

IGT UNC Modification Panel Meeting

Draft Minutes

Friday 26th May 2023

Via teleconference

Attendee	Initials	Organisation	Representing	Notes
Anne Jackson	AJ	Gemserv	Code Administrator	Chair
Cher Harris	CH	Indigo Pipelines	Pipeline Operators	Alternate for Jenny Rawlinson (BUUK)
Charlotte Gilbert		BUUK		Proposer IGT 166
Claire Roberts	CR	Scottish Power	Pipeline Users	
David Morley	DM	OVO		Proposer IGT 165
Helen Bevan	HB	Gemserv	Code Administrator	
Jennifer Semple	JS	Ofgem	Authority	
Stuart Monk	SM	MUA Group	Pipeline Operators	

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 (CA) had opened a meeting prior to this and held that open for one hour as per Code rules (Part L6.10).

There were apologies from Jenny Rawlinson (BUUK). It was noted that Cher Harris (CH) would be acting as their alternate for this Panel meeting.

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, but there were no further items added.

3. Approval of the previous minutes (23-04 and 23-04 Reconvened)

The CA invited comments on the April 2023 meeting minutes noting that no comments had been received prior to the meeting. 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:

- 23/04 - 01: Puja Vadgama to provide feedback to the Panel regarding the party responsible for communicating information through the Energy Security Bill on behalf of the IGTUNC.** The Chair informed Panel that an email from Ofgem had been forwarded to them. This provided the answer to the original question: once the Energy Security Bill (now known as the Energy Bill) is passed, whichever party receiving the request will be mandated to provide the information. Jennifer Semple confirmed this information with the Panel, adding that the recipient will depend on the type of information required.

Modification Business

5. IGT165 – Independent Shrinkage Expert and Independent Shrinkage Charge

Summary

The Chair invited David Morley (DM) to provide a summary of the Modification to the Panel.

DM provided an overview of the Modification. They have raised Modification UNC0843 – Establishing the Independent Shrinkage Charge (ISC) and the Independent Shrinkage Expert (ISE) to introduce a more accurate calculation of Shrinkage. The expert would define a new shrinkage amount. DM proposes to expand the role to cover IGTs as well. Currently, the AUGÉ (Allocation of Gas Expert) estimates that 19GWh of shrinkage is paid for by Shippers as part of UIG (Unidentified Gas). DM explained that they were proposing that the cost be moved to IGTs who will then pass that to Shippers and then consumers. In this way, shrinkage will be paid for by the correct party. They explained that this Modification refers back to UNC0843 content. IGTs will be compelled to pay when requested by the Shrinkage expert via Gemini.

Discussion

CH mentioned that IGTs do not currently have access to the Gemini system. DM said that this would be examined in the Workgroup. DM added that this system is already in place for GDNs, so they expect that the process would be quite straightforward, with help from the CDSP. The Chair noted that there is an existing route to record Shrinkage in the IGTUNC. However, no amount is recovered through charging. The Chair said that IGT elements of shrinkage are contained within the UNC. They asked DM how they would propose that the drafting be joined together. DM invited the Panel to examine the Solution for the Modification.

Solution

DM informed Panel that the Solution to this mirror Modification is based on the business rules of UNC0843. The new framework would tell the CDSP what the new values are. They added that IGT legal text would be amended to stipulate that parties must reasonably comply with any request from the Independent Shrinkage Expert and pay the Independent Shrinkage Charge on the Gemini platform. They asked the Panel if this Solution would be sufficient. The Chair said that the Solution might be ambiguous to the Workgroup. They added that this was not a substantive solution where the business rules can be debated and challenged. The Chair asked DM if they have any further clarity to add on the Solution. DM said that they understand how the national leakage test establishes the IGT Shrinkage figure at 0. DM noted the discrepancy between 0 and the AUGÉ measurement of 19GWh. The Chair asked DM where the shrinkage has been applied in the current process and then to the IGTs in the process. Right now, it is not applied in the IGTUNC. DM asked if the IGT leakage is

applied in the UNC. The Chair said that this is a matter to consider for IGTs, especially if the Shrinkage has already been applied in the UNC.

The Chair asked DM if the proposal is to be applied through the UNC to IGTs, or through the IGTUNC to the IGTs. They added that this needs to be clarified for the Workgroup. They speculated that the UNC already contains some rules relating to IGTs. The Chair added that an IGT Modification will be necessary to support the intent of Shrinkage, especially for data requests. However, the payment methods could be integrated in the UNC. The Chair added that Modifications that come through to the IGTUNC are at a higher level. Matters relating to Gas input are done in the UNC.

DM said that because this is a new charge, there should not be a need to go back to the UNC. They added that it is not changing an existing charge in the UNC. The Chair said that there could be a risk for IGTs that shrinkage is charged twice. The Chair added that the Workgroup would need to look more closely at Solution for this Modification. DM said that the process of having the new gas purchased through Gemini would be straightforward. The Chair noted that this new process with Gemini could be legally challenging.

Cost Recovery

SM pointed out that IGTs recover costs differently from GDNs, so the recovery process in this Modification will require more detail. DM added that this is why they are seeking full Ofgem approval. They added that in the UNC0843, the Shrinkage and Leakage Model (SLM) is approved by Ofgem.

CH thanked SM for this point. CH said that while GDNs can recover costs through price control, IGTs do not have that recovery. DM said that the Modification does not contain any price control measures.

SM asked DM if the proposal was for the cost of shrinkage lost or for the arrangements. DM said that Shippers pay the amounts provided by the AUGE, and that now this would be passed on for IGTs to address. DM thanked SM for this point. DM said that they would examine if IGTs need to be rolled into the mechanism to cover consultant fees. SM said that this payment option is not currently part of the Solution in IGT165, so it would not be discussed at Workgroup. DM added that the Modification would be redrafted.

Impacts:

DM explained that the impacts are consumer oriented. They reiterated the premise of the Modification: pushing shrinkage into the UIG process is a disincentive to reducing costs that go to Shippers. By pushing the costs back to the pipeline owners there would be a priority to fix this problem. They added that as UIG is a line item in Ofgem's energy price cap, reducing the amount of UIG could lower the overall price cap.

Governance

The Proposer indicated that they have drafted this Modification with the intent to seek Authority Decision.

Significant Code Review (SCR) considerations

The Panel agreed there is no relevant SCR that would be impacted.

Impacted Codes

SM asked if the UNC code should be indicated as an impacted Code in the proposal form. The Panel agreed and DM said they would be changing this.

SM added that since this Modification was drafted in regard to UNC0843, the UNC should be marked in the form. The Proposer agreed to amend this. Claire Louise Roberts (CR) and SM added that the question of Gemini access for IGTs will need to be better understood in order for the Solution to be valid.

The Panel did not find that the Modification would affect any other industry codes.

Decisions & Timetable

The modification would be implemented at the same time as the UNC Modification. The Chair asked if the UNC Review Group that preceded UNC0843 looked at the role of IGTs in Shrinkage. DM said that IGTs were considered but that no conclusions were made beyond the need for an IGT Mirror Modification.

SM asked if the Modification was implemented, would IGTs be involved in the appointment of the ISE? DM responded that the ISE would be appointed by the CDSP. SM thanked DM for the clarification.

The Chair noted that the Proposer's intended completion date was September. The Proposer confirmed their intention to align IGT165 with the implementation of UNC0843.

The Chair asked if the timetable also aligned with that of the UNC Modification. DM said that they might look at an extension depending on the legal drafting with the Distribution Networks (DNs). They added that they do not think that many workgroups will be needed.

The Panel unanimously agreed:

- There is no relevant Significant Code Review which is impacted.
- That the Modification proceed under Authority Decision.
- That the Modification go to the June Workgroup.

Further Questions

DM asked if there is an IGT PAC. The Chair said that the UNC PAC covers performance assurance for settlement risk in the IGT UNC.

6. IGT166 – Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected theft to Suppliers

Summary

The Chair invited Charlotte Gilbert (CG) to present this Modification. CG introduced themselves to the Panel. They said that this Modification is a mirror to UNC0734S – Reporting Valid Confirmed Theft of Gas into Central Systems and Reporting Suspected Theft to Suppliers. They noted that the UNC Modification was implemented in April 2023. This Modification is to make sure that the IGTUNC is reflective of what has already been approved, as a housekeeping change to the IGTUNC. It will ensure that Theft of Gas is reported correctly. Business rules have been put in place to ensure that this is done through the CDSP.

They mentioned that this Modification started through Review Group UNC0677R. This led to the UNC Modification. CG has put forward this Modification for approval under Self-Governance, as was UNC0734S. The Chair invited questions.

CR asked what the change was in UNC0734 theft obligations. CG said that this was based on how Shippers and Transporters speak to each other. The new Modification is to ensure that everyone would be reporting in the same way. The Chair reminded the Panel that the original UNC Modification was to make sure that Shippers were informed by Suppliers of any theft and that this would be passed on to the CDSP. The process was put in by the CDSP to enable Suppliers' theft information to be submitted to the CDSP via REC governance. The mechanism for IGT sites is not currently in the IGTUNC. They added that the REC side of the process was not ready. Once the CDSP solution is working it will work for IGT sites without the necessary governance to support the process being in the IGT UNC.

Legal Drafting

CG added that the legal text provided in the modification points to the UNC. It includes a small housekeeping change to ensure that the correct clause is mentioned in the legal text.

Timetable

The Chair asked about the number of Workgroups required for the Modification. CG said that they chose a longer schedule to ensure that the process was not delayed, adding that they are not in the habit of proposing IGT Modifications. The Chair agreed with the schedule, adding that it might require fewer workgroups.

Governance

CH asked to clarify with CG that the theft obligation already exists. Suppliers log the theft of gas records under the REC. Shippers log theft with the CDSP. This Modification will reinforce the existing requirements for the Shippers. The Chair confirmed this and mentioned the theft incentive scheme

under the SPAA. There was a disparity between supplier records and settlement records relating to theft. The UNC / SPAA Review Group discussed how to remove this disparity. The initial issue has been discovered and now rectified.

CH asked if this seeks to address an issue where the Supplier is not telling the Shipper the accurate Theft levels. The Chair said that this was possible. The link between the Supplier and the Shipper allows the Shipper to provide excuses. CH asked why this requires an IGTUNC modification because Suppliers are not parties to it. CG added that the business rules in the Modification will cover different scenarios, making sure that the process can be recorded for theft on IGT sites.

Impacts and other considerations

CG said that there would be a positive impact on reliability of the system under this Modification. Any erroneous reporting will be singled out in the process which would allow the industry to work more efficiently and effectively.

The Chair asked Panel if they agree with this assessment. The Panel agreed unanimously.

Other impacted Codes

CG said that because this Modification touches on REC Operations and mirrors a UNC Modification, both of those codes were marked as impacted in the Modification report.

Implementation

CG informed the Panel that they were planning to include the Modification in a scheduled IGTUNC release.

Decision

The Panel unanimously agreed:

- To send the Modification to the June Workgroup.
- For the Modification to proceed under Self-Governance
- There was no impact to an SCR

No further comments or questions were raised by the Panel.

Authority Updates

7. Authority Updates

JS informed the Panel that DESNZ (Department for Energy Security and Net-Zero) and Ofgem are holding workshops with stakeholders on policy development for code reform. They have already held some on Code Manager selection. There will be workshops on future Code Manager budgets, charging, and incentives on 7th and 14th June 2023. JS said that any interested parties could message Ofgem's Industry Codes inbox.

8. Ofgem's Expected Decision Dates

JS informed Panel that Ofgem has published the May update with the Authority's expected decision dates. However, none of the decisions impact the IGT UNC.

AOB

9. **Panel Membership update**

Isaac Moore (IM) informed the Panel that CH has been confirmed for another 2 year term on the Panel from June 2023. They also informed Panel that Jenny Rawlinson's term would expire in August and CR's term in October. This matter was of particular concern as CR is the only Shipper presently serving on the panel.

Call for a Shipper to attend Panel

The Chair asked CR if they will stand again for the Panel. CR said that this will be an internal discussion within their company. The Chair indicated that there is a risk of no Shipper representation if Scottish Power do not nominate anyone.

DM asked about these quoracy concerns and if they have been raised in the Energy Code reforms. The Chair said that engagement within Codes has been specifically raised, but quoracy in meetings has not. DM added that this sort of issue would be good to add to the Ofgem discussion. The Chair asked if JS could feed this back to the Ofgem Code Reform team.

JS said that there is no current plan for the material from the Code Reform Workshops to be shared with Parties. The Chair confirmed that there were no minutes taken at the Workshops.

CR asked about the Panel membership for Shippers. The Chair said that the Nomination Request email would highlight the consequences if the Panel does not have a Shipper.

Action 2: JS to inform the Ofgem Code Reform policy team of concerns regarding ongoing Shipper representation and quoracy issues at the IGTUNC Panel.

10. **Code Reform request for information**

The Chair confirmed that they have received the Code Reform Request for Information from the Authority. This is regarding arrangements with the IGTs, how the Code is set up and administration of the IGTUNC. The Chair added that this will be completed.

DM asked who this RFI was sent to. The Chair clarified that it has only been sent to Code Administrators to understand the contractual arrangements. They added that further RFIs could be sent out. The Energy Bill will make it a requirement to provide this information.

No further questions were raised, and the Chair closed the meeting.

The next IGT UNC Panel meeting is scheduled for 23rd June 2023.

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Annex 1 – Actions Table

Reference	Date	Action	Owner	Status
23/04 – 01	26/04/2023	<i>PV to provide feedback to the Panel regarding the party responsible for communicating information through the Energy Security Bill on behalf of the IGTUNC.</i>	Authority	Closed
23/05 - 01	26/05/2023	JS to inform the Ofgem Code Reform policy team of concerns regarding ongoing Shipper representation and quoracy issues at the IGTUNC Panel.	Authority	Open

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