

Joint Office of Gas Transporters
Radcliffe House
Blenheim Court
Warwick Road
Solihull
B91 2AA

Mr. Nigel Sisman

Sisman Energy Consultancy Limited

Thursday 18 April 2019

Modifications 0678/A/B/C/D/E/F/G/H/I – Amendments to Gas Transmission Charging Regime¹

Dear Nigel,

I am writing to you in response to your emails dated 4 March 2019 and 25 March 2019. I am addressing this letter to you in my role as Independent Chair of the Uniform Network Code (UNC) Modification Panel.

As you will be aware, on the 28th February 2019, I wrote to Ofgem as Independent Chair of the Uniform Network Code (UNC) Modification Panel requesting an extension to the Modification 0678 timeline.

In my letter, I highlighted that as the Independent UNC Modification Panel Chair, I was mindful and respectful of Ofgem's 20 December 2018 Decision Letter **Modification 0621 – Amendment to Gas Charging Regime²** and Ofgem's requirement for the industry to ensure that GB is compliant with the requirements of the TAR NC as soon as possible. I was also considerate of the fact that for Modification 0678 and its Alternatives, the industry and the Modification Panel were working on an Urgent timeline directed by the Authority. I note in this regard that the timeline is a matter for Ofgem and not for the UNC Panel to determine.

My letter also detailed several issues, that I believed required resolution, in order that my Modification Panel could be allowed to complete the good governance required around considering all these Modifications.

¹ 0678 - Amendments to Gas Transmission Charging Regime
0678A - Amendments to Gas Transmission Charging Regime (Postage Stamp)
0678B - Amendments to Gas Transmission Charging Regime
0678C - Amendments to Gas Charging Regime (Postage Stamp)
0678D - Amendments to Gas Transmission Charging Regime
0678E - Amendments to Gas Transmission Charging Regime – Treatment of Storage
0678F - Amendments to Gas Transmission Charging Regime – Treatment of Unprotected Entry Capacity Storage
0678G - Amendments to Gas Transmission Charging Regime – Including a cost based Optional Capacity Charge
0687H - Amendments to Gas Transmission Charging Regime – (Postage Stamp) Including a cost based Optional Capacity Charge
0678 I - Amendments to Gas Transmission Charging Regime – Including Wheeling and an Ireland Security Discount
0678 J - Amendments to Gas Charging Regime – (Postage Stamp) including a Cost based Optional Capacity Charge
² Ofgem Decision Letter dated 21 December 2018 Uniform Network Code (UNC) 621/A/B/C/D/E/F/H/J/K/L: Amendments to Gas Transmission Charging Regime (UNC621) <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/book/2019-02/5.%2020%20December%202018%20Ofgem%20Decision%20Letter%200621.pdf>

As you know, the UNC is the hub around which the competitive gas industry revolves. As part of this, the UNC Modification Panel plays a pivotal role in ensuring good governance of changes to the Code.

May I take the opportunity to remind you that UNC Modification Panel Members are either elected onto the Modification Panel by their industry peers or are appointed and approved by the Authority.

At the Modification Panel meeting on Thursday 21 March 2019, I discussed your email dated 4 March 2019 at length with the Modification Panel.³

Both myself and Modification Panel Members were deeply concerned with your two assertions that the Joint Office, Workgroup Participants and UNC Modification Panel Members were “making a concerted effort to delay finalisation of the 0678 Change Proposals” and that they felt “that legal compliance is no longer of primary importance.”

UNC Modification Panel Members take their duties very seriously and continually strive to achieve the best outcomes for the entire GB Gas Industry. For each Modification and in line with the requirements set out in code, the UNC Modification Panel assesses the case for change against the relevant code objectives; ensures that good quality and depth of analysis has been provided in code modification reports and that arguments in support of code modifications are well substantiated.

I also acknowledge your email to me dated 25 March 2019, wherein you provided clarification in relation to the points raised in your earlier email. I would like to thank you for your email and for your acknowledgement that it was not your intention to “upset Panel Members...who are working constructively to address the pressing challenges of the tariff regime in a timely fashion.” I also appreciate your confirmation that you now recognise my reasons for writing to Ofgem in anticipation of the procedural issues that might face the UNC Modification Panel and good governance.

I discussed your latest email with the UNC Modification Panel on 18 April.

To your point that your original email should not further distract the Panel from addressing the issue at hand, I can confirm that I now consider this matter closed. I would also reassure you that the UNC Modification Panel and I will continue to process Modification 0678 and its various Alternatives expeditiously and in line with the new timeline set by Ofgem in order to give Ofgem the information it requires to reach a decision.

Given the previous correspondence between us has been published on the Joint Office website, I think for completeness we should publish your email of 25 March and this response.

Thanks again for your response and I trust this matter is now closed. If I can be of any further assistance in relation to the points above, I would be delighted to discuss these with you.

Yours sincerely

By email

Mark Shurmer

Independent Chair of the Uniform Network Code Modification Panel

³ <https://gasgov-mst-files.s3.eu-west-1.amazonaws.com/s3fs-public/ggf/2019-03/Minutes%20and%20Voting%20Record%20Panel%20Meeting%20240%20210319%20v1.0.pdf>