

IGT UNC Modification Panel Meeting

Draft Minutes

Friday 25th March 2022

Via teleconference

Attendee	Initials	Organisation	Representing	Notes
Anne Jackson	AJ	Gemserv	Code Administrator	Chair
Cher Harris	CH	Indigo Pipelines	Pipeline Operators	
Chris Barker	CB	BUUK	Proposer (IGT132VV)	Only present for items 1-5
Clare Manning	CM	E.ON Next	Pipeline Users	Alternate for Claire Roberts (Scottish Power)
Jennifer Semple	JS	Ofgem	Authority	
Jenny Rawlinson	JR	BUUK	Pipeline Operators	Additionally alternate for Heather Ward (Energy Assets Pipelines)
Richard Pomroy	RP	Wales and West Utilities	Observer	Distribution Network (DN) Representative Only present for items 1-5
Talia Lattimore	TL	Gemserv	Code Administrator	

1. Welcomes and Apologies

The Chair welcomed the Panel to the reconvened meeting. The Chair noted that following the ongoing quoracy issues the Panel faces, the Code Administrator had opened a meeting prior to this and held that open for one hour as per Code rules (Part L6.10). Apologies were received from Heather Ward (Energy Assets Pipelines) and Claire Roberts (ScottishPower). Jenny Rawlinson (BUUK) was confirmed as Heather Ward's alternate and would be voting on their own and on Heather's behalf. Clare Manning (E.ON Next) was confirmed as Claire Roberts's alternate and would be voting on their behalf.

2. Confirmation of Agenda

The Chair confirmed the items for discussion as outlined in the final Agenda. The Panel were invited to add any items for AOB, to which no items were added.

3. Approval of the previous minutes (22-02 and 22-02 Reconvened, 22-03 and 22-03 Reconvened)

TA invited comments on the February 2022 minutes and March 2022 Extraordinary meeting minutes, noting that comments were received from HW on the February 2022 minutes which highlighted references to the wrong UNC Modification Proposals with regards to items 8 and 10 and a typographical error under item 5. No comments were raised during the meeting and the minutes (both standard and reconvened meetings) were approved as a true and accurate account of the meetings.

4. Outstanding Actions

The Panel were informed that there was one outstanding action:

21/10 – 03 AJ to develop the Cross Code Ways of Working strawman and to bring back to Panel for review. The Panel agreed that this strawman should also include details of how Joint Workgroups would work.

The Chair advised the Panel that due to the Faster Switching Significant Code Review (SCR) drafting work, no progress had been made on this action and that the aim was to provide an update at the April Panel meeting. JR questioned whether this was realistic given the work that may be required on the SCR Modification. The Chair provided an update on the SCR Modification, noting that it is expected imminently and will be considered at the Extraordinary Panel meeting scheduled on 1st April 2022. It will then be issued for consultation and be presented to Panel in May. If there is any additional work required on the drafting, then April may not be achievable for this action.

JR suggested that the action due date be moved to the May 2022 Panel meeting and if progress is achieved earlier, it can be brought to the April Panel, to which all other Panel members agreed.

Existing Modifications

5. IGT132VV - Introduction of IGT Code Credit Rules

The Chair provided an update on the Modification Proposal and a summary of the consultation responses, noting that:

- there were six responses (four IGTs and two Shippers);
- all the IGTs supported the implementation of the Modification and both Shippers apposed it;
- all respondents agreed to that Authority Consent is required
- four respondents agreed that that the legal text delivers the intent of the modification and two did not agree; and
- there were varying views with regards to how the Modification met objectives.

TL added that whilst some did not agree with the implementation of the Modification it did not mean that they did not support the introduction of credit cover arrangements into the IGT UNC.

The Panel considered responses to the IGT132VV consultation. RP asked for confirmation that the Modification did not cover Supplier of Last Resort (SoLR) charges, noting that the equivalent UNC provisions do include these as they form part of UNC Section S. The Chair advised that it is their understanding that SoLR charges are not currently included in the IGT UNC and therefore not included under this Modification. Other Panel members confirmed that this was the case.

JR asked whether SoLR charges under the UNC are part of the credit rules or if they are in a section on their own in terms of recovery. RP could not confirm but advised that their understanding is that as

SoLR charges are part of the charges levied under the UNC to Shippers they are included, even though they are not transportation charges in the pure sense.

CB confirmed that SoRL would be recharged via distribution charges so if it were to come into the IGT UNC it could go in as a sub-set of the transportation charges. The Chair highlighted that Ofgem have announced the approval of a one off arrangement for debt recovery for SoLR with regards to IGT sites. The Chair asked JR whether a longer term solution could be expected via a Modification. JR advised that a long-term debt recovery Modification is a possibility but did not feel it is necessarily relevant to IGT132VV. CB added that even though there is debt recovery in other areas of the industry Ofgem do expect there to be credit cover arrangements in place.

JR recognised that some respondents had no issue with regards to credit cover arrangements but did not support this Modification and asked whether progressing an alternate or a separate Modification had been discussed by the Workgroup. The Chair confirmed that neither had been discussed.

The Chair asked the Panel if they felt any new issues had been raised as part of the consultation. The Panel confirmed that no new issues had been raised.

The Chair asked the Panel if they felt the Workgroup had appropriately considered and addressed the comments and feedback from Ofgem, as per their [send back letter](#), to which the Panel agreed that no further work was required and that the Modification could progress to Authority decision.

Relevant Objectives

TA provided an overview of Proposer and Workgroup views on Relevant Objectives, which the Panel considered.

The Panel agreed by majority that IGT132VV has a positive impact on Objective (F) for the reasons given by the Proposer and the Workgroup. CM advised that they did not agree that IGT132VV had a positive impact on Objective (F) because, from a Shipper perspective, the Modification did not promote efficiency as if credit was adopted in different ways and at different times there would be additional administration and monitoring required.

The Panel unanimously agreed that IGT132VV had a positive impact on Objectives (A), (B) and (C) in line with the respective Proposer, Workgroup and consultation respondent views. JR added that if an IGT is cashflow restricted, they would have issues meeting their licence obligations, the risk of which is mitigated by this Modification.

The Panel also agreed unanimously that IGT132VV would have a positive/neutral impact on Objective (D) for the reasons given by the Workgroup.

Implementation

The Panel considered the proposed implementation approach and responses to the IGT132VV consultation regarding implementation.

JR highlighted that some consultation responses included implementation timescales and suggested that the Panel consider these and determine if a lead time is needed ahead of the changes going into Code, noting that once the changes for IGT132VV are implemented it does not automatically mean that credit cover arrangements are going to commence.

The Panel considered a response which highlighted a potential related DCUSA change ([DCP349 - Effectiveness of the current provision of unsecured cover under Schedule 1](#)) that amends credit cover rules and has been pushed back to April 2022 by another change. The respondent recommended that this change be considered when the final decision on IGT132VV was made. CB (Proposer) advised the Panel that DCP349 was raised around the same time as IGT132VV and that the some of the aspects of DCP349 were included in IGT132VV. They noted that there have been some slight changes to the DCP regarding Suppliers not making retrospective amendments. However, as IGT132VV has no retrospective amendments there is no impact on this Modification Proposal. CB felt that this DCUSA change had no impact on the implementation of IGT132VV, to which the Panel agreed.

The Panel agreed, having considered a lead time between three and nine months (in line with views put forward by respondents), that IGT132VV should be implemented as part of a scheduled IGT UNC release which provides a minimum of six months lead time following approval. The Panel recognised that some parties may require additional lead time but noted that credit cover is a bilateral arrangement and members believe that a lead time of six months should not stall any necessary conversations. They also added that that the lead time allows for preparation ahead of the implementation of IGT132VV.

Legal Drafting

The Chair noted comments made by the Workgroup and in consultation responses that further clarity may be required in future with regards to this Modification applying to transportation charges only. They added that the rules do not allow for a variation of the Modification at this stage in the process. However, the views of the Workgroup are that a change would be made for clarification purposes

only. JR added that this further clarity was highlighted as part of Workgroup development, but it has always been the Workgroup's understanding that the solution only applied to transportation charges.

The Panel considered mitigation regarding transportation charges, though they recognised that the application of this Modification to transportation charges only has been clarified within the Modification documentation and discussed by the Workgroup. CM questioned whether this would be clear to those Shippers and IGTs not involved in this Modification, noting that there were only six responses to the RFI and there will be parties who are not familiar with it. The Chair agreed that other parties, particularly smaller parties, must be considered and reiterated that it is not a matter that the provisions are not there, but that further clarity is required to make it explicit.

JR requested that in the subsequent approval and implementation notice that the CA include confirmation of the housekeeping Modification being raised. The Chair confirmed that the Proposer of the IGT132VV is happy to raise a clarification change in future should the Modification be approved, which the Panel noted. They added that confirmation of the Modification number could be included as part of the approval and implementation notice as well and that the CA could add the transportation charge point to the Known Issues Register in the meantime and look to facilitate the progression of a clarification housekeeping Modification following approval of IGT132VV.

Determinations

The Panel:

- **unanimously** agreed that IGT132VV should still be subject to Authority decision and that the Modification does not impact any current SCR;
- **unanimously** agreed that IGT132VV would have a positive impact on Relevant Objectives A (Efficient and economic operation of the pipe-line system), B (Co-ordinated, efficient and economic operation) and C (Efficient discharge of the licensee's obligations);
- **unanimously** agreed that IGT132VV would have a neutral/positive impact on Relevant Objective D (Securing of effective competition);
- **by majority** agreed that IGT132VV would have a positive impact on Relevant Objective F (Promotion of efficiency in the implementation and administration of the Code); and
- **by majority** agreed to recommend that IGT132VV be implemented.

ACTION: 22-03-01 CA to add clarification Modification to Known Issues register regarding IGT132VV applying to transportation charges only. CA to also include reference to said Modification in any subsequent approval and implementation notices for IGT132VV.

6. IGT160 - Introducing the concept of a derogation into the IGT UNC for innovation projects

The Chair provided a summary of the history of IGT160, noting that it was raised following the rejection of IGT154¹, which looked to introduce the concept of derogations into the IGT UNC.

The Chair advised that whilst IGT160 has taken on the solution for IGT154, making necessary changes to address Ofgem feedback, the Modification must be able to stand alone. They noted that the Modification was presented to Workgroup in March and the differences between the two changes were reviewed. The Workgroup considered the differences, reviewed the changes to the solution and legal text and completed the Workgroup Report. As part of the Workgroup Report the views of on IGT154 were considered and incorporated where they felt they also applied to IGT160.

The Chair advised the Panel that the equivalent UNC Modification² could have an impact on the IGT UNC in that the IGT160 derogation rules will stand alone rather than pointing to the UNC provisions. Under IGT160, a UNC derogation will automatically be applicable to parties who have IGT sites impacted by such a derogation and the mitigation to this discussed by the Workgroup was that all parties to the IGT UNC are also parties to the UNC and can therefore put their views through the UNC derogation process should there be impacts.

JR advised that they discussed the Modification with the Proposer and raised concerns that the process may not be robust enough, noting that where a derogation under the UNC were to automatically apply to IGT sites, a consequential impact may not be picked up and could be detrimental.

JR advised that the solution for IGT160 is the framework and includes the first use case only. They added that as the use cases are in code, new use cases should require a Modification. Meaning that if a new use case was added to the UNC it could be added to the IGT UNC via another Modification. However, with the way the wording is set out in the legal text, a derogation would apply to all IGT UNC sites where it was applicable.

The Chair advised the Panel that the legal drafting has no conditions with regards to how a UNC derogations apply to the IGT UNC. JR expressed a view to have the Modification sent back to Workgroup to consider this further and to also consider adding wording in so that each use case needs to be raised with regards to its own merit in the IGT UNC and that UNC derogations do not automatically apply to IGT UNC sites. They concluded that the Proposer (Heather Ward) has confirmed that if the Modification it sent back, they will support the decision, noting that the implication of doing so means that IGT160 will be out of sync with UNC0800.

¹ [IGT154 – Introducing the concept of a derogation into the IGT UNC for Net Zero innovation project](#)

² [UNC0800 - Introducing the concept of a derogation framework into Uniform Network Code \(UNC\) \(Authority Direction\)](#)

The Chair asked Ofgem what the implications may be if the Modifications arrive a month apart. Ofgem was unable to comment without confirming with the individual dealing with the Modifications.

CM asked whether the UNC modification could be amended to address this issue. The Chair advised that it is the IGT UNC Modification that automatically applies UNC derogations to IGT sites, not the UNC Modification. They confirmed that the Code Administrator would look to proactively require the UNC to consider the implications properly and parties would have to petition on behalf of their sites and consumers. However, not all parties may realise that their sites are impacted by a UNC derogation.

CM noted that if we do not automatically apply a UNC derogation there may be a need in future for two derogations to be raised and the effort of progressing two should be considered. Though this could also be mitigated by the use of templates and standard wording. JR notes that we are likely to see fewer derogations and it is not impossible for a derogation in the IGT UNC to have consequential impacts on other parties.

Relevant Objectives

TL advised that the Proposer and the Workgroup agreed that the Modification had a positive impact on Relevant Objectives B and F. The Panel unanimously agreed with the Proposer and Workgroup, with JR noting that they agreed but made reference to previous comments on the robustness of the solution and impacts of UNC derogations on IGT sites.

Implementation

The Chair advised that UNC0800 will likely be implemented as a standalone release should it be approved which means that the implementation dates may be different for IGT160 and UNC0800.

JR advised that they did not think the two Modifications needed to be implemented on the same date as the solutions stand alone.

All members agreed with the implementation approach.

Legal Text

JR feels that the legal text delivers the intent of the solution but referred to previous comments on the robustness of the solution and impacts of UNC derogations on IGT sites.

All other members agreed that the legal text delivers the intent of the solution.

Determinations

The Panel **unanimously** agree that the Modification should be sent back to the Workgroup to:

- address concerns regarding the automatic application of UNC derogations on IGT sites, noting that the risk of derogations is unknown until said derogations are raised; and
- to further consider the fundamental differences between IGT154 and IGT160.

Authority Updates

7. Authority Updates

JS informed the Panel that there were no updates and there were no questions from the Panel to submit to Ofgem.

JS advised the Chair that an email had been issued regarding the Significant Code Review Modification and asked if it had been received. The Chair and TL confirmed that no email had been received. JS advised that they would request the email be re-issued.

The Chair highlighted to members that the Code Administration circulated information to parties on behalf of the INA regarding Last Resort Supply Payments (LRSPs) from IGT connected customers. The Chair advised that a link to [Ofgem's recent decision regarding debt recovery for SoLR](#) could be included in the minutes.

AOB

8. 0734S - Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers

The Chair advised the Panel that this UNC0734S has been watched by the CA for some time and that it is expected to have an impact on the IGT UNC if any activity is required at a supply point level in Xoserve systems. They added that there are currently no theft provisions in the Code and that a party had volunteered to sponsor an IGT UNC Modification but are currently unable to spend the required time on its development or progression. The Chair highlighted the risk of potential inefficiencies if Xoserve must do something different with regards to theft on IGT sites.

JR recognised that a Modification does need raising and put forward BUUK to raise it. The Chair reiterated that the Modification may not be a simply mirroring of provisions as there are no theft provisions in the IGT UNC. They also advised that Xoserve should be able to provide insight into what may be required.

The next IGT UNC Extraordinary Panel meeting is scheduled for 1st April 2022

The next IGT UNC Panel meeting is scheduled for 29th April 2022

Annex 1 – Actions Table

Reference	Date	Action	Owner	Status
21/10 – 03	29/10/2021	AJ to develop the Cross Code Ways of Working strawman and to bring back to Panel for review. The Panel agreed that this strawman should also include details of how Joint Workgroups would work.	AJ	Carried Forward – May 2022 update
22-03 - 01	25/03/2022	ACTION: Ex-22-03/ 01 CA to add clarification Modification to Known Issues register regarding IGT132VV applying to transportation charges only. CA to also include reference to said Modification in any subsequent approval and implementation notices for IGT132VV.	TL	Open

DRAFT