

UNC Modification Panel Minutes
Meeting 306 held on Thursday 20 April 2023
via Microsoft Teams

Attendees		
Voting Panel Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) Corona Energy D Morley (DM) OVO Energy from 11:15 M Bellman (MB) Scottish Power O Chapman (OC) Centrica R Fairholme (RF) Uniper S Mulinganie (SM) SEFE Energy	C Gilbert (CG) BUUK on behalf of A Travell D Mitchell (DMi) SGN G Dosanjh (GD) Cadent J Bates (JB) National Gas Transmission R Pomroy (RP) Wales & West Utilities and on behalf of T Saunders (TS)	E Proffitt (EP) Major Energy User's Council S Hughes (SM) Citizens Advice
Non-Voting Panel Members:		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG) Chair	J Semple (JS) M Walls (MW)	None
Also, in Attendance:		
Joint Office	Observers:	
B Fletcher (BF) B Mulcahy (BM) H Cuin (HCu) R Hailes (RH)	B Cull (BC) DESNZ E Rogers (ER) Xoserve/CDSP H Moss (HM) Cornwall Insight	I Capp (IC) DESNZ J Lomax (JL) Cornwall Insight
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/200423		

Record of Discussions

306.1. Introductions

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

306.2. Note of any alternates attending the meeting

C Gilbert on behalf of A Travell

D Fittock on behalf of S Mulinganie from 11:10am
O Chapman on behalf of D Morley until 11:15am
R Pomroy on behalf of T Saunders

306.3. Apologies for Absence

A Travell
D Morley until 11:15am
Kate Elleman
Penny Garner
S Mulinganie from 11:10am
T Saunders

306.4. Minutes of the last meeting on 16 March 2023.

Approved.

306.5. Review of Action(s) and Issue(s)

0301: Ofgem (JS) to confirm the process going forward for assessing Modifications and the need to consider equity.

Update: Update expected in May. **Carried Forward.**

306.6. Consider Urgent Modifications

None.

306.7. Consider Variation Requests

None.

306.8. Final Modification Reports

None.

306.9. Workgroup Issues/Updates

a) Request 0828R - Introduction of an Independent Shrinkage Expert.

R Hailes (RH) reported that as a result of New Modification 0843 – Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert, this Request may be withdrawn.

Following consideration of item 306.11b - New Modification 0843, D Morley (DM) requested that Request 0828R be withdrawn.

306.10. Workgroup Reports for Consideration

a) Modification 0834S – Inclusion of the “Process for the Update and Retention of Shared Site Drawings” as a Subsidiary Document within the Offtake Arrangements Document.

Panel agreed to consider the Document at short notice. RH introduced the Workgroup Report summarising that this Modification would add the process for the updating and retention of Shared Site Drawings, to the list of Offtake Subsidiary Documents set out in Section N of the Offtake Arrangements Document. This will allow for uniformity of approach to the management of shared drawings and provide a governance framework for future changes.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0834>

Panel considered shortening the Consultation period to 12 days to allow the Final Modification Report to be considered at the May UNC Modification Panel Meeting. No Shipper impacts

were expected. Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. There were no additional Panel Questions.

For Modification 0834S, Members determined (with 14 Panel votes available):

- The Modification should be issued with a 12-day consultation, and considered at the 18 May Panel, at short notice, by unanimous vote (14 out of 14).

306.11. Consider New, Non-Urgent Modifications

a) Modification 0842 - Gas Entry onto the Total system via an Independent Gas Transporter

The Proposer, D Mitchell (DMi) presented the Modification, explaining that it seeks to facilitate new gas flows into the Total System via an Independent Gas Transporters (IGT) pipeline.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0842>

DMi explained that the Uniform Network Code (UNC) is currently silent on a situation where gas can flow into the Total System via an IGT pipeline and also from an IGT pipeline into a Distribution Network Operator (DNO) system. This Modification has been raised to address this void and establish the arrangements between the IGT, the DNO and the Delivery Facility Operator to allow this flow. The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in August 2023.

J Bates (JB) enquired about the reverse flow element on the Network and if the gas will be accounted for when balancing the system. DMi explained that the arrangements would be the same as bio-methane sites delivering gas into the LDZ.

Panel considered whether this Modification met the Self-Governance criteria and the similarities of this Modification to that of Modification 0808 – Reverse Compression.

SM believed following discussion at the Distribution Workgroup this Modification had no impact on the Reverse Compression Modification. DMi confirmed there is no interdependency with Modification 0808. Both Modifications could be implemented or either one independently.

RP enquired if the arrangements would be consistent with Modification 0808 in respect of DN responsibilities for the entry point. DMi explained the difference in relation to new gas.

Richard Pomroy (RP) indicated that WWU would be submitting an initial representation for the Workgroup to consider.

Panel Members considered the need for a joint Workgroup to include IGTs, running on the same day as the IGT UNC meeting where feasible. Panel agreed to a 3-month assessment period reporting back to Panel 17 August 2023.

Panel Questions:

Q1. Are these arrangements consistent with Modification 0808 especially in respect of responsibility for the entry point?

Q2. Consideration of balancing and operation of the system.

For Modification 0842 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are not met, as this Modification is likely 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 (13 out of 14).

- The Modification should be issued to Workgroup for 3 months with a report to be presented to the 17 August 2023 Panel, by majority vote (9 out of 14).

b) Modification 0843 – Establishing the Independent Shrinkage Charge and the Independent Shrinkage Expert

The Proposer, D Morley (DM) presented the Modification, explaining that it seeks to introduce the role of an Independent Shrinkage Expert (ISE) who will establish an:

- **Independent Shrinkage Model (ISM),**
- **Independent Shrinkage Model Methodology (ISMM),**
- **Independent Shrinkage Multiplication Factor (ISMF); and an**
- **Independent Shrinkage Charge (ISC)**

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0843>

DM explained that the purpose of this Modification is to enable the more accurate allocation of Shrinkage to Gas Distribution Networks (GDN). The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in July 2023.

It was recognised arrangements will need to fit with the current licence arrangements. Panel briefly considered the available industry Shrinkage studies, independent assessments/studies, the sample size for these studies and their reliability. An IGT Modification was expected to include IGT Shrinkage rates. DM confirmed he was intending to raise this IGT Modification.

It was challenged if this Modification would impact consumer costs. DM confirmed that Ofgem had indicated they would consider the potential impacts which may involve a consultation.

Panel Members considered the need to procure a body on behalf of the industry which has a standard procurement timeline of 12 months and that this will need to be considered in respect of implementation.

Panel agreed to a 3-month assessment period at Workgroup reporting back 20 July 2023.

Panel Questions:

Q1. Consider impact on price control incentives.

For Modification 0843 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are not met, as this Modification is likely 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).
- The Modification should be issued to Workgroup for 3 months with a report to be presented to the 20 July 2023 Panel, by majority vote (11 out of 14).

c) Modification 0844 – Enabling Direct Contractual Arrangements with Consumers for Demand Side Response

The Proposer, P Hobbins (PH) presented the Modification, explaining that it seeks to expand the scope of the Demand Side Response (DSR) arrangements (as set out in the UNC) to enable the establishment of direct contractual arrangements between National Gas Transmission (NGT) and qualifying individual Consumers for the voluntary reduction of their gas demand.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0844>

PH explained that this Modification proposes to modify the UNC (and separately the Gas DSR methodology statement) to enable NGT to enter into contractual arrangements to procure DSR from any Class 1 gas consumers (a Consumer that is daily metered with an Annual Quantity of greater than 2 million therms). The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in June 2023. Panel Members discussed whether the timeline was feasible and whether the 2 meetings in the period were enough. The timeline is set up to enable implementation for Winter 2023/4. It is possible that 3 meetings may be required during this period at Workgroup.

Panel Members considered if it was possible to have direct contracting with the current licence arrangements and the DN communications required. It was noted that the Cross Code Steering Group (CCSG) may have an interest in this Modification with the potential impacts on power generation and coordination between electricity and gas.

The Proposer confirmed the Modification was envisaged to apply to IGT sites.

The potential for Domestic Market involvement and the role of an Aggregator was discussed. PH clarified these elements will be considered as a longer-term solution within Request Workgroup 0835R.

Panel agreed to a 2-month assessment period at the Transmission Workgroup reporting back 15 June 2023.

Panel Questions:

Q1. Consideration of whether direct contracting is possible.

Q2. Consider communication arrangements with Customers and DNOs.

For Modification 0844 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are not met, as this Modification is likely 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).
- The Modification should be issued to Workgroup for 2 months with a report to be presented to the 15 June 2023 Panel, by unanimous vote (14 out of 14).

d) Modification 0845 – Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product

The Proposer, P Hobbins (PH) presented the Modification, providing an overview of the current barriers with DSR, explaining this Modification had been raised as an output from Request 0835R, to:

- Extend eligibility to participate in gas DSR to Class 2 Consumers;
- Amend the determination of the quantity of demand reduction under a DSR Option;
- Enable DSR Option Offers to specify a maximum number of days on which the DSR Option could be exercised and incorporate this into the NGT assessment process for DSR Options;
- Clarify the obligations of a User if a DSR Option is exercised; Provide greater optionality for Users and Consumers in the DSR Options tender process; and
- Enable National Gas Transmission (NGT) to procure DSR Options that may be exercised with a 5-day lead-time.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0845>

The Modification was proposed as Authority Direction with a Workgroup Assessment concluding in June 2023. It was clarified IGTs would be within scope of the Modification.

Panel Members considered aligning processes for DN connected sites and mitigating the risk of sites being contacted by DNs and NTS. Panel members also considered the potential risks for sharp commercial practices and avoiding gaming.

The Proposer confirmed the Modification was envisaged to apply to IGT sites. Panel agreed to a 2-month assessment period at the Transmission Workgroup reporting back 16 June 2023.

Panel Questions:

Q1. Consideration of communication arrangements with DNOs

Q2. Does the Modification introduce any risk to end consumers?

For Modification 0845 Members determined (with 13 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance are not met, as this Modification is likely 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 (13 out of 13).
- The Modification should be issued to a Workgroup for 2 months with a report to be presented to the 15 June 2023 Panel, by unanimous vote (13 out of 13).

306.12. Existing Modifications for Reconsideration

M Walls (MW) informed the Panel of a minded to accept decision for Urgent Modification 0840 - *Equalisation of prepayment and non-prepayment AUG factors*. The decision letter was expected on Friday 21 April 2023. Panel members noted this update in relation to the UNCC meeting and consideration of the AUG Report and Table.

The following update was provided to the estimated decision dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	TBC

0761 - Arrangements for Interconnectors with additional Storage capability	28 April 2023
0813 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	19 May 2023
0818 - Releasing of unused capacity under a specific set of circumstances	24 April 2023
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	22 December 2023
0840 (Urgent) - Equalisation of prepayment and non-prepayment AUG factors	21 April 2023

Ofgem advised of some upcoming Workshops regarding the Energy Code Reform between May and July before commencing a consultation. Ofgem confirmed an update will be provided on the selection process for Code Managers in the coming weeks.

306.13. Modification Reporting

Workgroup Extension Requests:

UNC Modification Panel Members discussed the required Workgroup extensions and unanimously approved them as follows:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0836S - Resolution of Missing Messages following Central Switching Service implementation and integration with REC Change R0067	May 2023	August 2023	3-month extension
0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget, and revisions to DSC change processes	June 2023	July 2023	1-month extension

Legal Text Requests:

UNC Modification Panel Members discussed the Legal Text Requests and the relevant Gas Transporters determined to accept Legal Text Requests for the following Modifications:

Legal Text Requests for Modifications	Accepted
0808 – Reverse Compression	Yes
0839 – Revision of the Modification Panel Membership Cessation Provisions	Yes

306.14. Any Other Business

a) Volume of FMRs for July’s Panel meeting

RH notified Panel of the potential number of Final Modification Reports (FMRs) for consideration in July. The proposal to manage the workload was to hold two UNC Modification Panel meetings in July.

Panel considered the opportunity to move some of the Final Modification Reports reporting dates in conjunction with upcoming consultations.

It was suggested that the Joint Office should consider the options for managing the workload along with the grouping Modifications to balance the work.

b) Annual Modification Panel Report - Committee Opinions

WG noted that feedback had been provided on including the Workgroup process within the Annual Modification Panel Report, seeking the opinion of the Modification Panel. A Panel Member agreed this would be of value and supported this approach. WG noted that she had no involvement in the Workgroup process.

c) Legal Text for Modification 0710.

RP noted that Modification 0710S - *CDSP provision of Class 1 read service*, legal text had been affected by Modification 0804 - Consequential UNC changes for Switching SCR (REC 3.0), as Modification 0804 had removed 2 paragraphs/clauses which had changed the numbering of some clauses. RP confirmed a further Fast Track Self Governance Modification will be required to correct the affected references.

d) Gemini Re-platforming

J Bates (JB) briefed Panel on the Gemini re-platforming IT plan, providing an update on the build program and details of the cut-over. A partial change release was expected, and it was noted that future Modifications requiring IT changes may be affected.

306.15. Date of Next Meeting(s):

Further details of planned meetings are available at: www.gasgovernance.co.uk/events-calendar/month

Time / Date	New Mod Deadline	Venue
10:00 Thursday 18 May 2023	5pm Thursday 04 May 2023	Teleconference / Microsoft Teams
10:00 Thursday 15 June 2023	5pm Friday 02 June 2023	Teleconference / Microsoft Teams
10:00 Thursday 20 July 2023	5pm Friday 07 July 2023	Teleconference / Microsoft Teams
10:00 Thursday 17 August 2023	5pm Friday 04 August 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 21 September 2023	5pm Friday 08 September 2023	Teleconference / Microsoft Teams
10:00 Thursday 19 October 2023	5pm Friday 6 October 2023	Teleconference / Microsoft Teams
10:00 Thursday 16 November 2023	5pm Friday 03 November 2023	Teleconference / Microsoft Teams & In Person
10:00 Thursday 14 December 2023	5pm Friday 08 December 2023	Teleconference / Microsoft Teams

Panel Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
0301	16/03/23	305.14 (d)	Ofgem (JS) to confirm the process going forward for assessing Modifications and the need to consider equity.	Ofgem (JS)	May 2023	Carried Forward