

**Record of Determinations: Panel Meeting 16 February 2017**

Modification	Vote Outcome	Shipper Voting Members					Transporter Voting Members					Consumer Voting Member	Determination Sought
		AG	AL	AM	RF	SM	CW	DL	HC	JF	RP	SMo	
<b>0609A – Transitional arrangements for gas settlement and replacement of Meter Readings, retaining AQ2017 (Project Nexus transitional modification)</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Is an alternate to Modification 0609S - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should be an alternate to Modification 0609S
	Modifications 0609 and 0609A are not Self-Governance Modifications - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Do Modifications 0609S and 0609A satisfy the Self-Governance criteria
	Legal text required for 0609A - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is further Legal text required for inclusion in DMR?
	Issued to Workgroup 0609 with a report presented by the March 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the March 2017 Panel
	To be considered at Short Notice at the March Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Workgroup Report to be considered at Short Notice at the March Panel
<b>0611 - Amendments to the firm capacity payable price at Interconnection Points</b>	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Is Modification related to Significant Code Review
	Not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Issued to Workgroup 0611 with a report presented by the May 2017 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification be issued to Workgroup with a report by the May 2017 Panel
	Not related to the Significant Code Review - <i>unanimous vote against</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Is Modification related to Significant Code Review



<b>0571 0571A - Application of Ratchet Charges to Class 1 Supply Points</b>	Consideration deferred to the May Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Defer consideration
<b>0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries</b>	No new Issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Not a Self-Governance Modification - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Does Modification satisfy the Self-Governance criteria
	Implementation not Recommended - <i>with a majority vote in against</i>						✓			✓	✓	✓	Should Modification 0593 be implemented? (only votes in favour recorded)
<b>0597 - Rules for the release of incremental capacity at Interconnection Points</b>	No new Issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implementation Recommended - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0597 be implemented? (only votes in favour recorded)
<b>0598S - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations</b>	No new Issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implemented - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0598S be implemented? (only votes in favour recorded)
<b>0602 - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)</b>	No new Issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implementation not Recommended - <i>with a unanimous vote against</i>												Should Modification 0602 be implemented? (only votes in favour recorded)
<b>0602A - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation (Project Nexus transitional modification)</b>	No new Issues identified - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	Did Consultation raise new issues?
	Implementation Recommended - <i>with a unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0602A be implemented? (only votes in favour recorded)

	Prefer 0602												
	Prefer 0602A - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

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

**UNC Modification Panel**

**Minutes of the 202<sup>nd</sup> Meeting held on Thursday 16 February 2017  
at Elexon, 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 Love (AL), ScottishPower A Margan (AM), British Gas R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom	C Warner (CW), National Grid Distribution D Lond (DL), National Grid NTS H Chapman (HC), Scotia Gas Networks J Ferguson (JF), Northern Gas Networks R Pomroy (RP), Wales & West Utilities	S Moore (SMo), Citizens Advice

**Non-Voting Members:**

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

**Also in Attendance:**

A Wallace\* (AW), Ofgem; F Cottam (FC), Xoserve; J Philips (JP), National Grid NTS; L Jenkins (LJ), Deputy Chair; R Fletcher (RF), Secretary; R Hailes (RHa), Joint Office; R Hinsley (RHi), Xoserve; R Mercer (RM), Flow Energy; S Britten (SB), Cornwall Energy and S Hayward (SH), Ofgem.

\* *via teleconference*

## **Record of Discussions**

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

None.

### **202.2 Record of Apologies for absence**

None.

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

Members approved the minutes from the previous meeting (19 January 2017).

No outstanding actions to consider.

### **202.4 Consider Urgent Modifications**

None.

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

- a) Modification 0609A - Transitional arrangements for gas settlement and replacement of Meter Readings (retaining AQ2017) (Project Nexus transitional modification)

AM introduced the modification and its aims.

CW provided a presentation on the self-governance implications of Modifications 0609 and 0609A and provided evidence on the materiality for both, as this was felt to be necessary given the information contained in 609A and the upcoming changes to the self-governance criteria and process.

AM and SM challenged the assumptions that some Shippers may not be able to undertake an AQ review should Nexus not be implemented, particularly as their AQ review teams are likely to be different people to those involved in system delivery and Nexus implementation.

AM also challenged the assumption that the cost would be £300k to £500k for the additional FTEs, as previous discussions indicated it was around £300k.

SM challenged why the AQ process needs to be removed as a successful and timely Nexus implementation would overwrite the current UNC obligations. CW advised that the intent of 0609 is to enable a smooth transition from current to new arrangements and allow the use of the skills and knowledge in the AQ review team to be used for Nexus implementation. Retaining the pre Nexus AQ review obligations raises a real risk against 01 June Nexus delivery.

AM was concerned that Transporters and their Agency should not unilaterally stop Shipper services without prior consultation and challenged that an unacceptable risk valued at £7bn was being placed on the industry.

For Modification 0609A, Members determined:

- It is not related to the Significant Code Review;
- Is an alternate to Modification 0609S
- The criteria for Self-Governance are not met for Modifications 0609 and 0609A as they are expected to have a material impact on competition and the contractual regime for the transportation of gas through pipes;
- To request Legal Text for 0609A;
- That Modification 0609A be issued to Workgroup 0609 for assessment, with a report to be presented no later than the March 2017 Panel;
- To be considered at Short notice at the March Panel.

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

DL introduced the modification and its aims. RF asked if the changes proposed impact the arrangements already in place. DL confirmed that current agreements will be maintained and the changes proposed impact from 2018 going forwards.

RP challenged if it was a charging modification as it does not appear to directly impact the charging methodologies set out in UNC Section Y.

Questions for Workgroup

Consider the Self-Governance status of the modification and provide a report to Panel.

Will there be any impacts on discounts offered on rates at both system entry or exit points?

For Modification 0611, 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 competition and the contractual regime for the transportation of gas through pipes;
- That Modification 0611 be issued to Workgroup 0611 for assessment, with a report to be presented no later than the May 2017 Panel.

c) Modification 0612 - Project Management and Assurance provisions for gas industry changes

HC introduced the modification and its aims.

LJ asked if there was clarity that Xoserve were to be accountable for project delivery as the CDSP, as this modification is not proposing that option. HC confirmed that following some initial discussions with Ofgem, it would appear the preferable route is for the CDSP to be accountable by offering a direct service.

SM asked if it would be appropriate to involve systems delivery people in workgroup meetings to ensure project management skills were available to inform the meeting.

It was agreed to hold a separate workgroup meeting rather than under the governance workgroup as the topic was wider than governance.

SM suggested a Request rather than a modification could be more appropriate as it would lead to a more open discussion on options. HC agreed a Request might offer a better approach and as the modification would require amendment following initial discussion with Ofgem.

Members agreed to consider the proposed modification as a Request.

RP asked if Ofgem intended to withdraw the direction given on this process, so that it would allow the option of the CDSP-provided service to be explored. RE advised that he would consider and provide an update to the Joint Office.

For Modification 0612, Members determined:

- That this modification be changed to a Request;
- That Request 0612R be issued to Workgroup 0612R for assessment, with a report to be presented no later than the August 2017 Panel.

## **202.6 Existing Modifications for Reconsideration**

None.

## **202.7 Consider Workgroup Issues**

None.

## **202.8 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

SMo asked why additional time was needed and how long would it take to complete report as the modification had been in progress for some time now. AL advised that the aim was to provide a report by March Panel, this was due to several changes required by recent clarifications on scope of the CMA order which needed to be included in the solution.

Members noted that National Grid Gas Distribution were unable to provide Legal text by the date requested due to the recent amendments to the modification and agreed that the date be extended to 09 March.

For Modification 0570, Members determined that:

- It should be returned to Workgroup 0570 for further assessment with a report presented to the March Panel.



- b) Modification 0600S - Amend obligation for the acceptance of EPDQD revisions made after D+5

For Modification 0600S, Members determined that:

- It should proceed to Consultation with a close out date of 09 March 2017.

- c) Modification 0605S - Amendments to TPD Section K – Operating Margins

For Modification 0605S, Members determined that:

- It should be returned to Workgroup 0605S for further assessment with a report presented to the April Panel.

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

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

Workgroup	New Reporting Date
0594R - Meter Reading Submission for Advanced & Smart Metering	June 2017

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

Modification
0604S - Central Data Services Provider – Arrangements following implementation of Project Nexus
0610S - Project Nexus - Miscellaneous Requirements

## 202.10 Consideration of Variation Requests

None.

## 202.11 Final Modification Reports

AP clarified that the voting on implementation decisions should reflect whether Panel members felt the modification concerned furthered the Relevant Objectives. Where there is an alternative modification, the preference vote then offered the opportunity for Panel members to express a preference as to which of the alternates presented best furthered the Relevant Objectives.

- a) Modification 0571 0571A - Application of Ratchet Charges to Class 1 Supply Points (and Class 2 with an AQ above 73,200kWhs)

AP provided a view of the issues raised both during and after consultation, which were set out in a separate table to support discussions in the meeting. He asked members for views on the points raised.

HC provided a late paper which provided a view on the potential impacts on the Transporters Safety should one of these modifications be implemented, as ratchets were used in a suite of measures to help maintain network integrity.

SM was concerned that such a document is being included in the Final Modification Report (FMR) at this late stage, this appears to be outside normal governance. LJ advised that issues had been raised in response to consultation comments and that Transporters were requested to clarify views. He felt it was helpful for Panel discussions to have this information available as it may help the modifications progress.

SM felt this was too late to be fully considered as parties did not have time to review the issues raised and provide an informed view. He was happy for the document to be published outside the report but felt it should not be included in the FMR.

LJ was concerned that without this information, it is likely that Panel would need to return the FMR to workgroup but accepted that it need not be included within the FMR.

SH advised that he raised the questions with the Joint Office for transporters to qualify the issues around the Safety Case and therefore he could not see how the FMR could progress until the Safety Case issues were addressed - if there is an impact the HSE should be involved and views sought as to whether the impact would be detrimental to the Safety Case.

SM challenged that the HSE would advise the transporters on how to maintain their Safety Case, the HSE would say it is for Transporters to assure themselves what needs to be done and that this might involve a resubmission.

AM asked what evidence is going to be provided to demonstrate the issue, the paper provided implies an indirect impact but does not provide examples of the impact. He had previously raised this point at workgroup and no evidence was provided. HC felt that issues around safety had been advised and that this may be different to Safety Case impact as highlighted in this paper.

SM challenged that the workgroup would not be able to demonstrate the impacts or changes required to the Safety Case as these were confidential documents between the Transporter and HSE.

LJ felt that measures need to be understood at workgroup so that potential impacts and remedies can be understood.

JF noted that the measures brought in under Modification 0090 - Revised DN Interruption Arrangements

allow transporters to offer interruption auctions, and this is one of several tools available to Transporters. However, the potential impacts on networks due to a specific consumer being disproportionately large compared to the network should not be dismissed and its potential impact on network integrity.

SM was concerned that the measures are too wide spread when the actual risk is against identifiable Supply Points, almost to a point where Network sensitive loads should be considered as a potential mitigation of such risks.

HC was concerned that there appears to be a piecemeal approach to the management of network integrity issues and that it might be better for all if a widespread review of the arrangements were undertaken.

RF suggested deferring consideration of the FMR for a month and requesting Transporters to confirm if the Safety Case is impacted. However, it was felt that this is unlikely to be provided in a month.

SH wanted Transporters and specifically Scotia Gas Networks why 0571A is considered to have a similar impact to 0571. HC advised that, whilst they believed 0571A impacts the regime to a lesser degree, they feel both modifications send the wrong signals to the market and that the information may be misunderstood and some may then fail to follow the siteworks process when considering capacity increases.

AP suggested consideration is deferred until Transporters have had time to review potential Safety Case implications and have been able to consult with the HSE.

AM suggested that the claim on potential Safety Case impacts needs to be substantiated when the FMR is reconsidered.

LJ asked for clarification on how the Joint Office should manage questions raised by Ofgem of this nature in future: does Panel want the Joint Office to wait until the next Panel meeting to seek advice on what action should be taken, or should the Joint Office aim to provide answers to the questions even if these are provided at short notice.

Members felt that additional Papers (if late) should be published but not included in the FMR and views should then be taken from Panel as to whether the paper should be included in the FMR.

Members then voted unanimously to defer consideration of the Final Modification Report to the May meeting.

**New Action PAN0102 – Scotia Gas Networks to consider potential Safety Case impacts of Modifications 0571 and 0571A and consult with the HSE and provide a report by the May meeting.**

b) Modification 0593 - Provision of access to data for Price Comparison Websites and Third Party Intermediaries

SMo is concerned that there are differing views between the ICO and CMA, why is Panel being asked to choose between these two regulatory positions? AP agreed this was a challenging position but was not sure if it was for Panel to stop the modification governance process because of this wider issue, and suggested that the FMR should be processed in the normal way.

LJ felt that as this is a permission modification, the data control issue doesn't arise until a service is requested. SM felt that the DES solution offered is at best sub optimal and could damage consumer interests.

AW noted the difference in opinions and would like the FMR to include parties concerns on data security and provision. He was not sure there were adequate data protection provisions within the modification and failed to clarify who controlled and who processed the data so that the liability be identified.

AP felt that the points raised were correct but may not be solvable through this modification as it doesn't in itself provide a service. JF agreed as this modification is for permission to release data, it does not provide the service which would be subject of a different agreement, utilising the CDSP change process. JF confirmed that any solution offered would still need to access DES as the CMA order says so.

AW asked members to note that although the order may reference DES, it has been clarified by the CMA that adequate data protection provisions must be established.

RF suggested it would be good practice to establish the principle of the service provision in this modification so these can be considered and issues discussed for their suitability.

AM asked if Ofgem could approve the change but delay the implementation until another delivery option is available.

AW asked if the Transporter is the data controller, were there sufficient controls in place to prevent a breach when accessing DES. JF clarified that they have issued very clear instructions to the Xoserve for the managements of such a service, including rights of audit.

Panel discussion see the Final Modification Report published at:  
<http://www.gasgovernance.co.uk/0593>

Members then voted and determined by majority vote not to recommend the implementation of Modification 0593.

c) Modification 0597 - Rules for the release of incremental capacity at Interconnection Points

Panel discussion see the Final Modification Report published at:  
<http://www.gasgovernance.co.uk/0597>

Members then voted and determined by unanimous vote to recommend the implementation of Modification 0597.

- d) Modification 0598S - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations

Panel discussion see the Final Modification Report published at:  
<http://www.gasgovernance.co.uk/0598>

Members then voted and determined by unanimous vote to implement Modification 0598S.

- e) Modification 0602 0602A - Implementation of Non Effective Days and Variant Non-Business Days for Project Nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification)

For Panel discussion see the Final Modification Report published at:  
<http://www.gasgovernance.co.uk/0602>

Members then voted and determined by unanimous vote not to recommend the implementation of Modification 0602.

Members then voted and determined by unanimous vote to recommend the implementation of Modification 0602A.

Members determined a preference for the implementation of Modifications 0602A which received 11 preference votes in favour.

## **202.12 Any Other Business**

- a) Modification 0596 – changes to self-governance

- Self-Governance / Materiality statements
- Guidance for Proposers (amended, for approval)

AP provided a brief update on the implementation of this modification and the impacts of the changes to Self-Governance: where it is felt there is a material impact, this will need to be evidenced against the approved Self-Governance criteria.

SM wanted to understand how this would conflict with his opinion, what evidence would he need to provide, particularly for a modification that was in development and being issued to workgroup. LJ advised that this is not an individual challenge: there would need to be a Panel view on materiality and this would need to be demonstrated by providing evidence against the criteria that had been developed by Panel.

SM wanted to understand if a modification with an alternate is Self-Governance, what happens with tied votes for implementation. AP reminded members that RP intends to raise a modification to clarify the process to be adopted in such a situation.

LJ provided an overview of the Guidance for Proposers document which included changes to the Self-Governance procedures and asked for Panel approval.

Members unanimously approved the amendments to the "Guidance for Proposers" document.

### **202.13 Conclusion of Meeting and agreed Date of Next Meeting**

10:30, Thursday 16 March 2017, at Elexon

**Action Table (16 February 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
PAN0102	16/02/17	202.11 (a)	Consider potential Safety Case impacts of Modifications 0571 and consult with the HSE and 0571A and provide a report by the May meeting.	Scotia Gas Networks (HC)	<b>Pending Report to be provide by May Meeting</b>