

UNC Modification Panel Minutes
Meeting 316 held on Thursday 18 January 2024
via Microsoft Teams

Attendees		
Voting Panel Members:		
Shipper Representatives	Transporter Representatives	Consumer Representatives
D Fittock (DF) SSE and on behalf of S Mulinganie (SM) D Morley (DM) OVO Energy C Paine (CP) Engie O Chapman (OC) Centrica R Fairholme (RF) Uniper	C Gilbert (CG) BUUK D Mitchell (DMi) SGN E Allard (EA) Cadent M Montgomery (JB) National Gas Transmission R Pomroy (RP) Wales & West Utilities 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:	
E Fowler (EF) H Cuin (HCu) K Elleman (KE) P Garner (PG) R Hailes (RH) T Tizirai (TT)	D Mitchell (DMit) Chemical E Rogers (ER) Xoserve/CDSP J Balls (JB) Ofgem J Lomax (JL) Cornwall Insight L Leggett (LG) Interconnector	M Newman (MN) National Gas Transmission R Hewitt (RH) on behalf of BBL T Stuart (Wales & West Utilities)
Copies of all papers are available at https://www.gasgovernance.co.uk/Panel/180124		

Record of Discussions

316.1. Introductions

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

WG notified the Panel of JGAC’s letter announcing P Garner’s (PG) decision to resign from her role leading the Joint Office of Gas Transporters and leaving Cadent to take up a new opportunity with National Grid ESO. PG will remain in post until early April. Wanda encouraged

people to consider applying for the vacant role.

316.2. Note of any alternates attending the meeting

D Fittock on behalf of S Mulinganie

316.3. Apologies for Absence

S Mulinganie

S Hughes (between 10:10 and 10:30)

316.4. Minutes of the last meeting 14 December 2023.

Approved.

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

None.

316.6. Consider Urgent Modifications

None.

316.7. Consider Variation Requests

None.

316.8. Final Modification Reports

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

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/0865>

RH summarised that this Self Governance Modification would permit Distribution Network Operators (DNOs) to charge negative Supplier of Last Resort (SoLR) unit rates to Shippers.

Panel Members considered the representations made noting that implementation was unanimously supported in the 6 representations received.

R Pomroy (RP) referring to Ofgem's final decision on negative SoLR confirmed there would be no negative charges this year. Please refer to: [Decisions on Last Resort Supply Payment Claims 2023 | Ofgem](#). It was noted that implementation of this Modification could continue, to allow negative SoLR unit rates to be facilitated and utilised in the future if required.

Panel Members considered three relevant objectives:

- c) Efficient discharge of the licensee's obligations*
- d) Securing of effective competition between Shippers and/or Suppliers; and*
- Charging Methodology objective c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers*

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

For Modification 0865S, 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 voted unanimously to implement Modification 0865S.

b) Modification 0859 - Reintroduction of the enhanced pressure service and increased MNEPOR for BBLC (as introduced by UNC0814).

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/0859>

RH summarised that this Modification would enable an extension of the temporary arrangements introduced via UNC0814 which permitted BBLC to increase their export capabilities at the Bacton IP on a temporary basis by gaining access to the enhanced pressure service and increasing their Maximum Network Exit Point Offtake Rate (MNEPOR) until 31 December 2024.

RH advised Panel of Ofgem's Decision Letter rejecting the Self-Governance Statement, published at: <https://www.gasgovernance.co.uk/0859>, noting this Modification would now require an Authority Direction.

Panel Members considered the representations made noting that of the 7 representations received 4 supported implementation, 1 offered support along with comments, 1 offered qualified support, and 1 was not in support.

Panel considered the velocity and possibility of increased debris. R Hewitt (RHe) on behalf of BBL wished to inform Panel that a Pipeline Inspection Gauge (PIG) run, undertaken in September 2023, did not find any dust contaminants, advising a report will be provided to Ofgem on the results.

National Gas Transmission also wished to relay that the Modification's scope allows for a contractual change, and that any risks identified in allowing enhanced pressure would be considered in line with licence obligations. Any identified risks or operational matters would be managed/mitigated through business-as-usual (BAU) processes.

It was noted in relation to Urgent Modification 0814 - *Temporary Access to the Enhanced Pressure Service and Increase to the Maximum NTS Exit Point Offtake Rate of the BBL interconnector*, [Ofgem's Decision Letter](#) referred to the creation of a level playing field and ensuring equal treatment of both interconnectors. It was anticipated that this consideration would not change for Modification 0859.

Panel Members considered relevant objective:

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

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

For Modification 0859, Members determined (with 14 Panel votes available):

- No new issues were identified during consultation, by unanimous vote (14 out of 14).
- The Modification had no Cross Code impacts, by unanimous vote (14 out of 14).
- Panel Members voted unanimously to recommend the implementation of Modification 0859.

316.9. Workgroup Issues/Updates

None

b) Request 0849R - Commercial Framework Review to Enable Hydrogen Blending.

RH summarised that this Request had been raised to review the market principles and

commercial framework to assess their compatibility with blending hydrogen into the networks and explore the required UNC amendments.

RH advised that ENA/KPMG are undertaking a project which includes considerations around safety, operational readiness, and impact on customers. With this in mind, the Workgroup wished to pause its assessment until June/July, to enable an update from ENA/KPMG in May.

RH notified Panel that the next 0849R Workgroup meeting will take place on 28 February 2024 with KPMG in attendance. An interim Workgroup report will be provided Panel in March 2024 to provide Panel with an update on proceedings.

It was anticipated that the work being undertaken by ENA/KPMG would address the vast amounts of uncertainty, assumptions and questions which will assist the Workgroup's review.

316.10. Workgroup Reports for Consideration

a) Modification 0852 - Shipper notification in relation to option exercise for Customer Demand Side Response.

RH introduced the Workgroup Report summarising that this Modification would require National Gas to notify the relevant Shipper if a Customer Demand Side Response option has been exercised.

Please refer to the Workgroup Report published at: <https://www.gasgovernance.co.uk/0852>.

D Fittock (DF) wished to raise a concern on behalf of S Mulinganie (SM) following Ofgem's decision regarding the self-governance status of this Modification. The view that this Modification may have a material effect on the security of supply by placing an additional obligation on NGT to notify shippers was challenged.

SM's view was that due to the limited nature of the proposal, he could not see how requiring NGT, to communicate with Shippers in a very limited number of instances (<12 sites) would have a material effect on NGT's ability to discharge its control room obligations, prior to a GDE occurring.

Concerns were also raised about considering future scalability when assessing Self Governance, which could set an unhelpful precedent as to what falls within the scope.

Panel considered the operational impacts this Modification could have on the Control Room before and during an emergency, and the exposure to Shippers.

Following Panel's consideration on the value of seeking views on the Governance route and that the Modification Rules allow for Ofgem to reject the Self Governance statement, Panel agreed not to seek views on this.

The need to undertake phone calls and other alternative options was briefly discussed. E Fowler (EF) clarified that the route of communication had not been restricted to phone calls.

It was also noted that as DSR options have not been exercised to date an impact assessment has not been possible.

Panel considered the Workgroup's assessment and the precedent of assessing the potential impact of Modifications into the future.

Ofgem wished to note that each Modification is assessed on a case-by-case basis and suggested the Consultation includes a question from Ofgem

Ofgem Question for Consultation:

Q1. If appropriate for your business, please explain what arrangements are already in place

for large consumers to report any emerging issues (such as unplanned shutdowns) to Shippers. Following this, please explain what barriers are in place to prevent similar arrangements being used for Demand Side Response communications.

Panel Members considered the Workgroup Report recommendation, that this Modification should proceed to Consultation. Panel agreed there were no additional Panel Questions to Ofgem's Question and the consultation questions and that it would be beneficial to have a longer period for the consultation.

For Modification 0852, Members determined (with 14 Panel votes available):

- The Modification should be issued with a 25 day consultation, and considered at the 21 March 2024 Panel, by unanimous vote (14 out of 14).

b) Modification 0854 - Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers.

RH introduced the Workgroup Report summarising that this Modification seeks to extend the availability of 'Virtual Last Resort User' and 'Contingent Procurement of Supplier Demand' provisions (currently only available as a consequence of User Termination) to instances where (in exceptional circumstances) National Gas Transmission (NGT) issues a User Premises Termination Notice (as a consequence of the application of sanctions on that User by the UK Government). The availability of these two mechanisms in such an event will facilitate the maintenance, ongoing integrity and continued effective operation of the commercial Energy Balancing and Transportation arrangements in the immediate/short term until an alternative User Registration is in place for the relevant Supply Meter Points.

EF noted a point the Workgroup had considered within the Workgroup Report about the possibility of NGT issuing a Cessation Notice, which could have consequential impacts.

Please refer to the Workgroup Report published at: <https://www.gasgovernance.co.uk/0854>

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

For Modification 0854, Members determined (with 13 Panel votes available):

- The Modification should be issued with a 25 day consultation, and considered at the 21 March 2024 Panel, by unanimous vote (13 out of 13).

316.11. Consider New, Non-Urgent Modifications

a) Modification 0866 - Amendments to Demand Side Response (DSR) Arrangements

M Montgomery (MM), presented the Modification, explaining that it seeks to introduce further enhancements to Gas DSR arrangements for daily metered consumers following experience of recent reforms and based on consumer feedback.

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0866>

MM explained that following the work undertaken, this is as a 'sweep-up' of improvements that have been identified. The aim is for the Modification to go through in time for summer 2024's DSR Options Tender, so that the benefits of the Modification can be included within that process.

Further information on the gas DSR can be found the NGT website: [Demand Side Response](#)

[\(DSR\) | National Gas](#)

The Modification was proposed as Self Governance with a Workgroup Assessment concluding in April.

Panel Members considered the Governance route, the aggressive timeline and the number of changes being required. Panel considered the 2024 Tender process taking place in July and that this could not be met unless the Workgroup Report is concluded by April.

Panel considered the justification for Self Governance and whether the impacts associated with the changes would be material. Panel also briefly discussed the need to strike the right balance between the benefits and risks. Concluding discussions, Panel agreed to a 3 month assessment period with the Workgroup reporting back in April 2024, noting the option of extending the assessment period if required.

Panel Workgroup Questions:

Q1. Workgroup to consider whether the DSR enhancements in the round are continuing to strike an appropriate balance for consumers.

For Modification 0866 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- 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 vote (11 out of 14).
- The Modification should be issued to a Workgroup with a report to be presented to the 18 April 2024 Panel, by vote (9 out of 14).

b) Modification 0867 - Gas Demand Side Response (DSR) Aggregation Arrangements.

M Montgomery (MM), presented the Modification, explaining that it seeks to enable additional daily metered Consumers to participate in gas DSR by introducing the role of an ‘aggregator’ to group Consumers’ DSR into a portfolio and offer it to National Gas Transmission (NGT).

Please refer to the Modification published at: <https://www.gasgovernance.co.uk/0867>

MM explained that consumers cannot currently reach the eligibility thresholds to deliver 100,000 kWh of reduction per day. This Modification would further enhance the DSR tools allowing more consumers to participate, by introducing the role of an aggregator into the UNC, similar to the electricity market.

MM proposed that this Modification should be Authority Directed as it will represent a material change, by way of introducing the new role of an aggregator.

Panel agreed to a longer assessment period for the Workgroup to report back September 2024. It was noted that this Modification could report back sooner if the Workgroup Report is concluded early.

Panel Questions:

Q1. Workgroup to consider the interaction with Modification 0852.

Q2. Workgroup to consider any precedent associated with the introduction of an aggregator role.

For Modification 0867 Members determined (with 14 Panel votes available):

- There are Cross-Code impacts, by unanimous vote (14 out of 14).
- The criteria for Self Governance is not met, as this Modification is likely 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 (14 out of 14).
- The Modification should be issued to a Workgroup with a report to be presented to the 19 September 2024 Panel, by unanimous vote (14 out of 14).

316.12. Existing Modifications for Reconsiderations

The following update was provided to the estimated decision dates timetable published at <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable>:

Modification	Estimated Decision Date
0819 - Establishing/Amending a Gas Vacant Site Process	09 February 2024
0823 - Amendment to the Allocation of Entry Capacity and Flow Quantities to Qualifying CNCCD Routes	26 January 2024
0831/A - Allocation of LDZ UIG to Shippers Based on a Straight Throughput Method	Postponed to 06 February 2024
0839 - Revision of the Modification Panel Membership Cessation Provisions	Implemented 17 January 2024
0856 - Introduction of Trials for Non-Daily Metered (NDM) Demand Side Response (DSR)	TBC

M Brown (MB) advised Panel of two upcoming energy code reform consultations to consider Ofgem’s approach (end of January/early February, and Code Manager selection and conditions in March).

316.13. Modification Reporting

Legal Text Requests:

Legal Text Requests for Modifications	Accepted
0860S - Clarify impact of exit capacity holdings on offtake rights	No

Workgroup Extension Requests:

Modification	Current reporting date	Requested Panel reporting date	Reason for request to change Panel reporting date/Comments
0841/0841A Introduction of cost efficiency and transparency requirements for the CDSP Budget	February 2024	April 2024	2 month extension

0860S - Clarify impact of exit capacity holdings on offtake rights	February 2024	April 2024	2 month extension
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T Saunders wished to note the intention to withdraw 0841A following recent discussions with the proposer of 0841 and an agreement to amend to Modification 0841.

316.14. Any Other Business

a) Guidance for Proposers (Annual Review)

KE advised that there were no changes proposed. No suggested changes were provided by Panel therefore the annual review was considered approved.

T Saunders (TS) wished to table for next year’s review consideration of having a supporting document to provide Proposer guidance similar to the Government provided guidance notes.

b) UIG Reconciliation Process (Modification 0862)

E Rogers (ER) noted a proposal for Workgroup 0862 to consider the current process and the changes that may take place. A detailed presentation will be provided at the next Workgroup meeting being held within the Distribution Workgroup. Consideration will also be given to Modifications 0831/0831A.

c) UNC Panel and FSO

R Pomroy (RP) advised of the Ofgem FSO consultation issued on 14 December 2023, which will close on 19 January 2024, seeking views on the FSO having a voting seat on the UNC Modification Panel. For further information please visit: [Future System Operator - Draft amendments to other impacted licences | Ofgem](#)

It was noted a UNC Modification would be required to the change the UNC Modification Rules and would require an Authority Direction.

d) Panel Member Changes

RP advised the Panel he will be standing down as the primary Member of Panel and that T Stuart (TS) will become the replacement member from February.

Panel thanked RP for his contributions at Panel.

316.15. Date of Next Meeting(s):

Panel meetings are listed at: <https://www.gasgovernance.co.uk/panel/2024>

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

Time / Date	New Mod Deadline	Venue
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	Elexon London (and via 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