

UNC Modification Panel Minutes
Meeting 315 held on Thursday 14 December 2023
at SEFE Energy, 20 Triton Square, London, NW1 3BF
and via Microsoft Teams

Attendees		
Voting Panel Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
C Paine (CP) Engie D Fittock (DF) SSE D Morley (DM) OVO Energy O Chapman (OC) Centrica R Fairholme (RF) Uniper S Mulinganie (SM) SEFE Energy	C Gilbert (CG) BUUK D Mitchell (DMi) SGN E Allard (EA) Cadent M Montgomery (MM) National Gas Transmission R Pomroy (RP) Wales & West Utilities J Ferguson on behalf of T Saunders (TS) Northern Gas Networks	S Hughes (SM) Citizens Advice A Geveke (AG) EIUG
Non-Voting Panel Members:		
Chairperson	Ofgem Representative	Independent Supplier Representative
W Goldwag (WG) Chair	M Brown (MB)	None
Also, in Attendance:		
Joint Office	Observers:	
B Fletcher (BF) H Cuin (HCu) K Elleman (KE) R Hailes (RH) P Garner (PG)	A Adams (AA) National Gas Transmission A Clasper (AC) Cadent C Williams (CW) National Gas Transmission	E Rogers (ER) Xoserve/CDSP L Greenwood (British Gas) J Lomax (JL) Cornwall Insight N Hall (Ofgem) T Stuart (WWU)
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/141223		

Record of Discussions

315.1. Introductions

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

315.2. Note of any alternates attending the meeting

J Ferguson for T Saunders.

315.3. Apologies for Absence

T Saunders.

315.4. Minutes of the last meeting 16 & 22 November 2023

Approved.

315.5. Review of Action(s) and Issue(s)

0111: K Elleman (Governance Workgroup Chair) to liaise with both CACoP and CCSG to identify if a Cross Code Workgroup or Best Practice group should be established.

Update: K Elleman (KE) advised that work is ongoing with the cross-code steering group, to understand if this should be a Cross-Code driven change, with possible joint REC code meetings and will be dealt with through the CCSG. **Closed.**

315.6. Consider Urgent Modifications

None.

315.7. Consider Variation Requests

None.

315.8. Final Modification Reports

a) Modification 0819 - Establishing/Amending a Gas Vacant Site Process

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion within the published FMR at: <https://www.gasgovernance.co.uk/0819>

RH summarised that this Modification would seek to provide Shippers with the ability to effectively manage their Settlement Performance Obligations and Transportation Costs for Vacant sites.

Panel Members considered the representations made noting that of the 9 representations received 8 supported implementations, and 1 provided comments.

Panel Members agreed with respondents and the Proposer that this Modification would allow shippers to reduce their gas settlement costs for vacant sites where access to obtain meter readings cannot be obtained. The charges for vacant sites will be treated in the same way across class 4 and the customer charge will still apply where it is already applicable.

Panel Members noted the consultation responses referring to Performance Assurance reporting to monitor compliance. The CDSP have a draft Vacant Site Performance Assurance Reporting Report (PARR) in support of implementing the Modification. If Modification 0819 receives Panel's recommendation to implement, then PAC can finalise the Vacant Site report and then if the Authority directs implementation, reporting can begin at PAC from the effective implementation date.

The Panel considered the Vacant Site reporting and if the Performance Assurance Committee can provide reports to Panel to monitor any sudden increase in Vacant Sites. It was suggested a quarterly report could be provided to Panel.

A link to the draft PARR report associated with Vacant sites: [Performance Assurance Committee 18 April 2023 | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#).

The Implementation timeline was discussed, and the period required.

Panel Members considered the following relevant objective:

d) Securing of effective competition between Shippers and/or Suppliers; and

The views from Panel Members were captured within the Final Modification Report.

For Modification 0819, Members determined (with 13 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (13 out of 13).
- The Modification identified Cross Code impacts, by unanimous vote (13 out of 13).
- Panel Members voted unanimously to implement Modification 0819 vote (13 out of 13).

b) Modification 0856 – Introduction of Trials for Non-Daily Metered (NDM) Demand Side Response (DSR)

R Hailes (RH) presented the Final Modification Report (FMR). Please refer to the Panel Discussion with the published FMR at: <https://www.gasgovernance.co.uk/0856>

RH summarised that this Modification would create a framework to enable National Gas Transmission (NGT) to run time-limited trials for NDM DSR with the aim of gathering data, contributing towards longer-term thinking, allowing risks to be better understood and potentially increasing the pre-emergency tools available.

Panel Members considered the representations made noting that of the 7 representations received 1 supported implementation, 5 offered qualified support, and 1 provided comments. It was also noted that a late representation was received on 05 December 2023, offering qualified support.

Some Panel Members agreed with respondents and the Proposer that this Modification would enable the design of Non-Daily Metered (NDM) Demand Side Response (DSR) trials, which are then subject to consultation and Ofgem approval. The use of NDM DSR Trials will facilitate learning and data gathering which will support National Gas Transmission's and the industry's longer-term thinking on the suitability and effectiveness of a potentially enduring NDM DSR tool.

Panel Members discussed the precedent this Modification sets by not amending the UNC and running a different process out of the UNC governance process. M Montgomery (MM) explained the Modification intends to allow the facility for trials to take place rather than making an enduring change. Concern was expressed about the framework and whether, upon completion of the trial, the change would be expedited and progressed to implementation. Concern was also expressed about customers in vulnerable circumstances and domestic customers being asked to turn down heating and customers being cold. MM explained the controls that would be in place and the approval by Ofgem for each trial, through the Specification Document.

M Brown (MB) believed the consultation element had been discussed with Ofgem. Panel considered the decision-making process for industry oversight and the potential impact on the domestic market. Panel also considered the short timescales to begin trials.

Panel Members considered three relevant objectives:

- Efficient and economic operation of the pipe-line system*
- Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/or (ii) the pipe-line system of one or more other relevant gas transporters.*
- Promotion of efficiency in the implementation and administration of the Code*

The views from Panel Members were captured within the Final Modification Report.

For Modification 0856, Members determined (with 13 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (13 out of 13).
- The Modification had no Cross Code impacts, by unanimous vote (13 out of 13).
- Panel Members did not agree to recommend implementation of Modification 0856 vote (6 out of 13).

315.9. Workgroup Issues/Updates

None

315.10. Workgroup Reports for Consideration

a) Modification 0842 - Gas Entry onto the Total system via an Independent Gas Transporter

D Mitchell (DMi) introduced the Workgroup Report summarising that this Modification will facilitate gas flow into the Total System from an Independent Gas Transporters (IGT) pipeline via a DNO network.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0842>.

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. There were no additional Panel Questions.

For Modification 0842, Members determined (with 13 Panel votes available):

- The Modification should be issued with an extended consultation until 26 January 2024, and considered at the 15 February 2024 Panel, by unanimous vote (13 out of 13).

b) Modification 0857 - Revision to the Determination of Non-Transmission Services Gas Year Target Revenue

RH introduced the Workgroup Report summarising that this Modification will revise the method of the determination of National Gas Transmission's Allowed Non-Transmission Services Revenue for a Gas Year under the NTS Transportation Charging Methodology (TPD Section Y Part A-I). The purpose of this change is to mitigate, not remove, revenue volatility (where there is year to year revenue swings) to achieve a greater degree of year-on-year stability of target revenues in General Non-Transmission Services revenues, and therefore General Non-Transmission Services Charges.

C Williams (CW) explained the purpose of the Modification to emulate the same framework introduced by UNC Modification 0796 - Revision to the Determination of National Grid NTS Target Revenue for Transportation Charging, to enable revenue smoothing and reduce price volatility.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0847>.

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation.

Panel Questions:

Q1. Can you comment on the distributional consumer impacts of the Modification?

Q2. Do you think there are any license issues associated with this Modification?

For Modification 0857, Members determined (with 13 Panel votes available):

- The Modification should be issued with an extended consultation until 26 January 2024, and considered at the 15 February 2024 Panel, by unanimous vote (13 out of 13).

315.11. Consider New, Non-Urgent Modifications

a) Modification 0865 – Permitting DNOs to charge Shippers negative Supplier of Last Resort (SoLR) unit rates

The Proposer, T Stuart (TSt) presented the Modification, explaining that UNC TPD (Transportation Principal Document) Section Y part B only permits Distribution Network Operators (DNOs) to charge positive unit rates to Shippers. This Modification will permit negative rates.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0856>.

TSt explained that Ofgem introduced a multi-stage process for claims by SoLRs in 2021. This comprised of an initial claim, subsequent claim (if any) and a truing up process. For some claims, the truing up process has identified the need for Suppliers to refund overpayments. Without a change, DNOs would not be permitted to make payments to Shippers to refund net negative SoLR claims.

The Modification was proposed as Self-Governance with a Workgroup Assessment concluding in January 2024. TSt explained the Modification should be subject to Self-Governance because the only area it may impact is competition between Shippers but this will have a beneficial effect on competition. The materiality of the expected refund is small (£4.1M on Ofgem’s minded to position).

Panel Members considered the impact on the Distribution Network Final Charging statements due at the end of January 2024, the invoicing cycles, that pre-modification discussions have already taken place and the Legal Text is available.

S Hughes (SH) wished to understand if Shipper refunds would result in onward refunds to the end consumer. Panel considered the Shipper Licence arrangements recognising that the UNC would not have any remit to ensure Shippers pass on refunds.

The timing of the assessment, the consultation period and whether this needs to be issued directly to consultation was discussed with Panel agreeing to issue directly to consultation.

Panel Questions:

Q1. Consider the unintended consequences of allowing positive and negative SoLR charges.

For Modification 0865S Members determined (with 13 Panel votes available):

- There are no Cross-Code impacts, by unanimous vote (13 out of 13).
- The criteria for Self-Governance is met, as this Modification is unlikely to have a material effect on competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes, by unanimous vote (13 out of 13).
- The Modification should be issued directly to consultation until 09 January 2024, and

considered at the 18 January 2024 Panel, at short notice, by unanimous vote (13 out of 13).

315.12. Existing Modifications for Reconsiderations

M Brown (MB) wished to note that the Authority had rejected the Self-Governance statements for UNC Modifications 0852 and 0859. These Modifications therefore will now follow Authority Direction. The Ofgem letters rejecting the Self-Governance Statements have been published at: <https://www.gasgovernance.co.uk/0852> and <https://www.gasgovernance.co.uk/0859>.

The following decision dates timetable is published at:

<https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0808 - Reverse Compression	Implemented Date TBC
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	Amended to 26 January 2024
0825 - Removal of the remaining Retrospective Asset, Address and Supply Point (RAASP) elements of the Retrospective Adjustment arrangements put in place under Modification 0434	Implemented 15 December 2023
0831/A - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method	23 January 2024
0839 - Revision of the Modification Panel Membership Cessation Provisions	12 January 2024
0847 - Introduction of a Minimum General Non-Transmission Services Charge	Implemented Date 19 December 2023
0855 - Settlement Adjustments for Supply Meter Points impacted by the Central Switching System P1 Incident	Amended to 05 January 2024 Minded to Accept

315.13. Modification Reporting

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0849R - Commercial Framework Review to Enable Hydrogen Blending	14 December 2023	19 September 2024	9-month extension Interim Report in February 2024

Legal Text Requests:

UNC Modification Panel Members discussed the Legal Text Requests and determined unanimously to make Legal Text Requests for the following Modification(s):

Legal Text Requests for Modifications	Accepted
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0852S – Shipper notification in relation to option exercise for Customer Demand Side Response	Yes
0854 – Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers	Yes
0857 – Revision to the Determination of Non-Transmission Services Gas Year Target Revenue	Yes
0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814)	Yes

315.14. Any Other Business

a) ROM Request

E Rogers (ER) proposed that the same approach as last year be adopted for ROMs Requested during the Christmas Holiday period, pausing any ROM requests between 21 December and 02 January 2024. This will result in the 10-day response time during these dates being paused until 03 January 2024

b) Requesting Implementation Dates

KE clarified that the Transporter providing the Legal Text should act as the lead for providing an Implementation Date. The Transporters agreed with this approach.

c) Bob Fletcher Retirement

WG wished to thank B Fletcher (BF) for his commitment to the industry and wished him well for his forthcoming retirement.

P Garner (PG) thanked Bob for his 47 years and 50 weeks service providing Panel Members with a presentation outlining Bob’s many achievements.

315.15. Date of Next Meetings:

Panel meetings are listed at: <https://www.gasgovernance.co.uk/panel>

All other Joint Office events are available via: <https://www.gasgovernance.co.uk/events-calendar/month>

Time / Date	New Mod Deadline	Venue
10:00 Thursday 18 January 2024	5pm Friday 05 January 2024	Teleconference / Microsoft Teams
10:00 Thursday 15 February 2024	5pm Friday 02 February 2024	Teleconference / Microsoft Teams
10:00 Thursday 21 March 2024	5pm Friday 08 March 2024	Teleconference / Microsoft Teams
10:00 Thursday 18 April 2024	5pm Friday 05 April 2024	Teleconference / Microsoft Teams
10:00 Thursday 16 May 2024	5pm Thursday 02 May 2024	Teleconference / Microsoft Teams
10:00 Thursday	5pm Friday	Teleconference / Microsoft

20 June 2024	Fri 07 June 2024	Teams
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Panel Action / Issues Table						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update	Date of Expected Update
0111	16/11/23	313.11 d)	K Elleman (Governance Workgroup Chair) to liaise with both CACoP and CCSG to identify if a Cross Code Workgroup or Best Practice group should be established.	JO (KE)	December 2023	Closed