

Record of Determinations: Panel Meeting 259 18June2020

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	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	RC - AT	LS	NB		
0686 - Removal of the NTS Optional Commodity Rate with adequate notice	Formal request to be made to Ofgem to provide a likely decision date - unanimous vote against	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Should the Modification Panel make a formal request to the Authority to provide a likely date for a decision?
0687 - Creation of new charge to recover Last Resort Supply Payments	Formal request to be made to Ofgem to provide a likely decision date - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should the Modification Panel make a formal request to the Authority to provide a likely date for a decision?
0716/0716A - Revision of Overrun Charge Multiplier	Not related to the Significant Code Review - unanimous vote in favour	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	Does Modification 0716/0716A impact a Significant Code Review?
	Proceed to Consultation, with consultation closing out on 09 July 2020 and report to 16 July 2020 Panel -unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0716/0716A be issued to Consultation, closing on 09 July 2020?
0714 - Amendment to Network Entry Provision at Perenco Bacton terminal	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 0714 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	X	Were any new issues identified during the Consultation?
	Modification 0714 be implemented - unanimous vote in favour	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Should Modification 0714 be implemented? (Yes, votes only)
0726 (Urgent) - COVID-19 Liquidity Relief Scheme for Shippers	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 0726 (Urgent) impact a Significant Code Review?
	Modification 0726 (Urgent) be implemented - no majority in favour of implementation							✓	✓	✓	✓	✓		✓			Should Modification 0726 (Urgent) be recommended for implementation? (Yes votes only)

In favour	Not in Favour	Not Present	No Vote Cast
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		AG	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	RC - AT	LS	

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 259 held on
Thursday 18 June 2020
via teleconference

Attendees

Voting Panel Members:

Shipper Representatives	Transporter Representatives	Consumer Representatives
A Green (AG), Total Gas & Power M Bellman (MB), ScottishPower R Fairholme (RF), Uniper D Fittock (DF), Corona Energy M Jones (MJ), SSE S Mulinganie (SM), Gazprom	R Cailles (RC), BU UK H Chapman (HC), SGN G Dosanjh (GD), Cadent D Lond (DL), National Grid NTS R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks	L Snoxell, Citizens Advice N Bradbury, EIUG

Non-Voting Panel Members:

Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG), Chair	L King (LK) J Dixon (JD) - for agenda item 259.13 (b) V Pelka (VP) - for agenda item 259.13 (b)	(None)

Also, in Attendance:

- T Faulkner (TF), Cornwall Insight
- P Garner (PG), Joint Office
- R Hailes (RH), Joint Office
- K Jones (KJ), Panel Secretary
- A Raper (AR), Joint Office
- E Rogers (ER), Xoserve - CDSP Representative

Record of Discussions

259.1. Introduction

The UNC Modification Panel Chair (WG) welcomed all attendees and in particular Lauren Snoxell, who was attending her first meeting as representative for Citizens Advice. WG also welcomed Rebecca Cailles, alternative for Alex Travell.

259.2. Note of any alternates attending meeting

Rebecca Cailles for Alex Travell.

Tracey Saunders for Richard Pomroy (as required).

259.3. Record of apologies for absence

Stephen Britton

Alex Travell

Anne Jackson

259.4. Minutes of the last meetings (21 May)

Panel Members approved the minutes from the 21 May 2020 Uniform Network Code Modification Panel meeting subject to the amendment provided by Anne Jackson (AJ) in relation to Modification 0715S (agenda item 258.11 (h)).

In addition, to this change to the minutes, it was noted that AJ had written to the Joint Office to express disappointment at how her comments had been recorded in the Final Modification Report 0725 (Urgent).

RH confirmed that Joint Office have followed up with AJ to discuss her concerns and no further action is required.

259.5. 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 requested an extension to October 2020.

Carried Forward – review expected October 2020.

259.6. Consider Urgent Modifications

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

Discussed under agenda item 259.14 (a).

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

Discussed under agenda item 259.14 (a).

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

Panel Members had a brief discussion in relation to feedback from a

constituent who had reported that a request for ratchet relief had been rejected where there had been a Network Exit Agreement in place.

A Panel Member suggested that it was not appropriate for a NEXA to be considered in assessing a request for ratchet relief.

In addition, 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.

New Action PAN 06/01: Distribution Workgroup to review whether Transporters should consider NEXAs when responding to requests for ratchet relief.

259.7. New, Non-Urgent Modifications

None

259.8. Existing Modifications for Reconsideration

a) **Modification 0686 - Removal of the NTS Optional Commodity Rate with adequate notice**

PG introduced the Modification, highlighting that the Modification had been sent to Ofgem on 20 June 2019 and that the Modification Panel had last received an update from Ofgem at the February meeting.

LK confirmed that Ofgem are still undertaking some analysis on this Modification and that a decision will be communicated in due course.

PG asked Panel Members if they would like to make a formal request to the Authority to provide a likely date for a decision in line with paragraph 9.5.2 of the UNC Modification Rules.

Panel Members indicated that whilst it would be helpful to have an indicative timeframe for a decision, there was broad agreement that it would not be helpful to make a formal request to Ofgem at this time given the other industry priorities in relation to other urgent Modifications.

It was agreed that it would be beneficial to continue to seek an update from Ofgem on a regular basis.

LK indicated that this Modification had not been formally 'de-prioritised' and reiterated that there are some outstanding issues that need to be considered. He suggested that he would be happy to provide an update either on a monthly or bi-monthly basis if that was helpful.

- Panel Members agreed not to formally write to Ofgem to request a likely decision date for Modification 0686.

b) **Modification 0687 - Creation of new charge to recover Last Resort Supply Payments**

LK confirmed that Ofgem are also continuing to undertake analysis in relation to this Modification and a decision will be made in due course.

Panel Members had a discussion in relation to the importance of the timing of the Ofgem decision in the context of system changes.

A Panel Member highlighted that in the current market there is the potential for an increased likelihood of the need for a Supplier of Last Resort (SoLR), particularly towards the end of 2020.

A Panel Member also stated that a similar Modification in the electricity sector had been approved and it was not clear what the issues were affecting the gas sector. DF supported this view suggesting that there may be a material impact on Suppliers and Shippers and therefore consideration of the Modification should be high priority.

NB asked what would happen to the Transportation Charges if the Modification is not implemented and would they be smeared across consumers.

ER confirmed that this is the case and also stated that the DSC Change Management Committee had de-scoped the work in relation to the implementation of this Modification to limit the risks of the development costs in advance of Ofgem's decision.

ER added that June 2021 is the earliest release these changes could be included in and that a timeframe of a year to scope and develop the change needed is reasonable.

Panel Members encouraged Ofgem to provide a decision in a timeframe that would enable the work to be included in Xoserve's June 2021 release.

SM asked Ofgem if there is still some concern that there might need to be a gas licence amendment as there is a disconnect between how the gas market and electricity market work in the event of a SoLR. He suggested that the need for consistency across both fuel types is greater now with the increased likelihood of SoLR events.

The Panel Chair asked Panel Members if they if they would like to make a formal request to the Authority to provide a likely date for a decision (in line with paragraph 9.5.2 of the UNC Modification Rules) given the systems implications.

- Panel Members agreed to formally write to Ofgem to request a likely decision date for Modification 0687.

LK confirmed that one of the significant issues is in relation to licence changes, were the Modification to be approved and that he would be happy to provide a more substantive update at the July Modification Panel meeting. In advance of that it would be helpful if Modification Panel members were able to provide Ofgem with more information of the systems implications and in particular any time constraints.

New Action PAN 06/02: 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.

259.9. Workgroup Reports for Consideration

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

Panel Members noted the Workgroup Report recommendations.

Richard Pomroy was not present for the vote on this Modification, his vote was held by Tracey Saunders.

For Modification 0717/0716A, Members determined:

- It is not related to a Significant Code Review, by unanimous vote.
- It should be issued to consultation with a close out date of 09 July 2020, by unanimous vote.
- To be considered at 16 July 2020 Panel (at short notice), by unanimous vote.

259.10. 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
0664	July 20	August 20	Workgroup requires more time to review scenarios with CDSP and to revise Legal Text.
0697S Alignment of the UNC TPD Section V5 and the Data Permissions Matrix	July 20	August 20	Workgroup Report delayed by one month to allow governance on Modifications 0702 and 0715 to be completed so they can be included in the Modification 0697 solution and avoid the need for subsequent modifications.
0676R Review of Gas Transporter Joint Office Arrangements	July 20	March 21	Proposer has requested this extension considering COVID-19. In addition, to align to the end of the furlough period it has been agreed that the Governance meetings be suspended to October/early November.

Panel Members reviewed Legal Text requests and determined unanimously to request Legal Text for the following Modification(s):

Legal Text Requests for Modifications
0716/0716A - Revision of Overrun Charge Multiplier (deemed legal request)

259.11. Consideration of Variation Requests

None.

259.12. Final Modification Reports

All Panel Members were present for the Votes for the Final Modification Reports (14 out of 14).

a) **Modification 0714 - Amendment to Network Entry Provision at Perenco Bacton terminal**

PG explained the purpose of the Modification before highlighting that of the 6 representations received, 6 supported implementation.

Modification Panel discussion: see the Final Modification Report published at: <https://www.gasgovernance.co.uk/0714>

Modification Panel Members then determined:

- That Modification 0714 was not related to a Significant Code Review, by unanimous vote.
- That there were no new issues requiring a view from Workgroup, by unanimous vote.
- To recommend implementation of Modification 0714 by unanimous vote.

b) **Modification 0726 (Urgent) - COVID-19 Liquidity Relief Scheme for Shippers**

The Modification Panel Chair welcomed Jon Dixon and Victoria Pelka from Ofgem to this agenda item.

PG explained the purpose of the Modification before highlighting that of the 18 representations received, 8 supported implementation, 1 provided qualified support, 2 provided comments, 1 did not specify a response and 6 were not in support.

PG added that RP had provided a late paper in response to the Industrial and Commercial Shippers and Suppliers Group (ICoSS) comments on the potential discrepancies between the solution and the legal text. RP indicated that the paper addresses all the points raised by ICoSS and that Wales and West Utilities (WWU) disagree that there are discrepancies.

SM reported that Gareth Evans, Chairman of ICoSS has confirmed that the response provided by WWU addresses all the points raised and there are no outstanding concerns.

RP also reported that revised legal text had been submitted to the Joint Office and published on 17 June 2020 to correct some minor typographical errors. He indicated that the changes were not material.

Modification Panel discussion: see the Final Modification Report published at: <https://www.gasgovernance.co.uk/0726>

Modification Panel Members then determined:

- That Modification 0726 (Urgent) was not related to a Significant Code Review, by unanimous vote.
- Not to recommend implementation of Modification 0726 (Urgent), no majority with 6 votes in favour (out of a possible 14).

259.13. AOB

a) Update on COVID 19 impacts and issues

AR reported that following discussion at the Distribution Workgroup and the Performance Assurance Committee on 09 June 2020 a consolidated interim report has been provided to the Modification Panel. AR sought comments from Panel Members in relation the report format, content and any feedback on any other areas.

New Action PAN 06/03: Panel Members to provide any comments on the interim report to the Distribution Workgroup and Performance Assurance Committee by 25 June 2020.

b) Self-Guidance Criteria – Guidance Review

PG reported that no comments had been received on the self-governance criteria so the guidance document is approved until the next annual review in March 2021.

c) CACoP Annual Survey

LK sought feedback from the UNC Modification Panel in terms of the ability of the industry to participate in the annual CACoP survey.

PG indicated that in order to participate in the survey the Joint Office of Gas Transporters would need time to obtain consent from industry parties for their information to be shared with the third party appointed by Ofgem to undertake the annual survey.

PG also emphasised that the survey does not provide beneficial comparison as the Joint Office of Gas Transporters is a Code Administrator and this differs from Elexon and ElectraLink's role as Code Managers.

In addition, PG questioned the value of running the survey during the pandemic. Panel Members were in broad agreement of this view.

d) Transportation Charge Calculator

SM raised an issue in relation to the delay in providing industry with the Transportation Charge Calculator which is impacting industry parties when considering the short notice and fundamental impact of recent changes on consumers.

HC on behalf of the Transporters indicated that the Transportation Charge Calculator is currently being updated and developed by pricing managers. She indicated that it is within the remit of the DN Charging Methodology

Forum who are due to meet on 23 June 2020 and suggested that an update is sought at this meeting.

She was not able to provide a likely date of when the calculator would be made available to Shippers.

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

RH reported that the Modification Panel had previously agreed a pragmatic approach to handle the consultation summary responses in relation to Modifications 0621 and 0678 and alternatives. RH highlighted that for Modification 0678, 37 responses had been received.

Given the volume of response expected and the likely contentious nature of the response's RH recommended that the same approach is taken to provide the responses in a tabular format. This would ensure an easily identifiable and readable Final Modification Report.

Panel Members agreed to follow the same approach as previously adopted for Modification 0678 and alternatives.

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

SM stated that a customer has highlighted a potential risk associated with the urgent Modifications which are currently being consulted on. He suggested that there is a material impact on large business customers and other major energy users who would be impacted by the withdrawal of short-haul and that there is a risk that they could move off grid.

He added that discussions between Ofgem and these parties have highlighted that without a unanimous recommendation to Ofgem to implement one of the short-haul Modifications there would need to be an Impact Assessment and this is likely to delay implementation to October 2021.

SM asked if potential respondents to the consultation should be made aware of this potential delay in advance.

LK indicated that Ofgem will be informed by the consultation responses together with the recommendation from the Modification Panel. Any decision on whether an Impact Assessment is required is not dependent on the Modification Panel recommendation.

He added that Ofgem's published impact assessment guidance sets out when impact assessments are necessary, and that the relevant tests have a statutory basis. Ofgem are considering whether an impact assessment is necessary and are doing appropriate preparatory work but the final decision on whether an impact assessment is needed will not be made until the Final Modification Report has been sent to Ofgem.

Post-Meeting Update

Ofgem’s published impact assessment guidance, can be found here:
<https://www.ofgem.gov.uk/publications-and-updates/impact-assessment-guidance>.

g) BEIS Consultation Conclusion for the Uniform Network Code

TS stated for information that the Business, Energy and Industrial Strategy (BEIS) has published its conclusions to modify the UNC (amongst other documents) and decided to proceed with the UNC changes that we proposed in April.

The conclusions document is available here:

<https://smartenergycodecompany.co.uk/latest-news/beis-consultation-response-government-response-to-6-april-2020-consultation-and-outstanding-matters-from-14-january-2020-consultation/>

259.14. Date of Next Meeting

Action Table (18 June 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 06/01	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)	Pending	July
PAN 06/02	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)	Pending	July
PAN 06/03	18/06/20	259.13 a)	Panel Members to provide any comments on the interim report to the Distribution Workgroup and Performance Assurance Committee by 25 June 2020.	Panel Members	Pending	July

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

