofgem; L Johnson (LJ) National Grid NTS\*; R Edwards (RE), Ofgem; R Fletcher (RFI), Joint Office; R Hailes (RHa), Secretary; R Hinsley (RHi), Xoserve; S Britton (SB), Cornwall Energy.

## **Record of Discussions**

### **Introduction**

AP introduced and welcomed M Jones and N Rozier, who have been nominated as additional Shipper and iGT representatives respectively from this meeting onwards, following the implementation of Modification 0440 - Project Nexus – iGT Single Service Provision.

#### **207.1 Note of any alternates attending meeting**

C Baldwin for A Love (ScottishPower)  
S Key for J Ferguson (Northern Gas Networks)  
A Clasper for C Warner (Cadent).

#### **207.2 Record of Apologies for absence**

A Love  
J Ferguson  
C Warner.

#### **207.3 Minutes and Actions of the Last Meeting(s)**

Members then approved the minutes from the previous meeting (18 May).

#### **207.4 Consider Urgent Modifications**

None.

#### **207.5 Consider New Non-Urgent Modifications**

- a) Modification 0620 - Deferral of the UK Link Manual delivery date (further revision)

AC introduced the modification and its aims. CB clarified that the date for delivery of the UK Link Manual was being pushed out to a new date of 13 October 2017 as the previous date was found to be unachievable.

AP asked for clarification of the timeframes: if the modification were to be sent directly out for consultation would there be sufficient time for a report back to the July 2017 panel? RFI suggested that a slightly shorter consultation period, closing out on 04 July 2017, would allow for a report back to the July panel. AM was concerned that panel should not be seen to be setting a general precedent for shortening consultation periods; members agreed this was not the case.

AC confirmed the text provided was suitable for consultation.

For Modification 0620, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are met as this modification is not expected to have a material impact on competition and the contractual regime for the transportation of gas through pipes;
- That Modification 0620S should proceed to Consultation with a close out date of 04 July 2017;
- That the Final Modification Report should be considered at a Modification Panel meeting on 07 July 2017.

b) Modification 0621 - Amendments to Gas Transmission Charging Regime

CW introduced the modification and its aims.

AP asked for clarification on the timeline for the modification given its complexity. The panel discussed whether a report back in December 2017 or January 2018 would be preferable, recognising that time may be needed to allow for issues arising out of the consultation process to be dealt with.

SM suggested the modification should be a Review rather than a modification at this stage, as it lacked clarity around the solution. RF set out his view that it is a modification and Shippers were keen to lock down the methodology and its components. He felt that a Review would add more development time and thus add more risk of delaying finalising how the charging methodology would be decided. He also added that just 6 months for development was not felt to be realistic; there is a view that many alternates are already in preparation. Other panel members agreed. The panel therefore agreed that a report back in January 2018 would be more realistic.

Addressing SM's concern that no precedent should be set in terms of a Modification with only an outline of the solution in place, RHa said that there had been other views expressed in the NTSCMF workgroup. RF pointed out that the Panel has seen many modifications come to the process without full detail of the solution worked out and the workgroup process had allowed for the details of the modification to be developed in those cases. AP confirmed that the panel does usually expect a greater degree of specificity for simpler modifications, but the wide-ranging nature of this modification and the fact that there is within the modification a description of the proposed solution meant that he felt some greater latitude could be permitted.

For Modification 0621, Members determined:

- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on the contractual regime for the transportation of gas through pipes and its associated charging methodologies;
- That Modification 0621 be issued to NTSCMF Workgroup for further assessment, with a report to be presented no later than the 18 January 2018 Panel.

c) Modification 0622 - Correct allocation of Shrinkage Error as identified by the AUGÉ

SM introduced the modification and its aims. DL asked for clarification around whether the modification focuses on DNOs or gas transporters in general; SM confirmed that the modification is intended to focus only on DNOs. RP pointed out that DNOs have obligation under their license condition 1F to review the Shrinkage and Leakage Model on an annual basis and to consult on the outcome and asked for Clarification from Ofgem as to whether this modification impinges on that license condition and as such makes it dual governance. AP asked Ofgem to clarify the dual governance issue; RE confirmed that Ofgem's solicitor is part of the team engaged with this Mod. Panel was asked to let the modification process begin and to allow Ofgem to feed its considered view into this process as it develops.

Addressing questions around iGT shrinkage, SM asserted that there is shrinkage on iGT networks and this should be addressed; panel members were not aware whether an iGT UNC modification was being prepared. AM clarified that 500GWh was allocated to the DNOs and 100GWh to iGTs.

RP voiced the concern of several members that there had been very little time to consider the document due to the short notice submission to panel. SH asked for clarification of the impact of delaying consideration at panel; SM confirmed that there would then be even less time for consideration and that he as proposer would then want to issue it as an urgent modification.

For Modification 0622, Members determined:

- The modification would be considered at short notice;
- It is not related to the Significant Code Review;
- The criteria for Self-Governance are not met as this modification is expected to have a material impact on competition and the contractual regime for the transportation of gas through pipes;
- That Modification 0622 be issued to Distribution Workgroup for further assessment, with a report to be presented no later than the August 2017 Panel.

## **207.6 Existing Modifications for Reconsideration**

a) None

## **207.7 Consider Workgroup Issues**

None.

## **207.8 Workgroup Reports for Consideration**

- a) Modification 0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum.

Panel reviewed the DMR. SH welcomed the addition of the Impact Assessment Table to the DMR template.

RP noted that the solution called for “all reasonable endeavours” but the legal text (ref 5.9.10) used the shorter and less onerous phrasing “reasonable endeavours” and thus the solution and legal text do not match. Despite it being a minor change, Panel felt that the proposer would need to address the suggested change and thus decided to defer consultation until this had happened.

For Modification 0570, Members determined:

- That Modification 0570 be returned to Workgroup for further assessment, with a report to be presented no later than the 20 July 2017 Panel.

- b) Modification 0605S - Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas

Panel reviewed the paper.

For Modification 0605S, Members determined that:

- It should proceed to Consultation with a close out date of 06 July 2017.

- c) Modification 0611 - Amendments to the firm capacity payable price at Interconnection Points.

Panel reviewed the paper.

For Modification 0611, Members determined that:

- It should proceed to Consultation with a close out date of 06 July 2017.

- d) Modification 0613S - Revised UK Link Manual CDSP Data Services Document.

AP asked the Panel to consider whether the process could be shortened in any way to provide the governance required but allow the document to be revised so as to not allow the Transporters to get into breach of Code. Members agreed that, as before, when considering the document in question, it was necessary to get it correct. Short notice consultation was considered but rejected as some Shipper constituents were nervous about the number of documents required to be reviewed. It was noted that if related Modification 0620S is implemented in the meantime, this will defer the required date to October 2017. RP confirmed that the expectation was that 0620S would be implemented. RFI clarified that Modification 0620S was not a fast track self-governance modification because it is not related to an error or house keeping change and therefore does not satisfy the fast track criteria.

For Modification 0613S, Members determined that:

- It should be returned to Workgroup 0613S for further assessment, with a report to be presented no later than the 18 August 2017 Panel.

## 207.9 Consideration of Workgroup Reporting Dates and Legal Text Requests

Members determined unanimously to extend the following Workgroup reporting date(s):

Workgroup	Reporting Date
0616S - Capacity Conversion Mechanism for Interconnection Points	21 September 2017

Members determined unanimously to request Legal text for the following modification(s):

Modification
0570 - Obligation on Shippers to provide at least one valid meter reading per meter point into settlement once per annum
0615S - Representation on DSC Committees: amendment to include mid-year appointments

#### **207.10 Consideration of Variation Requests**

None.

#### **207.11 Final Modification Reports**

a) None

#### **207.12 Any Other Business**

a) Pre-Modification - Governance Arrangements for Alternates to Self-Governance Modification Proposals

RP introduced a draft modification for the governance of modifications with an alternative that have been determined as suitable for self-governance.

Discussion took place on whether a governance workgroup would be required when the modification is submitted. It was agreed that a governance workgroup did seem appropriate to help develop the modification. AP urged panel members to support the process. Further discussion took place around whether it should be timed separately to Panel to make sure it is open and can canvass a broad spread of views. Separate timing was generally supported.

RFI highlighted that there have been rare examples where a modification and an alternative have both been rejected by the Authority, so Panel should consider whether a valid result might be one where no modification was implemented, if none furthered the relevant objectives.

b) Industry Code Governance – initial consultation

AP welcomed Ofgem colleagues Győző Pintér (GP) and Rory Edwards (RE) to the meeting; GP and RE then proceeded to give a brief overview of Ofgem's Industry Code Governance Review (CGR) initial consultation process and responses and next steps based on the slides submitted to Panel on 14 June 2017. Responses are published on the Ofgem website; 41 submissions were received from a wide range of respondents. Key highlights included:

- The models for licensing and tendering varied in two ways: Ofgem or another body doing the tendering and licensing either preceding or following tendering.
- Of the few respondents who expressed a preference, model 3 was favoured (slide 6).
- Ofgem's strategic direction was widely welcomed with respondents wanting to see a wide consultation.

Joint Office of Gas Transporters

- General support was expressed for a Consultative Board with powers so it can operate effectively; composition and funding of the Board were key questions.
- Licensing will require legislation; an indication is awaited from Government. Work is ongoing with BEIS to prepare for this eventuality.
- Ofgem will publish an open letter in June / July with a summary of the responses and an update on next steps in developing the policy.

DL asked what input was required from industry on the Strategic Direction and Consultative Board; it was explained that Ofgem will run industry workshops and communicate with this and other panels to get further input from industry.

c) Code Administration Code of Practice (CACoP) – annual review

RFI highlighted the opportunity to collect views and submit a Panel response, although members have previously preferred to submit their own responses rather than seek a single Panel view.

**207.13 Conclusion of Meeting and agreed Date of Next Meeting(s)**

- 15:30, Friday 07 July 2017, by Teleconference
- 10:30, Thursday 20 July 2017, at Elexon

**Action Table (15 June 2017)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update