

Record of Determinations:

Panel Meeting 268 21 January 2021

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

Note definition of Defined Term "Panel Majority" in the Mod Rules 2.1.

FMR implementation votes should record either in favour or not present (or be blank) Mod Rules 9.4(b)

| | |
|-----------|-------------|
| In favour | Not Present |
| ✓ | NP |

| Modification | Vote Outcome | Shipper Voting Members | | | | | | Transporter Voting Members | | | | | IGT Voting Member | Consumer Voting Member | Non-Domestic Consumer Voting Member | Determination Sought | |
|--|---|------------------------|----|----|----|----|----|----------------------------|----|----|-----------|----|-------------------|------------------------|-------------------------------------|--|---|
| | | SM for AG | DF | MB | MJ | RF | SM | PH for DL | GD | HC | TS for RP | TS | | | | | RC |
| Modification 0748 (Urgent) - Prospective Removal of Entry Capacity Revenue from Capacity Neutrality Arrangements | The topic of Modification 0748 (Urgent) should not be issued to Workgroup - unanimous vote against (13 out of 13) | X | X | NP | X | X | X | X | X | X | X | X | X | X | X | X | Should the topic of Modification 0748 (Urgent) be issued to Workgroup with a report presented to the 18 March 2021 Panel? |
| Modification 0735S - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal') | Variation Request for Modification 0735S is material - unanimous vote for (10 out of 13) | ✓ | ✓ | ✓ | ✓ | NV | ✓ | X | ✓ | ✓ | X | X | ✓ | ✓ | ✓ | Is the Variation Request for Modification 0735S material? | |
| | Modification 0735VS is not related to the Significant Code Review - unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Does Modification 0735VS impact a Significant Code Review? | |
| | Modification 0735VS is a Self-Governance Modification - unanimous vote for (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Does 0735VS meet the Self-Governance Criteria? | |
| | Modification 0735VS issued to consultation, with consultation closing out on 11 February 2021 - unanimous vote for (13 out of 13) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | NP | ✓ | ✓ | ✓ | Should Modification 0735VS be issued to Consultation, closing on 11 February 2021? | |
| Modification 0730V - COVID-19 Capacity Retention Process | No new issues were identified during the consultation for Modification 0730V - unanimous vote against (13 out of 13) | X | X | NP | X | X | X | X | X | X | X | X | X | X | X | Were any new issues identified during the consultation for Modification 0730V? | |
| | Modification 0730V not recommended to be implemented - no majority vote for (6 out of 13) | ✓ | ✓ | NP | ✓ | ✓ | ✓ | | | | | | | | ✓ | Should Modification 0730V be implemented? (Yes, votes only) | |
| Modification 0737 - Transfer of NTS Entry Capacity from a Capacity Abandoned ASEP | No new issues were identified during the consultation for Modification 0737 - unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Were any new issues identified during the consultation for Modification 0737? | |
| | Modification 0737 should not be implemented - no majority vote for (3 out of 14) | | | ✓ | | ✓ | | | | ✓ | | | | | | Should Modification 0737 be implemented? (Yes, votes only) | |
| Modification 0738 - Incremental NTS Entry Capacity Surrender | No new issues were identified during the consultation for Modification 0738 - majority vote against (13 out of 14) | X | X | X | X | X | X | X | X | X | ✓ | X | X | X | X | Were any new issues identified during the consultation for Modification 0738? | |
| | Modification 0738 should not be implemented - no votes in favour (0 out of 14) | | | | | | | | | | | | | | | Should Modification 0738 be implemented? (Yes, votes only) | |

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Panel Meeting 268 21 January 2021

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| In favour | Not in Favour | Not Present | No Vote Cast |
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| In favour | Not Present |
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| Modification | Vote Outcome | Shipper Voting Members | | | | | | Transporter Voting Members | | | | | IGT Voting Member | Consumer Voting Member | Non-Domestic Consumer Voting Member | Determination Sought |
|---|--|------------------------|----|----|----|----|----|----------------------------|----|----|-----------|----|-------------------|------------------------|-------------------------------------|--|
| | | SM for AG | DF | MB | MJ | RF | SM | PH for DL | GD | HC | TS for RP | TS | RC | LS | DM for NB | |
| Request 0749R - Increased DM SOQ Flexibility | To consider Request 0749, unanimous vote in favour | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Consider Request |
| | Modification 0749R issued to Workgroup 0749R with a report by the 15 July 2021 Panel - unanimous vote in favour (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Request 0749R be issued to Workgroup 0749R with a report to be presented to the 15 July 2021 Panel? |
| Modification 0751 - Capping price increases for Long-Term Entry Capacity | Not related to the Significant Code Review - unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Does Modification 0751 impact a Significant Code Review? |
| | Is not a Self-Governance Modification - unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Does 0751 meet the Self-Governance Criteria? |
| | Modification 0751 issued to Workgroup 0751 with a report by the 15 April 2021 Panel - unanimous vote in favour (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Request 0751 be issued to Workgroup 0751 with a report to be presented to the 15 April 2021 Panel? |
| Modification 0752 - Introduction of Weekly Entry Capacity Auction | Not related to the Significant Code Review - unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Does Modification 0752 impact a Significant Code Review? |
| | Is not a Self-Governance Modification - majority vote against (12 out of 13) | X | X | X | X | X | X | ✓ | X | X | NP | X | X | X | X | Does 0752 meet the Self-Governance Criteria? |
| | Modification 0752 issued to Workgroup 0752 with a report by the 15 April 2021 Panel - unanimous vote in favour (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Request 0752 be issued to Workgroup 0752 with a report to be presented to the 15 April 2021 Panel? |
| Modification 0729 - Applying a discount to the Revenue Recovery Charge at Storage Points | Modification 0729 is not to be issued for further consultation unanimous vote against (14 out of 14) | X | X | X | X | X | X | X | X | X | X | X | X | X | X | Should Modification 0729 be issued for further consultation? |
| Request 0693R - Treatment of kWh error arising from statutory volume-energy conversion | Workgroup 0693R should be closed-unanimous vote in favour (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Workgroup 0693R be closed? |

Record of Determinations:

Panel Meeting 26&27 January 2021

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

Note definition of Defined Term "Panel Majority" in the Mod Rules 2.1.

FMR implementation votes should record either in favour or not present (or be blank) Mod Rules 9.4(b)

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| In favour | Not Present |
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| Modification | Vote Outcome | Shipper Voting Members | | | | | | Transporter Voting Members | | | | | IGT Voting Member | Consumer Voting Member | Non-Domestic Consumer Voting Member | Determination Sought |
|--|--|------------------------|----|----|----|----|----|----------------------------|----|----|-----------|----|-------------------|------------------------|-------------------------------------|---|
| | | SM for AG | DF | MB | MJ | RF | SM | PH for DL | GD | HC | TS for RP | TS | RC | LS | DM for NB | |
| Modification 0739 - Aggregate overrun regime for Original Capacity held at the Bacton ASEPs | Modification 0739 issued to consultation, with consultation closing out on 11 February 2021 - unanimous vote for (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Modification 0739 be issued to Consultation, closing on 11 February 2021 and be consider at Short Notice at the February Panel meeting? |
| Modification 0743S - Revisions to User Termination Provisions | Modification 0743S issued to consultation, with consultation closing out on 11 February 2021 - unanimous vote for (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Modification 0743S be issued to Consultation, closing on 11 February 2021 and be consider at Short Notice at the February Panel meeting? |
| Modification 0745 - Mandatory Setting of Auction Bid Parameters | Modification 0745 is returned to Workgroup 0745 - unanimous vote for (13 out of 13) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | NP | ✓ | ✓ | ✓ | ✓ | Should Request 0745 be returned to Workgroup 0745 with a report to be presented to the 18 February 2021 Panel? |
| 0674 - Performance Assurance Techniques and Controls | The reporting date for Workgroup 0674 is extended to the 18 March 2021 Panel - unanimous vote for (14 out of 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should the reporting date for Workgroup 0674 be extended to the 18 March 2021 Panel? |
| Modification 0745 - Mandatory Setting of Auction Bid Parameters | Legal Text I requested for Modification 0745 - unanimous vote for (14 out to 14) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Should Legal Text be requested for Modification 0745? |

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

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FMR implementation votes should record either in favour or not present (or be blank) Mod Rules 9.4(b)

| | |
|-----------|-------------|
| In favour | Not Present |
| ✓ | NP |

UNC Modification Panel
Minutes of Meeting 268 held on
Thursday 21 January 2021
via teleconference

Attendees

Voting Panel Members:

| Shipper Representatives | Transporter Representatives | Consumer Representatives |
|--|---|---|
| D Fittock (DF), Corona Energy M Bellman (MB), ScottishPower M Jones (MJ), SSE R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom Energy and alternate for A Green | P Hobbins (PH), National Grid G Dosanjh (GD), Cadent H Chapman (HC), SGN R Cailles (RC), BUUK T Saunders (TS), Northern Gas Networks and alternate for R Pomroy | L Snoxell (LS), Citizens Advice D Mitchell (DM), CIA |

Non-Voting Panel Members:

| Chairperson | Ofgem Representative | Independent Supplier Representative |
|-----------------------|---------------------------------|--|
| W Goldwag (WG), Chair | L King (LK) | (None) |

Also, in Attendance:

A Bates (AB), South Hook
A Jackson (AJ), Gemserv
B Fletcher (BF), Joint Office
C Aguirre (CA), Pavilion Energy
E Rogers (ER), Xoserve - CDSP Representative
L Hayworth, Cornwall Insight
N Wye (NW), WatersWye
O Chapman (OC), Centrica
P Garner (PG), Ofgem
R Hailes (RH), Panel Secretary
Y Reid-Healy, Cadent

Record of Discussions

268.1 Introduction

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

268.2 Note of any alternates attending meeting

D Mitchell for N Bradbury, EIUG

P Hobbins for D Lond, National Grid

T Saunders for R Pomroy, Wales & West Utilities

S Mulinganie for A Green, Total Gas and Power

268.3 Record of apologies for absence

A Green, Total Gas & Power

D Lond, National Grid

N Bradbury, EIUG

R Pomroy, Wales & West Utilities

268.4 Minutes of the last meetings (17 December 2020)

Panel Members approved the minutes from the 17 December 2020, noting there had been the following amendments:

268.5 Review of Outstanding Action(s)

Action PAN 11/02: The Panel Chair asked the Joint Office to review and provide clarification of Workgroup assessment and quoracy to avoid future debates on this topic.

Update: It was noted that this action is due for discussion at the February 2021 meeting.

Carried Forward

Action PAN 12/01: BF, DF, PG and LK to discuss potential options for considering Modifications with multiple alternatives.

Update: It was noted that this action is due for discussion at the February 2021 meeting.

Carried Forward

268.6 Issues log

RH confirmed that there are no current issues.

| Meeting Date | Minutes Ref. | Issue | Issue Raised By | Status | Owner |
|--------------|--------------|-------------------|-----------------|--------|-------|
| | | No current issues | | | |

268.7 Consider Urgent Modifications

a) Modification 0748 (Urgent) - Prospective Removal of Entry Capacity Revenue from Capacity Neutrality Arrangements

R Hailes (RH) advised that this Modification had been implemented following Authority direction. As this Modification had followed Urgent procedures, Panel have the option to send the topic of the Modification to Workgroup for review.

On behalf of R Pomroy, T Saunders (TS) advised that there was a clear explanation required as to how the allocation of charges would be managed i.e. how the charging pots were established and allocated and how they interact with each other.

In addition, the urgent timetable set out by Ofgem was challenging, with consultation being less than 3 days and it was difficult to fully assess the impacts of the Modification in such a short time. Do Ofgem have a minimum time for consultations; and does this take account of the complexity of the Modification and the potential number of representations likely to be received.

L King (LK) asked if these comments could be forwarded to him and he will discuss these issues with colleagues. However, notwithstanding consideration of the comments, Ofgem have to balance a number of factors when considering the timetable proposed for an urgent Modification, such as need to make a change quickly balanced with the complexity of the change. TS agreed to forward the questions to LK.

New Action PAN 01/01: (LK) to consider the consultation duration for Urgent Modifications and provide a view on how these are established when considering the complexity of an individual modification.

RH advised that the questions about the allocation of charges has been raised as actions at the NTSCMF and National Grid have committed to providing a response to the Workgroup.

SM questioned whether the claw back Modification is going to be raised as previously highlighted when this Modification was first raised, as the industry is waiting for this issue to be closed.

N Wye (NW) advised that he had discussed the potential retrospective Modification with National Grid and they are reviewing the retrospective option Modification with a view to confirming its status within the next two weeks. RH advised that this was her view.

For Modification 0748 Members determined (13 Panel votes were available for the determinations):

- That the topic of Modification 0748 should not be issued to Workgroup 0748, unanimous vote (13 out of 13).

268.8 Consider Variation Requests

a) **Modification 0735S - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')**

RH explained that the Variation Request is proposing to amend the Modification description based on a Brexit deal being concluded, as the references and definitions previously identified in the Modification are still required due to the nature of the deal concluded with the European Union.

TS agreed the Variation Request in its impact should be considered immaterial in terms of changes to the Modification, however the description and context is significantly different so should be considered material. H Chapman (HC) challenged the view of an immaterial impact as the amendments were material in context. To ignore the consequence of this would set a precedent for future Modifications, therefore the amendments should be considered material.

LK asked if this Modification is the only change needed for the UK to comply with post Brexit trade deal implementation.

Phil Hobbins (PH) confirmed no additional Modifications are required and clarified the original aim of this Modification was based on a no deal scenario, and that a reference to a deal could not be contemplated at that time as the content of the deal was not known. However, the details of the deal are now known, and the same changes to references and definitions are required and therefore the removal of no deal should not be considered a material change.

S Mulinganie (SM) challenged why additional consultation is needed by classifying the variation as material, why not withdraw this Modification and raise a New Modification to be clear that the Modification is for the purpose of making changes due to the implemented trade deal – this could follow the Fast Track process. D Fittock (DF) agreed that a new Modification would be a favourable approach.

PH challenged that the Modification should proceed based on the Variation Request proposed as the changes are immaterial in terms of the intent and the need to establish the rules as soon after the trade deal implementation as possible. P Garner (PG) felt it would add clarity if this Modification was withdrawn and a new Modification was raised.

PH noted the concerns raised and the options proposed. He felt that a new Modification if raised would not be suitable for Fast Track Self Governance as it would remove references to the EU and introduces new definitions which is beyond the scope of house keeping. The proposer would prefer the Variation Request to be considered and progressed and tested for materiality to ensure to Modification has a chance of implementation prior the Spring 2021.

Panel members were asked to consider if the Variation is material or immaterial.

Panel members noted the views of the proposer and requested that the consultation should specifically target whether previous respondents would change their views following the approval of the Variation Request.

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

- **The Variation Request is material, by majority vote (10 out of 13)**
- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance are met as the Modification does have a material impact on Transportation arrangements or industry parties, by unanimous vote (14 out of 14).
- Should be issued to consultation with a close out date of 11 February 2021, by unanimous vote (13 out of 13).

268.9 Final Modification Reports

a) **Modification 0730V - COVID-19 Capacity Retention Process**

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0730>

There were no queries in relation to the Legal Text.

Panel members considered the Relevant Objectives and updates were captured in the Final Modification Report.

Panel Members then determined (13 Panel votes were available for the determinations):

- That there were no new issues requiring a view from Workgroup, by unanimous vote (13 out of 13).
- No recommendation to implement Modification 0730V, no majority vote in favour (6 out of 13).

b) **Modification 0735S - UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')**

No Panel discussion as the Modification was subject to a Variation Request, see item 268.8 a) above.

c) **Modification 0737 - Transfer of NTS Entry Capacity from a Capacity Abandoned ASEP**

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0737>

There were no queries in relation to the Legal Text.

Panel members considered the Relevant Objectives and updates were captured in the Final Modification Report.

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

- That there were no new issues requiring a view from Workgroup, by unanimous vote (14 out of 14).
- No recommendation to implement Modification 0737, no majority vote in favour (3 out of 14).

d) Modification 0738 - Incremental NTS Entry Capacity Surrender

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0738>

There were no queries in relation to the Legal Text.

Panel members considered the Relevant Objectives and updates were captured in the Final Modification Report.

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

- That there were no new issues requiring a view from Workgroup, by majority vote (13 out of 14).
- No recommendation to implement Modification 0738, no votes in favour (0 out of 14).

268.10 Consider New, Non Urgent Modifications

a) Request 0749R - Increased DM SOQ Flexibility

It was noted by Panel that the Proposer was not present to introduce the Request. SM noted that this topic had previously been discussed at Distribution Workgroup, where some participants had suggested a review should be instigated to explore options, therefore the subject was well understood, and he saw no reason why the proposer needed to be present.

Members determined that Request 0749R should be considered in the proposer absence.

PG introduced the Request highlighting the reasons for the proposed review of DM SOQ flexibility.

There was a preference to extend reporting date to July 2021 with an interim report provided to confirm the development time required.

Workgroup Questions:

1. The Workgroup to provide an interim report assessing the reporting schedule.
2. Consider UNC IGT cross code impacts.
3. Consider consumer implications and provide an update.

For Request 0749R Members determined (14 Panel votes were available for the determinations):

- That Request 0749R should be considered by Panel, unanimous vote (14 out of 14).
- That Request 0749R be issued to Workgroup 0749R with a report by the 15 July 2021 Panel, unanimous vote (14 out of 14).

b) Modification 0751 - Capping price increases for Long-Term Entry Capacity

N Wye (NW) introduced the Modification and the reasons why there is a need to change the regime for long term bookings due to recent changes introduced which create pricing instability and disincentives when compared to a fixed price regime.

L Snoxell (LS) asked if there were consequential impacts of balancing entry and exit charges. RF did not feel this was an issue as they have separate revenue pots with very little cross over.

For Modification 0751 Members determined (14 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, 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).
- That Modification 0751 be issued to Workgroup 0751 with a report by the 15 April 2021 Panel, by unanimous vote (14 out of 14).

c) Modification 0752 - Introduction of Weekly Entry Capacity Auction

A Bates (AB) introduced the Modification, explaining that it introduces a weekly entry capacity auction in addition to the existing quarterly, monthly and daily auctions. Their view is this will introduce a reasonable level of control for shippers who currently rely on monthly auctions which is inefficient for their purposes.

LK sought clarification on self-governance and why this was not considered a material change due to the introduction of a new product.

AB felt the Modification is suitable for self-governance as it has very little commercial impacts on shipper's and transporters and does not discriminate between parties.

SM challenged that the introduction of a new product under self-governance does not feel correct at this time without a full assessment, however a view could be provided by Workgroup.

LK agreed with this view and noted that there would need to be careful consideration of the applicable Charging Relevant Objectives and potentially compliance with TAR Code.

PH was comfortable with the approach proposed at this time but agreed that it should be reviewed based on potential usage across the market.

For Modification 0752 Members determined (14 Panel votes were available for the determinations):

- It is not related to the Significant Code Review, 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 (12 out of 13).
- That Modification 0752 be issued to Workgroup 0752 with a report by the 15 April 2021 Panel, by unanimous vote (14 out of 14).

268.11 Existing Modifications for Reconsideration

a) Modification 0729 - Applying a discount to the Revenue Recovery Charge at Storage Points

PG asked members to note that this Modification had been with Ofgem for a decision for 4 months.

WG asked LK if he were able to provide a view as to when a decision is likely.

LK advised that they were considering the Final Modification Report and would provide a decision in due course.

For Modification 0729 Members determined (14 Panel votes were available for the determinations):

- That Modification 0729 should not be issued for further consultation, unanimous vote against (14 out of 14).

268.12 Workgroup Issues

a) None

268.13 Workgroup Reports for Consideration

a) Request 0693R - Treatment of kWh error arising from statutory volume-energy conversion

Panel Members noted that the Workgroup do not recommend that any of the short-list options are pursued and that this Workgroup should be closed.

For Request 0693R, Members determined (14 Panel votes were available for the determinations):

- Workgroup 0639R should be closed, by unanimous vote (14 out of 14).

b) Modification 0739 - Aggregate overrun regime for Original Capacity held at the Bacton ASEPs

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to consultation.

PH noted that the Legal Text provided for this Modification is suitable for consultation.

Panel Questions:

1. Respondents are requested to consider the risk of displacement of short term capacity sales, to the extent and likely impacts on the consumer.

For Modification 0739, Members determined (14 Panel votes were available for the determinations):

- Modification 0739 should be issued to consultation with a close out date of 11 February 2021 (this includes a deemed request for Legal Text), by unanimous vote (14 out of 14).

c) Modification 0743S - Revisions to User Termination Provisions

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to consultation.

PH noted that the Legal Text provided for this Modification is suitable for consultation.

For Modification 0743S, Members determined (14 Panel votes were available for the determinations):

- Modification 0743S should be issued to consultation with a close out date of 11 February 2021 (this includes a deemed request for Legal Text), by unanimous vote (14 out of 14).

d) Modification 0745 - Mandatory Setting of Auction Bid Parameters

Panel Members noted the Workgroup Report recommendations that this Modification should be issued to consultation.

Members noted that there were a number of concerns which might need further consideration prior to being issued to consultation,.

LS asked if additional information on the instances where these errors had previously occurred and how this might have impacted consumers.

Question for Workgroup:

1. Consider suitability for Self-governance.
2. Provide the number of instances where Auction errors have occurred, the value redistributed and how this might impact consumers.

For Modification 0745, Members determined (13 Panel votes were available for the determinations):

- Modification 0745 should be returned to Workgroup with a report presented to the February Panel, by unanimous vote (13 out of 13).

268.14 Consideration of Workgroup Reporting Dates and Legal Text Requests

Panel Members determined unanimously to extend the following Workgroup reporting date(s), recorded here with some additional data:

| Modification number and title | Current Panel reporting date | Requested Panel reporting date | Reason for request to change Panel reporting date/Comments |
|--|-------------------------------------|---------------------------------------|---|
| 0674 - Performance Assurance Techniques and Controls | Feb 2021 | March 2021 | Issues require further consideration. |

Panel Members discussed Legal Text requests and determined unanimously to make a legal text request for the following Modification(s):

| Legal Text Requests for Modifications |
|---|
| Modification 0745 - Mandatory Setting of Auction Bid Parameters |

268.15 AOB

a) Legal Text Guidance Document – Annual Review

RH requested deferral of this item to the February 2021 meeting so that member comments could be included in the amended document.

Members agreed to defer discussion to the February meeting.

b) Proposed Update to UNC Modification Template

RH informed Panel Members that changes have been identified to the UNC Modification template following a review of the “critical friend”, Joint Office internal review and to incorporate recent changes approved by CACoP to the templates. The CACoP changes include adopting a new consumer impacts table and questions.

Members determined to approve the administration changes proposed by the Joint Office.

Members noted that comments had been provided concerning the CACoP proposed changes and these needed further discussion at a relevant forum. PG suggested these should be then provided back to the next CACoP forum as feedback.

TS challenged that not all Codes follow CACoP, should there be an option not to apply these changes, particularly as this is a wholesale code with very little direct consumer impacts.

LK noted that not all Codes should be aligned with CACoP. In specific instances there may be differences by Code but that these should be the minimum necessary. He also noted that although the UNC is not consumer facing, it does have direct impacts on consumers as can be seen by the earlier discussions on some of the topics at this meeting and by the attendance of consumer representatives. PG noted the concerns but also expressed a view that Code Administrators should aim to align to standard industry templates where possible to ensure consistency in approach for parties.

WG agreed that consistency of approach was very important while agreeing that feedback should be provided to CACoP regarding the proposed amended consumer impacts section.

Members determined that discussion of the proposed CACoP changes to the Modification templates should be deferred.

c) Initial Discussion to establish the Annual Report

WG advised Members that the intention is to commence development of an annual report following the implementation of Modification 0731S. The aim is to find a happy medium between what is suitable for Panel and relevant for parties outside. The report needs to be useful and interesting to others who are not directly involved with Panel.

PG suggested an interim report after the end of the financial year around May with agreed data sets and then followed by a final report each November.

SM felt the data will be interesting but wanted more focus on strategic change and challenges for Panel in the future, including topics suggested by Members. He would also like to see more involvement with strategic industry drivers such as the Retail Energy Code.

DF agreed with the suggestions for performance for the industry to review. He would like an early view of the interim report as he was interested in the style/look of the report to ensure it keeps the audience engaged.

SM suggested that if the interim report in May is parked with a driver for the November report. This would allow Panel to focus on the style and content of the report to ensure it is fit for purpose.

| |
|---|
| New Action PAN 01/02: The Joint Office (WG/PG) to provide an early draft of the Panel Chairs report to focus on style and layout. |
|---|

d) Guidance for Proposers – Annual Review

RH advised that as part of the annual UNC Related Documents review process, this document had been published to allow members the opportunity to review the content and suggest potential changes. RH advised that she would provide a word version for Members consideration.

LK suggested that the Consumer impacts section should be reviewed based on the earlier discussions above and subject to approval of the Modification template by Panel.

e) Proposed update to UNC Standard Workgroup Terms of Reference

RH advised that a number of changes have been proposed by PAC to the standard Workgroup Terms of Reference and they were seeking views from Panel as to the inclusion of these amendments. The amendments were mainly aimed at seeking a Workgroup view and or analysis on potential settlement impacts of Modifications.

SM challenged if this should be aimed at setting a trigger or a heads up for PAC involvement and not for Workgroup to do PACs work. MB agreed with this view that it should be highlighting that there may be settlement issues that PAC should be aware of. It was noted that the PAFA currently tracks Modifications for PAC, highlighting any potential settlement concerns and these proposed changes to the terms of reference would help to formalise this process and highlight any concerns sooner.

Members determined to approve the proposed changes to the Workgroup Terms of Reference template.

f) SAGE Modification

RH advised that this Modification had not been deleted as the proposer of this Modification was close to completing the User accession process. TS challenged if the proposer has the option to withdraw, Panel rejected the Modification, therefore it should just be cancelled.

PH noted that the concerns although his view was that the proposer was close to completing the accession process and were being delayed as they were waiting the installation of IX equipment.

ER was aware that the process still needed to be conclude although she was not aware the issue was restricted to IX equipment installation.

TS felt this Modification should be rejected and the proposer advised that they will be able to raise the Modification when the accession process has concluded.

SM was concerned that a party might be prevented from participating in the process due to problems with installing IX equipment, when the industry is aware the pandemic is causing significant access issues. He suggested an accession progress update is requested from Xoserve for the next meeting and any rejection is delayed until after that report.

Item to be discussed at the next meeting.

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| New Action PAN 01/03: Xoserve (ER) to provide an update as to any impacts on the UNC accession process caused by IX new installation delays. |
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g) Code Changes under the Retail Code Consolidation Significant Code Review (Ofgem Letter)

RH asked members to note that Ofgem have issued a letter to a number of Code Administrators advising that there will be some impacts due to the implementation of the Retail Energy Code (REC). This is likely to involve a Code freeze at some point, while also requiring changes to the UNC TPD Section V and the Modification Rules.

LK advised that Ofgem had issued this letter to several industry Code Panels to ensure they were mindful of the potential restrictions due to the requirements to introduce REC.

PG was unsure at this time as to how the modifications for the SCR changes would be progressed in UNC.

LK advised that there is an option in the Modification Rules that allows Ofgem to progress SCR related Modification and this option is being reviewed as a possible way of coordinating these industry changes.

LK also wanted to flag early that Panel should consider ways to identify Modifications that might impact the SCR base line, including urgent modifications to ensure expectations on implementation are managed.

SM noted that it was evident at Workgroups that this issue is being identified when considering possible implementation dates for a Modification, even those that have been approved for implementation.

PG suggested that a view is taken from Workgroups as to the potential impacts of the SCR on progression of Modifications with a report provided to Panel.

New Action PAN 01/04: Joint Office (PG) to request Workgroup Chairs to seek views of possible impacts of the potential code freeze on in-flight Modifications

New Action PAN 01/05: Joint Office (BF) to consider if additional guidance should be provided to proposers in the "Guidance for Proposers" document concerning the SCR impacts

h) Modification 0276 – Alternative User Pays Approach

RH summarised that this Modification was approved in March 2010 but not implemented due to the issues around approval of the associated ACS - does Ofgem have a view on whether a new modification could be raised to utilise some of the concepts set out in the modification.

LK advised that he would consider the options but it was noted that User Pays was removed from Code following the conclusion of FGO in 2017.

i) Code Administrators Annual Survey

LK reminded members that the Code Annual Survey was not undertaken last year due to the lock down associated with the pandemic. However, Ofgem are considering if the survey should be undertaken during 2021 using similar timescales used for previous surveys. Would parties be happy with this approach.

PG was concerned that the pandemic might still be a significant impact on Code Administrators and industry parties being able to fully engage and support the process.

DF expressed a similar view as he would like to see some stability in operations and a return to normal before committing to a large survey.

SM noted that previously parties were asked to respond about one Code with no choice as to the Code they wish to respond about, could this be amended so parties can choose or respond about more than one Code.

268.16 Date of Next Meeting(s)

10:00, Thursday 18 February 2021, by teleconference.

Action Table (21 January 2021)

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update | Date of Expected update |
|-------------------|---------------------|-------------------|--|----------------------|------------------------|--------------------------------|
| PAN 11/02 | 19/11/20 | 265.8 | The Panel Chair asked the Joint Office to review and provide clarification of Workgroup assessment and quoracy to avoid future debates on this topic. | Joint Office | Carried Forward | February 2021 |
| PAN 12/01 | 17/12/20 | 267.14 | BF, DF, PG and LK to discuss potential options for considering Modifications with multiple alternatives. | Joint Office (BF/PG) | Pending | February 2021 |
| PAN 01/01 | 21/01/21 | 268.7 a) | Ofgem (LK) to consider the consultation duration for Urgent Modifications and provide a view on how these are established when considering the complexity of an individual modification. | Ofgem (LK) | Pending | February 2021 |
| PAN 01/02 | 21/01/21 | 268.15 c) | The Joint Office (WG/PG) to provide an early draft of the Panel Chairs report to focus on style and layout. | Joint Office (WG/PG) | Pending | March 2021 |
| PAN 01/03 | 21/01/21 | 268.15 f) | Xoserve (ER) to provide an update as to any impacts on the UNC accession process caused by IX new installation delays. | Xoserve (ER) | Pending | February 2021 |
| PAN 01/04 | 21/01/21 | 268.15 g) | Joint Office to request Workgroup Chairs to seek views of possible impacts of the potential code freeze on in-flight Modifications | Joint Office (PG) | Pending | March 2021 |
| PAN 01/05 | 21/01/21 | 268.15 g) | Joint Office to consider if additional guidance should be provided to proposers in the "Guidance for Proposers" document concerning the SCR impacts | Joint Office (BF) | Pending | March 2021 |

