

Record of Determinations: Panel Meeting 261 16 July 2020

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
		AG - SM	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	AT - RC	LS	NB -DM	
0726 (Urgent) - COVID-19 Liquidity Relief Scheme	Workgroup Report to be provided by October 2020 with an interim report in August and September - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should the subject of Modification 0726 (Urgent) be issued to Distribution Workgroup for assessment with a report to be presented to the October 2020 Modification Panel?
0729 - Applying a discount to the Revenue Recovery Charge at Storage Points	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0729 impact a Significant Code Review?
	Is a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does 0729 meet the Self-Governance Criteria?
	Modification 0729 issued to Workgroup 0729 with a report by the 17 September 2020 Panel	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0729 be issued to Workgroup with a report to be presented to the 17 September 2020 Panel?
0730 - COVID-19 Capacity Retention Process	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0730 impact a Significant Code Review?
	Is a Self-Governance Modification - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does 0730 meet the Self-Governance Criteria?
	Modification 0730 issued to Workgroup 0730 with a report by the 15 October 2020 Panel - unanimous in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0730 be issued to Workgroup with a report to be presented to the 15 October 2020 Panel?
0691S - CDSP to convert Class 2, 3 or 4 Supply Meter Points to Class 1 when G1.6.15 criteria are met	Is a Self-Governance Modification - unanimous vote in favour	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Does 0691S meet the Self-Governance Criteria?
	Proceed to Consultation, with consultation closing out on 07 August 2020.	✓	NP	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0691S be issued to Consultation, closing on 06 August 2020?
0670R - Review of the charging methodology to avoid the inefficient bypass of the NTS	Request Workgroup 0670R closed - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Request Workgroup 0670R be closed?

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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
		AG - SM	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	AT - RC	LS	NB -DM	
0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point	Returned to Workgroup for further assessment with a report presented by the 17 September Panel - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0720S be sent back to Workgroup for further consideration with a report presented to the September Panel?
0716/0716A - Revision of Overrun Charge Multiplier	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0716/0716A impact a Significant Code Review?
	New issues were identified during consultation - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Where and new issues identified during the consultation?
	Modification 0716 recommended for implementation - with 8 votes out of 13 majority vote in favour		✓	NP	✓			✓	✓	✓	✓	✓			✓	Should Modification 0716 be implemented? (Yes, votes only)
	Modification 0716A recommended for implementation - with 10 votes out of 14 majority vote in favour	✓	✓	✓	✓	✓	✓		✓		✓		✓		✓	Should Modification 0716A be implemented? (Yes, votes only)
	0716 better facilitate the achievement of the Relevant Objectives than 0716A - 4 out of 14 votes no majority vote in favour							✓		✓		✓			✓	Does 0716 better facilitate the achievement of the Relevant Objectives than 0716A?
	0716A better facilitate the achievement of the Relevant Objectives than 0716A - 9 out of 14 votes majority vote in favour	✓	✓	✓	✓	✓	✓		✓				✓		✓	Does 0716A better facilitate the achievement of the Relevant Objectives than 0716?

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

UNC Modification Panel
Minutes of Meeting 261 held on
Thursday 16 July 2020
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 and alternate for A Green	D Lond (DL), National Grid NTS 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	D Mitchell, Chemical Industries Association L Snoxell, Citizens Advice

Non-Voting Panel Members:

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

Also, in Attendance:

A Jackson (AJ), IGT UNC Panel Chair
A Raper (AR), Joint Office
B Fletcher (BF), Joint Office
E Rogers (ER), Xoserve - CDSP Representative
K Jones (KJ), Joint Office
N Wye (NW), Waters Wye Associates
O Chapman (OC), Centrica
P Garner (PG), Joint Office
R Hailes (RH), Panel Secretary
R Kealley (RK), British Gas (agenda item 261.9 a) UNC0691S)
S Britton (SB), Cornwall Insight

Record of Discussions

261.1. Introduction

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

261.2. Note of any alternates attending meeting

David Mitchell for Nigel Bradbury (EIUG)

Rebecca Cailes for Alex Travell (BUUK)

Steve Mulinganie for Andrew Green (Total).

261.3. Record of apologies for absence

Alex Travell

Andrew Green

Nigel Bradbury

261.4. Minutes of the last meetings (18 June and 03 July)

Panel Members approved the minutes from the 18 June 2020 and 03 July 2020 Uniform Network Code Modification Panel meetings subject to the following amendments:-

18 June 2020 Minutes

- a. RP asked for an amendment in relation to Agenda item 260.6 Modification 0724 to record that the Panel Chair disallowed a statement from a Transporter on the circumstances of the ratchet event on the grounds that it was a commercial matter.
- b. DL highlighted an incorrect title for Modification 0726 Ability to Reflect the Correct Customer Network Use and System Offtake Quantity (SOQ) During COVID-19, whereas it should be Covid-19 Liquidity relief scheme for Shippers.

261.5. Review of Outstanding Action(s)

Action PAN 04/11: Code Administrator (JO) to draft a straw person template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.

Update: PG confirmed that an update is expected in October 2020.

Carried Forward – review expected October 2020.

Action PAN 0601: 132.2 Distribution Workgroup to review whether Transporters should consider NExAs when responding to requests for ratchet relief.

Update: PG confirmed that this issue was discussed at Distribution Workgroup and a response provided by TS. PG requested that the action be closed.

Closed

Action PAN 0602: In relation to Modification 0687, it was agreed that the Joint Office would liaise with the Proposer and Xoserve to draft a formal letter to

Ofgem requesting a likely decision date (in line with paragraph 9.5.2 of the UNC Modification Rules) and providing more information of the systems implications and any time constraints.

Update: PG stated that Joint Office had issued a formal letter to Ofgem seeking an update on the likely timescales for a decision on Modification 0687 - Creation of new charge to recover Last Resort Supply Payments.

LK provided a brief update confirming that Ofgem will provide a more substantive update before the August Panel meeting. In the meantime, he briefly explained reasons for the delay in making a decision: need to re-prioritise and re-focus Ofgem work over the COVID-19 period, understanding possible interactions with the retail price cap, and Ofgem considering viability of other options that may ultimately prove quicker and cheaper to implement the Modification intent using a different solution to that proposed in the Modification.

RP highlighted that the Ofgem update has implications for the CDSP who have started work on a system solution on the basis that Modification 0687 is approved.

ER confirmed that the CDSP have done some detailed design work based on the Modification solution but DSC Change Management Committee have now instructed that this work be ceased. ER added that whilst there has been some spend to date on the initial development work there will be no further costs until a decision on Modification 0687 is known.

In response to a question from TS, ER clarified that the solution approved by the DSC Change Management Committee requires delivery within a major systems release and this can no longer be delivered in the November 2020 release.

The current position is that the DSC Change Management Committee has de-scoped the change and in order to inform the next UK Link major release in June 2021, a decision on Modification 0687 is needed by October 2020.

Closed

Action PAN 0603: Panel Members to provide any comments on the interim report (Modifications 0722, 0723 and 0724) to the Distribution Workgroup and Performance Assurance Committee by 25 June 2020.

Update: PG confirmed that the topics of urgent Modifications 0722, 0723 and 0724 have been discussed at both Distribution Workgroup and also the Performance Assurance Committee and an interim report is on the agenda for discussion, it is recommended that this action be closed.

Closed

261.6. Consider Urgent Modifications

a) Modification 0722 (Urgent) - Allow Users to submit Estimated Meter Reading during COVID-19

Panel Members noted the interim report provided for information in respect of the topics of urgent Modifications 0722, 0723 and 0724.

In relation to implemented COVID-19 Modifications, TS clarified that as the Modifications are based on regulations for each of the devolved governments which restrict businesses from trading, a lot of these restrictions have since been lifted. Therefore, any businesses that are no longer mandated to remain closed, whether they choose to reopen or not, are now no longer covered by the changes implemented by these Modifications. In the case of Modification 0722 estimated reads should no longer be submitted as actual reads; and in the case of 0723 Shippers should remove the isolation flags put in place under the Modification for sites no longer mandated to be closed, a warranted isolation can then be requested under standard UNC rules, should the Shipper wish to re-isolate the site.

SM noted that although businesses are starting to open, it should not be forgotten that in some cases, such as Leicester lockdown has been re-established and that businesses in the impacted area should be able to benefit from the rules established by these Modifications.

b) Modification 0723 (Urgent) - Use of the Isolation Flag to identify sites with abnormal load reduction during COVID-19 period

Panel Members noted the interim report provided for information in respect of the urgent Modifications 0722, 0723 and 0724.

c) Modification 0724 (Urgent) - Amendment to Ratchet charges during COVID-19 period

Panel Members noted the interim report provided for information in respect of the urgent Modifications 0722, 0723 and 0724.

d) Modification 0726 (Urgent) - COVID-19 Liquidity Relief Scheme

PG asked Panel Members to consider if the subject matter of Modification 0726 (Urgent) should be referred to a Workgroup and whether there were any specific questions that Workgroup should consider.

RP provided a brief update confirming that under the Liquidity Relief Scheme Gas Transporters will publish information on the level of take of the scheme. He confirmed that some Shipper applications have been received and that information is being compiled and consolidated on behalf of the Transporters. He added that anonymised and consolidated information will be available on the successful Shippers following the issuing of the capacity invoices at the end of the month. He reminded Panel Members that the scheme applies to certain invoices issued in July, August and September.

RP clarified that the consolidated report would include all Transporters (DNs and NTS) after the 25th of the month.

Panel Members had a general discussion in relation to the processing of Urgent Modifications. HC queried the time spent to process the recent COVID-19 related Modifications and benefits against the potential risk of non-implementation as not all of the Urgent Modifications have been implemented. She suggested that a review is undertaken to assess how the Modification Panel should deal with Urgent Modifications in future.

PG stated that the Joint Office of Gas Transporters as the Code Administrator, has to deal with Urgent Modifications as per the Modification Rules. She added that while the Joint Office could estimate their impact it is difficult to assess without wider industry input. The time taken to process different Urgent Modifications has varied dependent on the quality of the Modifications and the level of Critical Friend input required based on the time available.

There was general consensus amongst Panel Members that a review of the process would be helpful.

LK stated that Ofgem would support an industry review and suggested that the Panel undertake a more strategic and proactive approach to consider what issues may arise from a renewed widespread or regional lockdowns during winter and also if different responses might be needed to address those potential issues.

RP suggested that the Workgroup Report in August should include an update on the uptake and release of sites using provisions under the COVID-19 related urgent Modifications which have been implemented.

Panel Members suggested that the subject matter of this Modification is discussed at both Distribution Workgroup and also the Performance Assurance Committee as appropriate.

Workgroup Questions:

1. To consider the number of Shippers who have applied for the gas network charge deferral scheme and the number of applications accepted. To report on the high-level statistics in relation to the actual financial amounts deferred.

Modification Panel Members then determined:

- To issue the subject of Modification 0726 (Urgent) to a Workgroup for assessment and report by the October Panel with an interim report in August and September, by unanimous vote (14 out of 14).

261.7. New, Non-Urgent Modifications

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

NW introduced the Modification on behalf of Storengy UK outlining why the change was required and stating that originally Urgent status had been sought but this had been rejected by Ofgem.

He indicated that without the proposed changes the UNC will not be compliant with the EU Tariff Code as Article 9 of the EU TAR requires that there should be a minimum 50% discount applied to capacity-based transmission tariffs at Storage Facilities. The Revenue Recovery Charges (RRC) for capacity held at storage should also have the same level of discount.

NW believes that there is currently inconsistency with Article 9 of the EU TAR. He added that if the RRCs are material the impact on Storage Users and Facilities would be significant e.g. £50m revenue under-recovery at

Entry and Exit would impose additional (RRC) costs of £5.2m on storage.

He stated that the analysis provided by CEPA in relation to Modification 0678 indicated that Modification 0678A would have detrimental impacts on storage. Depending on the level of RRC, the impact could be of a similar magnitude.

To ensure compliance and reduce the significant impact on storage the Modification proposes changes to the NTS Charging Methodology to include a discount to the RCCs for Entry and Exit Capacity holdings at storage points equivalent to the discount applied to the Specific Capacity Discount applied to the Reserve Prices in respect of Firm and Interruptible/Off-peak capacity.

NW suggested that the Modification is assessed by Workgroup for one month because the proposal is fully developed and because of the significance of the impact of RRCs on storage sites.

Panel Members discussed the recommendation for a one-month assessment at Workgroup seeking clarification on whether the primary issue is compliance or the material impact of charges. Panel Members suggested that it would be ambitious to discuss compliance issues in one month as there are likely to be differing views and interpretation of EU law is also challenging.

TS acknowledged the request for a short Workgroup assessment but suggested that good governance would recommend three months and there would still be the ability to report early.

SM indicated that as the reduction period closes imminently, a number of industry parties will want take advantage of that and so could be a key point in terms of impact.

PG also expressed concern about the one-month timescale and suggested that Joint Office would prefer a Workgroup Report to be presented to the September Panel meeting allowing two months for assessment.

SM suggested that consideration could be given to additional meetings to allow Workgroup consideration and reporting to the August Panel meeting.

PG agreed to look at the Joint Office diary and consider if additional meetings could be supported.

For Modification 0729 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance were not met as this Modification is likely to have a material impact on commercial activities relating to the shipping, supply and storage of gas and will enhance security of price and supply in the UK, by unanimous vote (14 out of 14).
- That Modification 0729 be issued to Workgroup 0729 with a report by the September 2020 Panel, by majority vote (13 out of 14).

b) Modification 0730 - COVID-19 Capacity Retention Process

SM introduced the Modification stating that he was surprised that Ofgem had not granted Urgent status given the time critical dates highlighted in the Modification.

He explained that the proposal provides relief for those customers, (by way of a reduction of transportation charges levied on the shipper), where for reasons outside their control, have had to stop production or have had to cease to trade as a direct result of the pandemic.

While these sites are either closed or utilising minimal levels of gas, the current arrangements do not cater for any relief from capacity charges. Accordingly, those customers impacted by the pandemic are being charged for capacity which they are not able to utilise.

All sites using the isolation status in accordance with Modification 0723 are in scope of the proposal. SM indicated that the retrospective element of backdating relief in Business Rule 4 is likely to be removed.

SM suggested that a three-month Workgroup assessment would be adequate.

Panel Members discussed the appropriate Workgroup for assessment of this Modification and suggested that Distribution Workgroup and also the DN Charging Methodology Forum (DNCMF). It was noted that DNCMF meetings are held quarterly with the next meeting in September. It was agreed that discussions should take place at Distribution Workgroup with an update to be provided to the DNCMF meeting in September.

TS reiterated her earlier comments in relation to Modification 0723 and Shippers should remove the isolation flags put in place under the Modification for sites no longer mandated to be closed. If a site chooses to remain closed the isolation flag should still be removed.

SM also clarified that the isolation flag does not distinguish between COVID-19 related isolations. RH asked how it would be possible to identify which sites are in scope of the Modification.

ER stated that Xoserve are looking at the possible options and will provide an update to the Distribution Workgroup.

TS suggested that the UNC provides a distinction between the normal use of the isolation flag and a COVID-19 related use of the isolation flag as the former is warranted. However, the systems are not designed to differentiate between the two.

The Panel Chair asked if there was a cross code impact on IGTs and invited Anne Jackson to comment.

AJ suggested that IGTs would not be impacted but are interested to understand whether DNO capacity charging for IGT sites will be impacted by this Modification.

Workgroup Questions:

- Consideration of how to identify which sites are in scope of the Modification using the isolation flag.
- Consideration of any IGT impact.

For Modification 0730 Members determined:

- It is not related to the Significant Code Review, by unanimous vote (14 out of 14).
- The criteria for Self-Governance were not met as this Modification is likely to have a material impact on transportation charges for qualifying sites by unanimous vote (14 out of 14).
- That Modification 0730 be issued to Workgroup 0730 with a report by the 15 October 2020 Panel, by unanimous vote (14 out of 14).

261.8. Existing Modifications for Reconsideration

None

261.9. Workgroup Reports for Consideration

a) Modification 0691S - CDSP to convert Class 2, 3 or 4 Supply Meter Points to Class 1 when G1.6.15 criteria are met

Panel Members noted the Workgroup Report recommendations.

HC provided an update on the Legal Text and the implications for the IGT UNC. She confirmed that the text has been reissued to ensure that there is no impact on the IGT UNC legal text.

In response to a question from TS, she confirmed that the Legal Text is based on the implementation of Modification 0708S - Re-ordering of the UNC in advance of Faster Switching which is to be implemented on 24 July 2020.

Panel Members suggested that the Draft Modification Report includes a clarification to signal that the Legal Text in this Modification is based on the drafting implemented for Modification 0708S from 24 July and should be considered in responses.

For Modification 0691S, Members determined:

- It is not related to a Significant Code Review, by unanimous vote (13 out of 13).
- The criteria for Self-Governance were met, by unanimous vote (13 out of 13).
- It should be issued to consultation with a close out date of 07 August 2020, by unanimous vote (13 out of 13).
- To be considered at 20 August 2020 Panel by unanimous vote (13 out of 13).

b) Request 0670R - Review of the charging methodology to avoid the inefficient bypass of the NTS

Panel Members noted the recommendations in the Request Workgroup Report.

For Request 0670R, Members determined:

- That Request Workgroup 0670R should be closed, by unanimous vote (14 out of 14).

c) Modification 0720S - Amendments to the Agreed Target Quantity at the Moffat Interconnection Point

Panel Members noted the Workgroup Report recommendations.

For Modification 0720S, Members determined:

- It should be referred back to Workgroup 0720S for further assessment, with a report by the 17 September 2020 Panel, by unanimous vote (14 out of 14).

261.10. 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	August 2020	September 2020	Further time requested to review legal text and the Performance Assurance Framework Document and to develop the Workgroup Report
0720S	July 2020	September 2020	Amendments to the Agreed Target Quantity at the Moffat Interconnection Point

Legal Text Requests for Modifications

There were no Legal Text requests.

261.11. Consideration of Variation Requests

None.

261.12. Final Modification Reports

a) **Modification 0716/0716A - Revision of Overrun Charge Multiplier**

PG explained the purpose of the Modification before highlighting that of the 16 representations received.

In relation to Modification 0716:

- 4 supported implementation
- 4 provided qualified support
- 1 provided comments and
- 7 were not in support.

In relation to Modification 0716A:

- 14 supported implementation
- 1 provided qualified support and
- 1 was not in support.

Modification Panel discussion: see the Final Modification Report published at: <https://www.gasgovernance.co.uk/0716>

Modification Panel Members then determined:

- That Modification 0716/0716A was not related to a Significant Code Review, by unanimous vote (14 out of 14)
 - That there were no new issues requiring a view from Workgroup, by unanimous vote (14 out of 14)
 - To recommend implementation of Modification 0716 by majority vote (8 out of 13)
 - To recommend implementation of Modification 0716A by majority vote (10 out of 14)
 - To recommend that Modification 0716A better facilitates the relevant objectives than Modification 0716 by majority vote (9 votes out of 14)

261.13. AOB

a) **UNC Elections - Nominations**

PG reported that the UNC User Representative Process is underway and the nominations for the following committees are currently being sought:

- Performance Assurance Committee
- Demand Estimation Sub-Committee
- Energy Balancing Credit Committee
- DSC Credit Committee
- DSC Change Management Committee
- DSC Contract Management Committee

She stated that Panel Members are appointed on a two-year basis and the current tenure ends on 30 September 2021. There is currently a vacancy

for one Independent (non-voting) suppliers' Representative (i.e. from a company not affiliated to a Users' Representative's employer).

All other appointments are for one year.

BF advised Members that of the 42 registered Single Points of Contact (SPoC), only 3 had provided their nominations for Committee memberships and that as the window closed on Wednesday 22 July, parties should provide nominations as soon as possible.

b) Cross Code Working

SM suggested that dual governance is inefficient as there are alignment issues between the UNC and IGT UNC. He suggested that a review is needed potentially with independent support and adequate resource to help improve the current situation and future proof the process.

PG stated that the Joint Office provided a response to the BEIS/Ofgem code governance review in September 2019 and that there has not been a BEIS/Ofgem response yet. She indicated that an amalgamation of UNC with IGT UNC had been proposed by the Joint Office in their response to the BEIS/Ofgem consultation. Joint Office look forward to the outputs of the review and in the meantime will continue to work collaboratively with the IGT UNC to ensure the best interests of the industry.

AJ agreed that there had been significant improvements but there were still some areas that were not perfect particularly in terms of communication of changes to make it less burdensome and more efficient. She agreed that one code would be more efficient but noted that IGTs held reservations as not all processes operated the same, particularly in respect of invoicing.

LK confirmed that the joint BEIS/Ofgem review on 'reforming energy industry codes' is still on-going but has delayed as it has been necessary for Ofgem to re-prioritise and re-focus work during the COVID-19 period. He indicated that Ofgem are still committed to governance reform and reiterated that the review is about fundamental change and how energy industry codes can better deliver big strategic priorities.

In relation to the UNC and IGT UNC he suggested that industry parties can come forward with proposals to make the process better and do not need to wait for an Ofgem direction. He stated that he considered the direction of travel for code governance as set out in the review, and other developments such as the Retail Energy Code, was sufficiently clear.

LK also reiterated the points made at the 03 July Panel meeting in relation to the need for the Modification Panel to be able to consider and assess Legal Advice and comment on compliance issues. He indicated that the Modification Panel should consider how this deficiency could be addressed.

SM indicated that the Governance Workgroup had attempted to progress certain areas of improvement but discussions had been limited by lack of Shipper engagement in the process.

MJ echoed this saying that an IGT UNC Workgroup had been convened a few years ago but had limited support from Shippers. He added that there had been push back from IGTs in response to the removal of control as they

can currently raise their own invoices and wanted to ensure they were able to manage this process.

c) UNC Modification Voting Panel Rules

The Panel Chair introduced this agenda item stating that there had been a number of recent examples in relation to alternative Modifications and alternate Members where the Panel Voting options had been confusing. She recommended that there should be three voting options:

- Yes Vote (Vote in favour)
- No Vote (Vote against)
- Abstain. (No vote cast)

She added that the handling of abstentions becomes important with meetings held remotely as Panel Members don't usually physically leave the room. She suggested that Panel Members give thought to how abstentions would work as it is likely that the Panel meetings will continue to be held by teleconference for several months.

SM and MB both indicated that they were likely to be working from home for the rest of 2020 and as such wanted to ensure the process is understood and effective.

PG reminded the Modification Panel that the voting is derived from the UNC Modification Rules and is also impacted by primary legislation, licence requirements and the associated Appeals process. She explained that the Joint Office are currently doing some work to understand the implications of the Energy Act and plan to provide an update at the August meeting.

LK commented that he was not clear in what way the issue related to legislation rather than a lack of clarity of existing rules which could be easily provided by process flow diagram, for example.

DM suggested that the role of the Modification Panel and UNC is to provide a transparent set of commercial arrangements which supports competition and with a Modification being the vehicle to make the change to the arrangements. He added that the assessment of the Relevant Objectives is important and that where there are alternative Modifications more than one Modification can better facilitate the Relevant Objectives.

He added that robust decision making is important to minimise future appeals and legal proceedings and so the Modification Panel need to give clear direction of its views to Ofgem.

<p>New Action PAN 01/07: Joint Office (PG) to provide a report to the UNC Modification Panel on the evolution of the voting process and the voting options for discussion at the August Panel meeting.</p>

d) Update on Modification 0728A/B/C/D (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS

LK provided an update on Modification 0728A/B/C/D (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS stating that Ofgem have published a letter on 16 July 2020 confirming that Ofgem

consider that an Impact Assessment (IA) will be required to consider the wider issues associated with this Modification. A copy of the letter is available here: <https://www.gasgovernance.co.uk/0728>.

The Panel Chair asked Panel Members if they had any questions in relation to the Ofgem letter.

RF asked Ofgem what the timetable was for the IA. LK indicated that Ofgem intend to carry out the IA as soon as possible.

The Panel Chair suggested that Panel Members could highlight any impacts to Joint Office.

261.14. Date of Next Meeting

10:00, Thursday 20 August 2020, by teleconference.

Action Table (16 July 2020)						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected update
PAN 04/11	21/11/19	250.11	Code Administrator (JO) to draft a straw man template/dashboard showing Management Information for Modifications in flight for Panel to consider in January 2020.	Joint Office (PG)	Carried Forward	October
PAN 01/06	18/06/20	259.6 c)	Distribution Workgroup to review whether Transporters should consider NEXAs when responding to requests for ratchet relief.	Joint Office (PG)	Closed	
PAN 02/06	18/06/20	259.8 b)	It was agreed that the Joint Office would liaise with the Proposer and Xoserve to draft a formal letter to Ofgem requesting a likely decision date (in line with paragraph 9.5.2 of the UNC Modification Rules) and providing more information of the systems implications and any time constraints.	Joint Office (PG)	Closed	
PAN 03/06	18/06/20	259.13 a)	Panel Members to provide any comments on the interim report to the Distribution Workgroup and Performance Assurance	Panel Members	Closed	

			Committee by 25 June 2020.			
PAN 01/07	16/07/20	261.13 c)	Joint Office (PG/AR) to provide a report to the UNC Modification Panel on the evolution of the voting process and the voting options for discussion at the August Panel meeting.	Joint Office (PG/AR)	Pending	August