

Record of Determinations: Panel Meeting 245 18 July 2019

Modification	Vote Outcome	Shipper Voting Members						Transporter Voting Members					IGT Voting Member	Consumer Voting Member	Consumer Voting Member	Determination Sought	
		AG	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	JC	JA	EP		
0697 - Further Realising the Benefit of the Data Permissions Matrix and UNC Consistency Review		Consideration deferred until August 2019 meeting.															
0698 – Improvements to Margins Notice Arrangements	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	X	Does Modification 0698 impact a Significant Code Review?
	Is a Self-Governance Modification - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Does 0698 meet the Self-Governance Criteria?
	Proceed to Consultation, with consultation closing out on 8th August 2019 - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0698S be issued to Consultation, closing on 8th August 2019 and considered at Short Notice at the August Panel?
0699 - Incentivise Key Areas of Performance using additional UIG	Not related to the Significant Code Review - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	X	Does Modification 0699 impact a Significant Code Review?
	Is not a self governance Modification and therefore should follow Authority Direction procedures - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	X	NP	X	Does 0699 meet the Self-Governance Criteria?
	Modification issued to Distribution with a report to be presented to the 16 January 2020 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0699 be issued to distribution Workgroup with a report to be presented to the January 2020 Modification Panel?
0662 - Revenue Recovery at Combined ASEPs	Returned to Workgroup 0662, reporting date extended to 17 October 2019 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0662 be returned to Workgroup 0662 with a report to be presented to the October Modification Panel?

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		AG	DF	MB	MJ	RF	SM	DL	GD	HC	RP	TS	JC	JA	EP	
<b>0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4</b>	Returned to Workgroup 0664, reporting date extended to December 2019 Panel - <i>majority vote in favour</i>	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0664 be returned to Workgroup 0664 with a report to be presented to the December 2019 Modification Panel?
<b>0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements</b>	Returned to Review Workgroup 0669R, reporting date extended to 17 August 2019 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Request 0669R be returned to Workgroup 0669R with a report to be presented to the August 2019 Modification Panel?
<b>0672 - Incentivise Product Class 4 Read Performance</b>	Returned to Workgroup 0672, reporting date extended to 19 September 2019 Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0672 be returned to Workgroup 0672 with a report to be presented to the September 2019 Modification Panel?
<b>0696 - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NEXAs</b>	Returned to Workgroup 0696, reporting date extended to 15 August 2019 Panel - <i>majority vote in favour</i>	✓	✓	✓	✓	✓	✓	X	X	X	X	X	X	NP	✓	Should Modification 0696 be returned to Workgroup 0696 with a report to be presented to the August 2019 Modification Panel?
<b>0680S - UNC Changes as a Consequence of 'no deal' United Kingdom Exit from the European Union</b>	Consideration of Modification 0680S deferred to 15 August Panel - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should consideration of Modification 0680S be deferred to the 15 August Panel?
<b>0681S - Improvements to the quality of the Conversion Factor values held on the Supply Point Register</b>	No new issues were identified during Consultation - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	NP	X	Were any new issues identified during the Consultation for 0681S?
	Modification 0681S recommended for implementation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0681S be implemented? ( Yes votes only)
<b>0682 - Market Participant MDD Migration to UNC Governance from the SPAA</b>	No new issues were identified during Consultation - <i>unanimous vote against</i>	X	X	X	X	X	X	X	X	X	X	X	X	NP	X	Were any new issues identified during the Consultation for 0682?
	Modification 0682 recommended for implementation - <i>unanimous vote in favour</i>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	NP	✓	Should Modification 0682 be recommended for implementation? ( Yes votes only)

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In favour	Not in Favour	Not Present	No Vote Cast
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**UNC Modification Panel**

**Minutes of the 245 Meeting held on**

**Thursday 18 July 2019**

**at Elexon, 4th Floor, 350 Euston Road, London NW1 3AW**

**Attendees**

**Voting Members:**

<b>Shipper Representatives</b>	<b>Transporter Representatives</b>	<b>Consumer Representatives</b>
A Green (AG), Total S Mulinganie (SM), Gazprom D Fittock (DF), Corona Energy M Jones (MJ), SSE M Bellman* (MB), ScottishPower R Fairholme (RF), Uniper	D Lond (DL), National Grid NTS G Dosanjh (GD), Cadent H Chapman (HC), SGN R Pomroy (RP), Wales & West Utilities T Saunders (TS), Northern Gas Networks J Cooper* (JC), BUUK	E Proffitt (EP), MEUC

**Non-Voting Members:**

<b>Chairperson</b>	<b>Ofgem Representative</b>	<b>Independent Supplier Representative</b>
M Shurmer (MS), Chair	L King (LK)	

**Also in Attendance:**

D Addison (DA), Xoserve; D Hawkin\* (DH), TPA Solutions; E Rogers (ER), Xoserve; P Garner (PG), Joint Office; R Hailes (RH), Secretary; R Fletcher (BF), Joint Office; S Clements (SC), ScottishPower and S Britton, Cornwall Insight.

*\*by teleconference*

**Record of Discussions**

**Introduction**

MS welcomed all attendees. MS then set out the order of business for the meeting, advising that an additional AOB would be discussed, regarding a draft Modification proposed by S Mulinganie, requesting Urgent status on the topic of significant migration of sites from Product Class 4 to Product Class 3 (as flagged by S Jones , Xoserve last month).

**245.1 Note of any alternates attending meeting**

T Saunders for R Pomroy items 245.1 to 245.5 b) only.

G Dosanjh for H Chapman items 245.10 b) onwards.

## 245.2 Record of Apologies for absence

J Atherton, Citizen's Advice

## 245.3 Minutes and Actions of the Last Meeting(s)

MS noted that the DH, Proposer of Modification 0686 had asked for additional information to be recorded in the 20 June 2019 minutes Section 244, 11e) reflecting her response to a question raised by JA, Consumer Representative. Based on the text requested by DH, Panel Members agreed to the following insertion:

*JA, Consumer Representative asked what the logic was for dropping the current shorthaul charge altogether rather than updating the charge. The Panel Chair allowed the Proposer, DH, of Modification 0686 to respond, who then clarified that Modification 0636 sought to update the current short-haul charge; however, Ofgem decided such a commodity charge would not be compliant with the Tar Code. Further Proposer DH also stated that all of the Modification 0678 proposals have excluded the current shorthaul charge (which is a commodity charge).*

With this agreed insertion, Panel Members approved the minutes from 20 June 2019 meeting.

**Action PAN 02/06:** The Code Administrator to ensure the Governance Workgroup review the appropriateness of counting members as absent who provide an alternate when considering Modification Rules - Ceasing to be a Member 4.4 b) (i) the Member is absent.

**Update:** This will be discussed at the next Governance Workgroup on 30 July 2019.  
**Carried Forward.**

## 245.4 Consider Urgent Modifications

None presented.

## 245.5 Consider New Non-Urgent Modifications

### a) Modification 0697 – Further Realising the Benefit of the Data Permissions Matrix and UNC Consistency Review

ER introduced Modification 0697, which had undergone several pre-modification discussions at various workgroups. She noted that there are two distinct elements to the Modification Proposal and that it might subsequently be split into two separate Modifications:

- Alignment of UNC TPD Section V 5 and the Data Permissions Matrix and rationalization of UNC TPD Section V so that the data available is specified in the Data Permissions Matrix, rather than the UNC itself.
- Based on the presumption that the data is open, inclusion of an additional user type of 'relevant Research Body' in the Data Permissions Matrix. Access will be approved on a Case by case basis, governed by DSC Contract Management Committee, considering any mitigation such as data aggregation/anonymisation appropriate.

Panel discussed the issues and the potential to split it into two Modifications with

one element in each, given the possibility of differing governance routes. Panel suggested the removal of the word review from the title to reduce confusion.

For Modification 0697 Members determined:

- To defer consideration to the 15 August 2019 Panel meeting.

**b) Modification 0698 – Improvements to Margins Notice Arrangements**

DL introduced the Modification explaining that it had been developed as part of Request Workgroup 0669R. The Modification proposes four new elements:

- New 'Early Warning' notification of a reducing gap between expected available supply and forecast demand within winter.
- Limit the use of Margins Notices to the winter (October – March, April at National Grid's discretion).
- Specific method for determining the LNG contribution to non-storage supplies.
- UNC Monitoring Obligation for Non-Storage Supplies.

A potential change to the methodology for calculating the interconnector's contribution to Expected Available Supply was not included in the Modification, but the results and impact of the potential methodology will be monitored and reported to Transmission Workgroup with a view to further evaluation of this in future.

Note that Gas Deficit Warning name change was subject to a separate Modification Proposal (0685).

Panel Members noted that the short notice consideration at August Panel should enable implementation for 01 October 2019.

For Modification 0698 Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are met as this Modification is not likely to have a material impact on the contractual arrangements between Transporters, Shippers and Suppliers by unanimous vote;
- That Modification 0695S is issued to consultation, closing on 08 August 2019 and will then be considered at Short Notice at the August Panel, by unanimous vote.

**c) Modification 0699 - Incentivise Key Areas of Performance using additional UIG Charges**

SC introduced the Modification, explaining that the solution provides for enhanced performance monitoring and assurance via PAC by providing a mechanism which bills extra UIG to parties which are not meeting their UNC performance obligations and redistributes the extra UIG via existing UIG Reconciliation processes (Amendment Invoice).

MB noted that PAC has limited levers in the current regime to enforce performance - this is designed to address one area of performance.

A list of performance areas and the charging rate applied would be set out in a UNC Related Document and could be changed by UNCC simple majority

Panel Member SM suggested the Modification should go to Distribution Workgroup for broader exposure rather than the UIG Workgroup; other Panel Members DF and MB agreed.

BF noted that this Modification is related to a number of UIG Modifications which are at UIG Workgroup. SM noted that those at UIG Workgroup came out of the UIG taskforce. Panel noted that this may mean Distribution Workgroup might need to have additional meetings, alternatively this Modification could have its own separate Workgroup.

Panel discussed the possibility of Workgroups making a suggestion to panel about prioritisation of workload.

**New Action PAN 01/07:** Code Administrator to collate information on all Modifications at both UIG and Distribution Workgroups with views from Workgroup as to which could be prioritised, for discussion at August 2019 Panel.

Workgroup Questions:

- Consideration of whether the arrangements proposed conflict or overwrite the AUG arrangements
- Consideration of whether this should be a neutrality arrangement process for apportioning UIG

For Modification 0699 Members determined:

- It is not related to the Significant Code Review, by unanimous vote;
- The criteria for Self-Governance are not met as this Modification will have additional cost implications for some Shippers and has the potential to have a material impact on competition, by unanimous vote.
- That Modification 0699 is issued to distribution workgroup with a Report presented to the January 2020 Panel, by unanimous vote.

#### **245.6 Consider Workgroup Issues**

- a) None

#### **245.7 Workgroup Reports for Consideration**

##### **a) Modification 0662 - Revenue Recovery at Combined ASEPs**

Members noted that the Modification 0662 is dependent on an outcome from Ofgem regarding Modification 0678 and that Workgroup 0662 is requesting an extension to facilitate this.

For Modification 0662, Members determined:

- It should be referred back to Workgroup 0662 for further assessment, with a report by the 17 October 2019 Panel, by unanimous vote.

##### **b) Modification 0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4.**

Withdrawn by John Welch, now adopted by Mark Jones. Workgroup 0664 is requesting an extension to September 2019.

Panel discussed whether, and subsequently agreed to, allowing longer for workgroup development might be more appropriate given likely forthcoming changes to Class 3.

Workgroup Questions:

- Consideration of whether this Modification will be impacted by the increased take up of Class 3 and consideration of the system implications.

For Modification 0664, Members determined:

- It should be referred back to Workgroup 0664 for further assessment, with a report by the 19 December 2019 Panel, by majority vote.

**c) Request 0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements**

It was noted that the Workgroup had requested a 1 month extension. Workgroup focus had been on launching Modification 0698 – Improvements to Margins Notice Arrangements.

For Request 0669R, Members determined:

- It should be referred back to Workgroup 0669R for further assessment, with a report by the 15 August 2019 Panel, by unanimous vote.

**d) Modification 0672 - Incentivise Product Class 4 Read Performance**

Panel Members noted the Workgroup Report recommendations.

Workgroup Questions:

- Is this Modification required or can the solution be facilitated by a PAC report request?

For Modification 0672, Members determined:

- It should be referred back to Workgroup 0672 for further assessment, with a report by the 19 September 2019 Panel, by unanimous vote.

**e) Modification 0696 - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs**

Panel Members noted that the Workgroup had not been able to reach a consensus on proposed next steps.

For Modification 0696, Members determined:

- It should be referred back to Workgroup 0696 for further assessment, with a report by the 15 August 2019 Panel, by majority vote.

**245.8 Consideration of Workgroup Reporting Dates and Legal Text Requests**

Members determined unanimously to extend the following Workgroup reporting date(s):

Workgroup	New Reporting
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	<b>Date</b>
0662 - Revenue Recovery at Combined ASEPs	17 October 2019
0664 - Transfer of Sites with Low Read Submission Performance from Class 2 and 3 into Class 4	19 December 2019
0669R - Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements	15 August 2019
0672 - Incentivise Product Class 4 Read Performance	19 September 2019
0696 - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs	15 August 2019
0687 - Creation of new charge to recover Last Resort Supply Payments	19 September 2019

Members determined unanimously to request Legal text for the following modification(s):

<b>Modification</b>
None

#### **245.9 Consider Variation Requests**

None discussed.

#### **245.10 Final Modification Reports**

##### **a) Modification 0680S - UNC Changes as a Consequence of ‘no deal’ United Kingdom Exit from the European Union**

DL advised that similar to previous months, Panel was being requested to defer consideration of the Final Modification Report until there was more certainty on a potential date for a no deal scenario implementation.

Panel Members then determined:

- that consideration of the Final Modification Report should be deferred until the 15 August 2019 Panel, by unanimous vote.

##### **b) Modification 0681S - Improvements to the quality of the Conversion Factor values held on the Supply Point Register**

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0681>

Panel Members then determined:

- that there were no new issues requiring a view from Workgroup, by unanimous vote;
- to recommend implementation of Modification 0681S, by unanimous vote.

##### **c) Modification 0682 - Market Participant MDD Migration to UNC Governance from the SPAA**

Panel discussion: see the Final Modification Report published at:

<https://www.gasgovernance.co.uk/0682>

Panel Members then determined:

- that there were no new issues requiring a view from Workgroup, by unanimous vote;
- to recommend implementation of Modification 0682, by unanimous vote.

#### 245.11 AOB

##### a) Statement of Modification Panel Member Behaviour

RH thanked all Panel Members for providing a statement of Modification Panel Member Behaviour. All Alternates are required to provide one as well; the following 10 alternates had yet to do so:

- Stew Horne alternate for Joel Atherton
- Richard Hall alternate for Joel Atherton
- Phil Broom alternate for Andrew Green
- Claudio Ziviani alternate for Dan Fittock
- Stephanie Clements alternate for Mark Bellman
- Clare Cattle-Jones alternate for Mark Jones
- Jeff Chandler alternate for Richard Fairholme
- Paul Jones alternate for Richard Fairholme
- Alexander Mann alternate for Steve Mulinganie
- Teresa Thompson alternate for Darren Lond.

**New Action PAN 02/07:** Code Administrator to write to those alternates who had yet to submit a statement of Modification Panel Behaviour, requesting their statements, status to be reviewed at August 2019 Panel. Panel Members also to chase their Alternates to submit the statements.

##### b) Panel Member Appointment of Alternates

**Action PAN 01/06:** BF to write to members with outstanding alternate member nominations requesting alternates be appointed by the July 2019 meeting.

**Update:** Completed. **Action Closed**

EP confirmed during the meeting that he wished to nominate SM and AG as his standing alternates, which meant that all Panel Members had nominated two standing alternates.

Panel Members discussed whether it was appropriate to nominate alternates from a different constituency and noted that the nomination of an alternate is done at the Member's discretion.

Panel Members discussed standing alternates and whether voting instructions are required. Panel Members agreed that it would be best practice to do so but there may be some rare circumstances when that would not be possible.

##### c) Modification 0678 and alternatives - Ofgem Update

RP, Panel Member stated that on 01 August 2019 National Grid has to publish Exit Capacity charges. He had requested clarification from Ofgem as to whether they will be making a decision before 01 August 2019.

LK, Ofgem representative stated that it was unlikely that a decision would be made by 01 August 2019, given the steps which are likely to be carried out in order to do so. Ofgem confirmed that consultants are being appointed to support the analysis to go into the impact assessment. He further clarified that Ofgem had not yet completely finished the procurement process for these external consultants.

Alongside the work to develop the impact assessment, Ofgem is considering the TAR NC compliance of the submitted Modifications. Based on this work Ofgem may, if appropriate, consult on a 'minded to' decision or other appropriate output.

Panel Members noted that the process should not be rushed given the scale of the impact.

Panel Members requested a timetable for the decision making process and a progress update at Panel from Ofgem each month going forward until a decision is made.

LK recognised the importance of the issue to industry and agreed to give an offline update to Panel on progress.

**d) Impacts to UNC of CSS Detailed Design (SM/DA)**

DA confirmed that any issues which would impact the UNC, identified in CSS detailed design would be highlighted to UNC Modification Panel. He invited Panel to confirm whether they would appreciate further updates or whether updates should go to another group. The purpose of the updates would be to identify issues in detailed design that impact the UNC drafting so that Panel may either:

- Support or reject the suggested business rule or amendment, and
- Direct whether such a business rule should be reflected in the UNC drafting or not, OR
- Seek clarifications from Delivery Sub Group (DSG) (or the CDSP) as to the merits of the proposed change, OR
- Refer the proposed business rule to a Workgroup for consideration, with a recommendation from that Workgroup to be considered by the panel.

RP suggested and Panel Members agreed that would be more appropriate to discuss this topic in Distribution Workgroup as a standing agenda item from 22 July 2019. Panel Members noted that Transporters have an obligation to provide updates to the text but would be interested to hear where Parties feel updates should be made. Panel noted that Review Workgroup 0630R was closed at the June 2019 Panel.

**New Action PAN 03/07:** Code Administrator to add standing agenda item to Distribution Workgroup agenda from 22 July 2019 to receive update from CDSP as to Impacts to UNC of CSS Detailed Design.

**e) AOB: Enabling large scale utilisation of Class 3**

A draft modification has been written with time critical events to be raised by Steve Mulinganie, Gazprom. LK, Ofgem representative highlighted that Ofgem would like a view from Panel on Urgency whilst noting that the Modification has not yet been formally raised. PG reminded Panel that the issue had been raised

at the June Panel by S Jones of Xoserve and further clarified that the Modification has been through the Joint Office critical friend process, before being returned to the Proposer for final editing. It is expected to be raised imminently.

DA gave a presentation based on slides developed for the Xoserve-led workshop held on Friday 12 July 2019 and which are available here:

<http://www.gasgovernance.co.uk/panel/180719>

The issue of unexpected large-scale migration to Class 3 following publication of the AUG table for 2019/20 and the resulting unforeseen consequences was explored, including the impact on capacity risk to industry systems.

The number Class 3 sites in February 2019 was 100,000 and rose quickly to 160,000 by early July 2019.

DA clarified that the Modification was envisaged to include enduring arrangements; moves to introduce SAP HANA and other mitigations are also expected to be brought forward.

Panel Members asked for clarification as to whether this was in effect a change in the definition of Class 3. DA further explained how the Modification was expected to work in practice. DA also confirmed the systems are intended to be in place for 01 October 2019.

Panel Members noted that they could not consider whether the draft Modification should be granted urgent status since it has not yet been presented, but when they were asked whether the issue warranted an urgent Modification; all Panel Members agreed that it did.

**f) CACoP**

After attending the CACOP Engagement Event on 16 July, TS encouraged UNC Modification Panel Members to support CACOP activities through the Joint office, who represent the UNC on the CACOP body.

**245.12 Date of Next Meeting**

- 10.30, Thursday 15 August 2019, at Elexon.

**Action Table (18 July 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
<b>PAN 01/06</b>	20/06/19	244.12c)	BF to write to members with outstanding alternate member nominations requesting alternates be appointed by the July 2019 meeting.	JO (BF)	<b>Closed</b>
<b>PAN 02/06</b>	20/06/19	244.12f)	The Code Administrator to ensure the Governance Workgroup review the appropriateness of counting members as absent who provide an alternate when considering <i>Modification Rules - Ceasing to be a Member 4.4 b) (i) the Member is absent.</i>	JO (CS)	<b>Update expected at August Panel</b>
<b>PAN 01/07</b>	18/07/19	245.5c)	Code Administrator to collate information on all Modifications at both UIG and Distribution Workgroups with views from Workgroup as to which could be prioritised, for discussion at August 2019 Panel.	JO (RH)	<b>Pending</b>
<b>PAN 02/07</b>	18/07/19	245.11a)	Code Administrator to write to those alternates who had yet to submit a statement of Modification Panel Behaviour, requesting their statements, status to be reviewed at August 2019 Panel. Panel Members also to chase their Alternates to submit the statements.	JO (RH) and Panel Members	<b>Pending</b>
<b>PAN 03/07</b>	18/07/19	245.11d)	Code Administrator to add standing agenda item to Distribution Workgroup agenda from 22 July 2019 to receive update from CDSP as to Impacts to UNC of CSS Detailed Design.	JO (RH)	<b>Pending</b>