

Joint Office, relevant Gas  
Transporters, Shippers and other  
interested parties

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Date: 21 October 2015

Dear Colleague,

**UNC 0560 Addressing under-allocation of flows from BBL arising from misalignment of reference conditions – request for urgency**

On 15 October 2015 the UNC Panel considered UNC 0560 'Addressing under-allocation of flows from BBL arising from misalignment of reference conditions' (UNC560) as a new modification.<sup>1</sup> Within the modification proposal, the proposer requested that UNC560 should be considered as an urgent modification. The UNC Panel voted unanimously in support of UNC560 being considered urgent. Following consideration of the request that UNC560 follows urgent modification procedures, the Authority has agreed to that request.<sup>2</sup>

In reaching our decision on granting urgent status we have considered the details contained within the modification proposal and the proposer's justification for urgency. We consider that the proposal satisfies the criteria for granting urgent status to a modification proposal, as set out in our guidance on code modification urgency criteria.<sup>3</sup> We set out our decision in more detail below.

Our current view is that an urgent modification should be linked to an imminent issue or a current issue, that if not urgently addressed may cause:

- a significant commercial impact on parties, consumers or other stakeholder(s); or
- a significant impact on the safety and security of the electricity and/or gas systems; or
- a party to be in breach of any relevant legal requirements.

The issue UNC560 seeks to address affects shippers between 1 October 2015 and the date on which UNC 0519 'Harmonisation of Reference Conditions at Interconnection Points' is implemented.<sup>4</sup> UNC560 was raised on 30 September 2015. We therefore agree that it meets the requirement that the modification should be linked to an imminent or current issue.

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<sup>1</sup> UNC 0560 - Addressing under-allocation of flows from BBL arising from misalignment of reference conditions (<http://www.gasgovernance.co.uk/0560>)

<sup>2</sup> Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

<sup>3</sup> Ofgem Guidance on Code Modification Urgency Criteria (<https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria>)

<sup>4</sup> UNC 0519 - Harmonisation of Reference Conditions at Interconnection Points (<http://www.gasgovernance.co.uk/0519>)

The proposer states that the materiality of the issue UNC560 seeks to address equates to £700,160 and that this is a significant commercial impact for affected shippers. We note the proposer's comments on this issue.

### **UNC Modification Panel view**

In accordance with paragraph 10.1.1(b) of the Modification Rules, before making our decision on whether the modification proposal should follow the urgent procedure, the UNC Modification Panel considered the urgency request for this particular proposal. At the meeting on 15 October 2015 the UNC Modification Panel members present voted unanimously to recommend that the proposal follows urgent procedures.

### **Authority decision**

We consent to urgency on the grounds that this proposal is linked to an imminent issue or current issue and if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s).

### **Urgency timetable**

The proposer has suggested a timetable for the modification as part of the proposal. We agree with the timetable subject to one change in order to allow the Authority time to fully consider the UNC Panel's recommendation whether to implement the modification.

| <b>Process</b>  | <b>Date</b>          |
|---|----------------------|
| Ofgem grant urgency status                                      | 21 October 2015      |
| Workgroup meeting   | 5 November 2015      |
| Refine text in line with workgroup discussion                   | 5 – 10 November 2015 |
| Modification issued for consultation (including suggested text) | 10 November 2015     |
| Final Date for Responses  | 17 November 2015     |
| Final Modification Report published                             | 18 November 2015     |
| UNC Modification Panel Recommendation                           | 19 November 2015     |
| Ofgem Decision (by)   | 4 December 2015      |

For the avoidance of doubt, in accepting this request for urgency, Ofgem has made no assessment of the merits of the modification proposal and nothing in this letter in any way fetters the discretion of the Authority in respect of making a decision relating to this modification proposal.

If you have any queries or comments in relation to the issues raised in this letter, please feel free to email [david.mccrone@ofgem.gov.uk](mailto:david.mccrone@ofgem.gov.uk) in the first instance.

Yours faithfully,

Rob Mills  
**Head of Gas Transmission, Gas Networks**  
Duly authorised on behalf of the Authority