

## UNC Workgroup 0735 Minutes

### UNC Changes as a consequence of the absence of trade agreement/s between the United Kingdom and the European Union ('no deal')

Thursday 01 October 2020

via Microsoft Teams

#### Attendees

Lorraine O'Shaughnessy (Chair)	(LOS)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Adam Bates	(AB)	South Hook Gas
Alex Nield	(AN)	Storengy Ltd
Anna Stankiewicz	(ASt)	National Grid
Bethan Winter	(BW)	Wales & West Utilities
Bill Reed	(BR)	RWE
Chris Wright	(CW)	Exxon Mobil
Christiane Sykes	(CS)	Shell Energy
Daniel Hisgett	(DHi)	National Grid
Emma Buckton	(EB)	Northern Gas Networks
India Koller	(IK)	SGN
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kamla Rhodes	(KR)	Conoco Phillips
Leyon Joseph	(LJ)	SGN
Malcolm Montgomery	(MM)	National Grid
Nick King	(NK)	independent
Nick Wye	(NW)	Waters Wye Associates
Nicola Lond	(NL)	National Grid
Paul Youngman	(PY)	Drax
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid
Phil Lucas	(PL)	National Grid
Ricky Hill	(RH)	Centrica
Shiv Singh	(SS)	Cadent
Steven Britton	(SB)	Cornwall Insight

Copies of all papers are available at: [www.gasgovernance.co.uk/0735/011020](http://www.gasgovernance.co.uk/0735/011020)

The Workgroup Report is due to be presented at the UNC Modification Panel by 19 November 2020.

#### 1.0 Outline of Modification

LOS stated that this Modification was also discussed at Distribution Workgroup on the 24 September and the intention is to produce a joint Workgroup report for UNC Panel in November.

Phil Lucas (PL) introduced the Modification explaining that it aims to modify existing references in the UNC to EU regulations with reference to UK amendment regulations and where appropriate remove references to EU entities. A number of minor changes to the Uniform Network Code (UNC) are required as a consequence of the end of the implementation period following the United Kingdom (UK) withdrawal from the European Union (EU).

Should a trade agreement between the UK and the EU be concluded and take effect from (Implementation Period – 31 December 2020) IP completion day, this Modification will no longer be required.

PL reminded Workgroup that a previous and equivalent Modification Proposal (0680S) was raised by National Grid NTS in February 2019 to address the consequences of a ‘no deal’ UK exit from the European Union in late 2019 / early 2020. In light of the agreement reached (as detailed in the Withdrawal Agreement) Modification 0680S was withdrawn in February 2020. The scope and function of this new Modification Proposal 0735 is principally the same as Modification 0680S.

In terms of the proposed solution, PH explained that existing references to EU regulations will be clarified and existing references to EU institutions will be removed where necessary. He added that there will be consequential changes to the capacity Auction Calendar before pointing out the dependencies, specifically that this Modification is only required in the event of a no trade agreement.

Finally, an amended Modification was published on 29 September with some minor amendments to:

- Add the legal text for the proposal,
- Add in the correct name of the latest relevant Statutory Instrument and associated minor revisions.

In terms of reporting the Workgroup Report will be submitted to the November UNC Panel and because it is a cross- code issue the Modification will be discussed at both Distribution and Transmission Workgroups.

A standard 15-day consultation period has been recommended with a report to the December Panel.

### Governance

PH stated that as the proposal advocates minor changes to the UNC to refine the definition of EU regulation 715/2009 and add supporting definitions of ‘legally binding decisions’ and ‘EU retained law’.

However, PH stated that the UNC Panel were cautious and directed that the governance for this modification should be Authority Direction on the basis of an interpretation of the following guidance in the *Authority Direction/Self Governance Materiality Guidance* and specifically in relation to the criteria relating to UNC governance or modification procedures. The guidance is available here: <https://www.gasgovernance.co.uk/mods>

Effect on	Likely to require Authority decision if your proposal....
UNC governance or modification procedures	<ul style="list-style-type: none"> <li>• Affects the rights of the industry to be engaged in proposed changes to the UNC.</li> <li>• Changes the User or Transporter representation obligations.</li> <li>• Changes any Authority decision-making capacity</li> </ul>

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

LOS stated that Modification Panel has requested Workgroup to provide views on the potential suitability of the Self-governance status

PL reiterated that National Grid's view on the proposed governance of this Modification is that self-governance is appropriate based on the fact that the proposed changes to the Modification Rules do not:

- Affect the rights of the industry to be engaged
- Change User of Transporter representation obligations; nor
- Change Ofgem's decision making capacity.

Before seeking views from Workgroup, PL added that the Distribution Workgroup agreed that the self-governance should be followed.

JCx pointed out that UNC Panel had voted unanimously not to support self-governance and asked if Authority Direction procedures are followed and if Ofgem did not make a quick decision would this cause a problem? PL suggested that an interregnum period would mitigate this.

Transmission Workgroup also agreed with Distribution Workgroup that self-governance procedures should be followed.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

LOS advised that as matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at [www.gasgovernance.co.uk/0735](http://www.gasgovernance.co.uk/0735) no other updates were provided for the Terms of Reference.

## 3.0 Next Steps

LOS confirmed that the Workgroup Report will be completed at the next Transmission Workgroup meeting in November following a discussion at Distribution Workgroup on 22 October. She suggested that PL provide any additional comments to be included in the draft Workgroup Report in advance of the November meeting plus any further updates from the Distribution Meeting

## 4.0 Any Other Business

None.

## 5.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

Time / Date	Paper Publication Deadline	Venue	Programme
10:00	5pm	Teleconference	Detail planned agenda items.

Thursday 05 November 2020	Wednesday 28 October 2020		<ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> <li>• Review of Relevant Objectives</li> <li>• Consideration of Wider Industry Impacts</li> <li>• Consideration of Legal Text</li> <li>• Completion of Workgroup Report</li> </ul>
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**Action Table (as at 01 October 2020)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		