

Uniform Network Code Committee
Minutes of Meeting 208 held on Thursday 18 March 2021
Via Teleconference

Attendees			
Voting Members:			
Shipper Representatives		Transporter Representatives	
A Green (AG), Total Gas and Power D Fittock (DF), Corona Energy R Kealley (RK), Centrica M Jones (MJ), SSE R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom		D Lond (DL), National Grid G Dosanjh (GD), Cadent H Chapman (HC), SGN R Cailles (RC), BU UK R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	
Non-Voting Members:			
Chairperson	Ofgem Representative	Consumer Representatives	Independent Supplier Representative
W Goldwag (WG)			(None)
Also, in Attendance: B Fletcher (BF), Joint Office; D Mitchell (DM), SGN, C Aguirre (CA), Pavilion Energy; E Rogers (ER), Xoserve - CDSP Representative; F Cottam (FC), Xoserve; K Elleman (KE), Joint Office; L Hayworth, Cornwall Insight; L Walker (LW), Gilmond; P Garner (PG), Joint Office, R Hailes (RH), Panel Secretary.			

Copies of all papers are available at: <http://www.gasgovernance.co.uk/uncc/180321>

208.1 Note of any alternates attending the meeting

R Kealley for M Bellman, ScottishPower

208.2 Apologies for Absence

M Bellman, ScottishPower

208.3 Minutes and Actions from the previous meeting

The 18 February 2021 meeting minutes were approved.

Action UNCC 01/01: Joint Office (RH) to advise PAC of the discussion held at UNCC and to provide a response back to UNCC.

Update: See discussion for item 208.4 c) below. Note this action was reopened after being reported closed at UNCC Meeting 207 held on 18 February 2021.

Action Closed

208.4 Matters for the Committee's Attention

a) Letter from ICoSS concerning the AUG Process

The Committee Chair (WG) noted that part of the Joint Office role is to circulate letters and other communications to industry parties where they are requested to do and for relevant subjects. WG had been asked for her view on circulating the Engage letter to members at very short notice. WG had taken the view that the ICoSS letter had been circulated to UNCC and DSC Contract Committee members and that on balance it seemed fair and consistent to circulate the Engage letter even though members would not have much time to consider the content prior to the meeting today.

P Garner (PG) noted that originally the ICoSS letter was circulated to UNCC and DSC Contract Committee members. However, the letter was discussed at AUG Subcommittee meeting and that it was requested it was published for discussion at the next Distribution Workgroup meeting. S Mulinganie (SM) agreed with this version of events.

WG expressed concerns that the Joint Office is being asked to publish letters of a somewhat commercial nature and that good practice would be for the parties involved to communicate directly with each other to ensure that the governance process is not conflicted.

S Mulinganie (SM) advised that the letter from ICoSS that had been circulated to UNCC Members was raising a number of concerns about the 2021/22 AUG framework process to seek to understand the consequences if the framework is not followed.

D Fittock (DF) noted that the potential consequences and options were discussed at the previous meeting which does not appear to have achieved anything, what is going to happen going forward to ensure the framework is discharged correctly, what are the options to ensure compliance.

B Fletcher (BF) advised that the framework was established by modifications which had evolved over a number of versions due to major industry changes such as Project Nexus and FGO. The CDSP has an obligation to put an AUG in place and manage the contractual relationship.

DF asked if there anything the UNCC can do to add further clarity to the rules or process? F Cottam (FC) was of the opinion that the framework can be amended by majority vote at UNCC but members would need to satisfy themselves this is the correct understanding.

DF wanted to understand if there has been a noncompliance, how is the evidence to be submitted for its consideration and who is responsible for doing so. WG asked if the UNCC has the authority or skill set to undertake this role. DF offered the opinion that the UNCC should have the required skill set via their own knowledge or via their businesses which should inform their decisions.

SM asked what should happen with the noncompliance, how does the UNCC know if the contractual obligations are fulfilled as the CDSP is the contracting party and the UNCC has no visibility of the contents of the contract to be fulfilled.

R Kealley (RK) would be comfortable if a paper is drafted to identify or establish noncompliance with the framework. However, who would be tasked with writing the paper, who would assess the assessor and how can their independence be assured?

R Pomroy (RP) notes that the UNCC will be asked to approve the AUG statement but can only disapprove by unanimous vote which is a high hurdle. If the suggestion is the framework has not been followed, can the AUGE be requested to demonstrate that they have followed the framework or to disprove the allegations in the ICoSS letter.

FC noted that it is the CDSP who appoints the AUGE as a direct contractual responsibility. The transporter is responsible for publishing the AUG statement at the end of the process.

SM noted that they wished to understand the process for dispute and managing the process correctly. RP challenged that an organisation needs to be a Code party to establish a dispute as set out in UNC General Terms Section A, the CDSP and AUGE are not Code parties and would be out of scope.

DF suggested that a mediation process could be adopted, and established rules could be used to ensure the process is completed within defined timescales, although he was unsure as to who would be appointed as mediator and the funding mechanism.

WG noted that as currently there is no dispute in progress, is this around establishing a process that could be adopted should there be a dispute.

RP noted the governance process concerns but felt that Modification 0758 is attempting a resolution from a particular direction and that as the AUG process is currently running, there is a month prior to the UNCC approval vote for parties to seek ways of resolving the issue.

SM clarified that Modification 0758 has not been raised on behalf of ICoSS but by another party and for different reasons to those identified by ICoSS.

FC noted that some parties supported the proposals presented by the AUGE and that their views should also be considered when seeking to understand if there had been a noncompliance with the framework.

SM challenged that a number of parties do not agree the framework has been complied with and this has been escalated at UNCC and DSC Contract Management Committee – what options or steps can the UNCC take to address these issues.

G Evans (GE) advised that the ICoSS letter had been written because noncompliances had been identified and these had been raised at the AUG Subcommittee meetings to no effect. This letter was a formal way of advising that their questions and challenges had not been answered sufficiently to address the concerns raised. The letter identifies areas that need to be revisited or addressed so demonstrate the framework is being complied with.

DF asked where the UNCC Terms of Reference were located as these could be reviewed to ensure the noncompliance issues could be addressed. RP advised that the role of the UNCC is set out in UNC General Terms Section B.

RK was concerned that the issue is discrediting the role and independence of the AUG and what is the impact of this in the future when seeking AUG appointments. One option is to consider moving back to an allocation model as originally proposed for Project Nexus.

SM challenged that their concerns could be allayed if there was a satisfactory response provided to the questions and challenges made in the ICoSS letter and evidence provided that the framework has been complied with.

P Garner (PG) endorsed the view that the Joint Office remained impartial in this process and that it would be beneficial if parties managed commercial discussion directly and that publications provided were in line with the process as documented.

WG requested members to consider the discussion and noted that at this time there were no actions for the UNCC to take until parties established defined objectives or responsibilities for the UNCC as set out in Code or the framework document.

b) Proposed change to DESC Representative

R Hailes (RH) advised that a DESC member had advised that they wished to retire and as set out in the DESC Terms of Reference, it is in the gift of the UNCC to allow the DESC member's standing alternate to replace them as a DESC Member. Once confirmation of these intentions has been provided, a request will be submitted to the UNCC for approval.

Alternatively, if the DESC Member retires without nominating their standing alternate as Member, an interim nominations process for DESC could be facilitated.

c) PAC update to UNCC – Product Class 4 monthly read performance

RH agreed, when asked by DF, to update the document to reflect that strictly speaking it was UNCC which raised the concerns.

d) Amendment to Ratchet Process Guidance Document Name

Items was deferred to the April meeting.

e) Significant Measurement Error Report EM009 (Alrewas EM MTD)

RH advised that an ITE has been nominated in relation to Significant Measurement Error EM009 at the Offtakes Arrangements meeting held on Monday 15 March 2021.

The main objective of the meeting is to appoint an independent technical expert (ITE) to provide a report to resolve the error. The meeting was not quorate as no Shippers were in attendance. However, both the upstream and downstream transporters provisional nominated the same independent technical expert.

As final approval of the ITE is by the Offtake Committee, which is a Transporter only committee, the UNCC is being requested to endorse this selection by Transporters to allow the process to continue with an element of Shipper involvement.

M Jones (MJ) would like more notification of the date of the meeting and with more highlighting of the significance of the potential size of the error – this was echoed by others.

SM challenged that this item could be discussed at the Distribution Workgroup. PG explained that specifically the governance requires a process for selecting the ITE and that this managed through a specified Offtake Arrangements Workgroup as set out in the Measurement Error Guidelines, this is due to the nature of the selection process for an ITE as the meeting needs to be split by constituencies. At this time the full magnitude of the error is to be established and therefore the appropriate forum is the Offtake Arrangements Workgroup.

Next meeting is provisionally the planned for 27 April 2021 and this will be notified should this be firmed up or corrected.

UNCC determined and unanimously approved the appointment of the Independent Technical Expert nominated by upstream and downstream Transporter representatives of the Offtake Arrangements Workgroup.

208.5 AOB

a) None

208.6 Next Meeting

The next meeting will be on 15 April 2021, immediately after the UNC Modification Panel meeting on that date.

Action Table (18 March 2021)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
UNCC 01/01	21/01/21	206.4 a)	Joint Office (RH) to advise PAC of the discussion held at UNCC and to provide a response back to UNCC.	Joint Office (RH)	Closed