

Record of Determinations: Panel Meeting 260 03 July 2020

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought	
		AG	DF (AG)	MB (SM)	MJ	RF	SM	DL	GD	DM	RP	TS (RP)	AT	LS	NB		
0727 (Urgent) - Increasing the Storage Transmission Capacity Charge Discount to 80%	Not related to the Significant Code Review - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0727 (Urgent) impact a Significant Code Review?
	Modification 0727 (Urgent) recommended for implementation - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0727 (Urgent) be recommended for implementation? (Yes Votes only)
0728 /A/B/C/D (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS	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 0728/A/B/C/D (Urgent) impact a Significant Code Review?	
	Modification 0728 NOT recommended for implementation - with 7 votes, no majority vote in favour	✓	✓		✓		✓							✓		Should Modification 0728 be recommended for implementation? (Yes Votes only)	
0728A - Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS	Modification 0728A NOT recommended for implementation - with 6 votes, no majority vote in favour	✓	✓		✓	✓	✓						✓		Should Modification 0728A be recommended for implementation? (Yes Votes only)		
0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap	Modification 0728B NOT recommended for implementation - with 5 votes, no majority vote in favour	✓	✓		✓		✓	✓							Should Modification 0728B be recommended for implementation? (Yes Votes only)		
0728C - Introduction of a Capacity Discount to Avoid Inefficient Bypass of the NTS	Modification 0728C NOT recommended for implementation - with 5 votes, no majority vote in favour	✓	✓	✓	✓		✓								Should Modification 0728C be recommended for implementation? (Yes Votes only)		
0728D - Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS	Modification 0728D NOT recommended for implementation - with 7 votes, no majority vote in favour	✓	✓		✓	✓	✓						✓		Should Modification 0728D be recommended for implementation? (Yes Votes only)		
0728 - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS	Does 0728 better facilitate the achievement of the Relevant Objectives than 0728A/B/C/D - no votes in favour															Does 0728 better facilitate the achievement of the Relevant Objectives than 0728A/B/C/D?	
0728A - Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS	Does 0728A better facilitate the achievement of the Relevant Objectives than 0728B/C/D - no votes in favour															Does 0728A better facilitate the achievement of the Relevant Objectives than 0728B/C/D?	

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		AG	DF (AG)	MB (SM)	MJ	RF	SM	DL	GD	DM	RP	TS (RP)	AT	LS	NB	
0728B - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap	Does 0728B better facilitate the achievement of the Relevant Objectives than 0728A/C/D - 1 vote in favour							✓								Does 0728B better facilitate the achievement of the Relevant Objectives than 0728A/C/D?
0728C - Introduction of a Capacity Discount to Avoid Inefficient Bypass of the NTS	Does 0728C better facilitate the achievement of the Relevant Objectives than 0728A/B/D - 2 votes in favour			✓	✓											Does 0728C better facilitate the achievement of the Relevant Objectives than 0728A/B/D?
0728D - Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS	Does 0728D better facilitate the achievement of the Relevant Objectives than 0728A/B/C - 7 votes in favour	✓	✓			✓	✓			✓			✓		✓	Does 0728D better facilitate the achievement of the Relevant Objectives than 0728A/B/C?

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

UNC Modification Panel
Minutes of Meeting 260 held on
Friday 03 July 2020
via teleconference

Attendees

Voting Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
A Green (AG), Total Gas & Power and alternate for D Fittock M Bellman (MBeI), ScottishPower left the meeting during item 260.4 (b) M Jones (MJ), SSE R Fairholme (RF), Uniper S Mulinganie (SM), Gazprom and alternate for M Bellman for item 260.4 (b) onwards	A Travell (AT), BU UK D Lond (DL), National Grid NTS D Mitchell (DM), SGN G Dosanjh (GD), Cadent R Pomroy (RP), Wales & West Utilities and alternate for T Saunders	N Bradbury, EIUG L Snoxell, Citizens Advice

Non-Voting Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	L King (LK) D O'Neill (DON)	(None)

Also, in Attendance:

B Fletcher (BF), Panel Secretary;
 B Reed (BR), RWE;
 D Hawkin (DH), TPA Solutions;
 E Rogers (ER), Xoserve - CDSP Representative;
 K Elleman (KE), Joint Office;
 M Berrisford (MBeI), Joint Office;
 H Kreuze (HK), Vermillion;

P Garner (PG), Joint Office;
R Hailes (RHa), Joint Office;
R Hewitt (RHe), Hewitt Home and Energy Solutions Ltd;
S Britton (SB), Cornwall Insight.

Record of Discussions

260.1 Introduction

WG welcomed all attendees to the meeting.

260.2 Note of any alternates attending meeting

A Green for D Fittock (Corona Energy).

D Mitchell for H Chapman (SGN).

R Pomroy for T Saunders (Northern Gas Networks).

S Mulinganie for M Bellman (Scottish Power) Item 260.4 (b) onwards

260.3 Record of apologies for absence

A Jackson (Gemserv).

M Bellman (Scottish Power) from item 260.4 (b) onwards.

D Fittock (Corona Energy).

H Chapman (SGN).

T Saunders (Northern Gas Networks).

260.4 Final Modification Reports

The Chair reminded Members that this extraordinary meeting has been arranged to discuss the following Final Modification Reports, with the aim of seeking Panel views on any issues identified during consultation. In addition, Panel views would be sought on the Relevant Objectives for each Modification and whether to recommend that a Modification should be implemented.

a) Modification 0727 (Urgent) - Increasing the Storage Transmission Capacity Charge Discount to 80%

RHa explained the purpose of the Modification before highlighting that of the 14 representations received, 10 supported implementation, 1 offered qualified support, 1 provided comments and 2 were not in support.

It was noted that there would be no vote on whether consultation raised any new issues as this Modification is following a timetable provided by the Authority, however Members would be able to provide their views for inclusion in the Final Modification Report.

The Chair invited an interconnector representative to provide clarification of their representations to aid Panel discussions for this Modification.

RHe provided an overview of why the interconnectors have raised concerns in their representations about the proposed discount changes. As the discount is being provided to storage sites only and is excluded from other products, including those for interconnectors this could potentially distort fair competition.

RF was concerned about the questions raised by Ofgem in their approval of Urgency Decision letter, and specifically that views were sought on compliance. He noted that a number of respondents have provided Legal views for this Modification, but he was unsure how to review or challenge these views as professional Legal Advice is not directly available to Panel - how can Members comment on its content or accuracy.

SM agreed that the Legal Advice presented was provided against questions raised by Ofgem and Members are not necessarily Legal experts or qualified to provide such a response or interpretation. Therefore, Panel Members shouldn't be expected to provide analysis of the Legal Advice to Ofgem.

The Chair invited a view from the Ofgem representative on the assessment of Legal Advice. DON noted that this is a consistent issue for the Modification process, although consideration and assessment of Legal Text or Advice is requirement of the rules of the UNC process and it should be down to Panel to consider how this issue can be addressed now and going forward.

The Chair asked for the Head of the Joint Office to comment who noted that this would be explored by the Joint Office with Ofgem and Members outside of this specific meeting item.

Members noted this concern and the Chair proposed that this issue should be discussed at a future point and should not specifically feature in this Final Modification Report.

Modification Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0727>

Modification Panel Members then determined:

- *This Modification would NOT impact a Significant Code Review, with a unanimous vote against (14 out of 14).*
- *To recommend implementation of Modification 0727 (Urgent), by unanimous vote in favour (14 out of 14).*

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

The Chair asked Members to note that Panel discussions will be

recorded in the Final Modification Report against each individual Modification contained in the Report. In addition to an implementation recommendation vote, Members will be asked to provide a preference vote on which Modification they consider best furthers the Relevant Objectives.

It was noted that there would be no vote held on whether consultation raised any new issues as these Modifications are following a timetable provided by the Authority, however Panel Members would be able to provide their views on issues for inclusion in the Final Modification Report.

PG advised that of the 30 representations received, the following results were observed in terms of supporting or opposing the Modification Proposals:

Response	0728 (Urgent)	0728A (Urgent)	0728B (Urgent)	0728C (Urgent)	0728D (Urgent)
Support	14	17	15	11	19
Qualified Support	4	3	5	4	3
Comments	4	2	3	4	2
Oppose	8	7	6	10	6
None Given	1	1	1	1	0

Of the 30 representations received, the following results were observed in terms of expressing a preference for a particular Modification Proposal:

Expression of Preference	0728 (Urgent)	0728A (Urgent)	0728B (Urgent)	0728C (Urgent)	0728D (Urgent)	No Preference	TOTAL
Preference	2	5	7	4	13	4	35

Modification Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0728>

MBel advised that due to a prior commitment he would be leaving the meeting prior to the discussions on the Relevant Objectives and voting for Modifications 0728/A/B/C/D (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS. He advised that he would be requesting SM to provide his voting intentions as an alternate for the remainder of this item.

During the discussions on voting the Chair noted that as MBel had given instruction to SM to vote in favour of a specific Modification and asked what his position would be for the remaining Modifications. SM confirmed that his intention was not to vote in favour of implementation for those Modifications where he had not been instructed to vote in favour and he would abstain.

DL questioned whether MBel should be recorded as Not Present for votes where he had not provided confirmation of his voting intention. The Chair considered that SM on behalf of MBel should be recorded as present as he had not advised SM to leave the meeting on his behalf and therefore not recording a vote in favour was the appropriate course of action.

For Modifications 0728/A/B/C/D (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS

Modification Panel Members then determined:

- *that these Modifications would not impact a Significant Code Review, with a unanimous vote against. (14 out of 14).*

Members were then requested to provide a recommendation on implementation for each Modification:

i) **For Modifications 0728 (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS**

Modification Panel Members then determined:

- *NOT to recommend implementation of Modification 0728 (Urgent), by majority vote (7 out of 14).*

ii) **For Modification 0728A (Urgent) - Introduction of a Conditional Discount for Avoiding Inefficient Bypass of the NTS**

Modification Panel Members then determined:

- *NOT to recommend implementation of Modification 0728A (Urgent), by majority vote (6 out of 14).*

iii) **For Modification 0728B (Urgent) - Introduction of Conditional Discount for Avoiding Inefficient Bypass of the NTS with 28km distance cap**

Modification Panel Members then determined:

- *NOT to recommend implementation of Modification 0728B (Urgent), by majority vote (5 out of 14).*

iv) **For Modification 0728C (Urgent) - Introduction of a Capacity Discount to Avoid Inefficient Bypass of the NTS**

Modification Panel Members then determined:

- *NOT to recommend implementation of Modification 0728C (Urgent), by majority vote (5 out of 14).*

v) **For Modification 0728D (Urgent) - Introduction of Conditional Discounts for Avoiding Inefficient Bypass of the NTS**

Modification Panel Members then determined:

- *NOT to recommend implementation of Modification 0728D (Urgent), by majority vote (7 out of 14).*

Members were then requested to vote on their preference for a Modification which better facilitates the Relevant Objectives:

- i) Panel Members voted with **NO** votes in favour that proposed **Modification 0728** better facilitates the Relevant Objectives than proposed **Modifications 0728A/B/C/D**.
- ii) Panel Members voted with **NO** votes in favour that proposed **Modification 0728A** better facilitates the Relevant Objectives

- than proposed **Modifications 0728/B/C/D**.
- iii) Panel Members voted with **1** vote in favour that proposed **Modification 0728B** better facilitates the Relevant Objectives than proposed **Modifications 0728/A/C/D**.
 - iv) Panel Members voted with **2** votes in favour that proposed **Modification 0728C** better facilitates the Relevant Objectives than proposed **Modifications 0728/A/B/D**.
 - v) Panel Members voted with **7** votes in favour that proposed **Modification 0728D** better facilitates the Relevant Objectives than proposed **Modifications 0728/A/B/C**.

Panel Members noted that, despite Modification 0728D being the most popular Modification in this preference vote, 7 votes out of 14 did not constitute a Panel Majority. Therefore, there was no formal preference expressed by Panel Members.

260.5 AOB

a) **TD Part VI Re-Numbering Requirements to Facilitate Insertion of Legal Text for UNC Modification 0726 (Urgent)**

Mber asked Panel Members to note that recently a number of urgent Modifications were raised over a short period of time and although the Modifications were not dependant on each other for implementation, elements of the Legal Text provision created a sequential listing in the UNC Transitional Document Part VI.

As Modification 0725 (Urgent) was rejected, the absence of its Legal Text created a gap in the paragraph numbering as it would have inserted Paragraph 6 and as the Legal Text for Modification 0726 (Urgent) inserted Paragraphs 7 to 12, this has created a referencing issue. To maintain the integrity of the UNC Transitional Document Part VI, paragraph 6 has now been inserted as a NOT USED reference to correct this paragraph numbering issue.

260.6 Date of Next Meeting

10:00, Thursday 16 July 2020, by teleconference.