

UNC Governance Workgroup Minutes
Thursday 04 October 2018
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Penny Garner (Chair)	(PG)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Andy Clasper	(AC)	Cadent
Darren Lond	(DL)	National Grid
Hilary Chapman	(HC)	SGN
Mark Jones	(MJ)	SSE
Oorlagh Chapman*	(OC)	Centrica
Steve Mullinganie	(SM)	Gazprom

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/gov/041018>

1. Introduction and Status Review

In welcoming everyone to the meeting, PG explained that the Workgroup has been reinstated in response to a request from the UNC Panel Chair to undertake a review to consider the appropriateness of a Code of Conduct UNC Modification Panel Members.

1.1. Approval of Minutes (04 June & 11 September 2018)

The minutes from the previous meetings were approved.

2. Consideration of Draft Code of Conduct**2.1. Consideration of the Gazprom (SM) Broader Discussion Points**

Initiating discussions, PG thanked SM for his email (dated 03 October 2018) which included proposed track changes to draft Code of Conduct document. SM also provided a number of broader key discussion points, outlined as follows:

- Joint industry ownership of the Joint Office (i.e. a limited company with a Board),
- Open procurement of Joint Office arrangements and services,
- The funding model for the Joint Office (i.e. who pays for what),
- Automatic abstention from voting where no direct constituency interest in the matter, and finally
- Centralised production of legal text.

SM explained that the points put forward reflect a broader holistic view around more global governance arrangements to better align with forthcoming Retail Energy Code and other environmental changes.

Discussions then focused on whether or not, the UNC Governance Workgroup is the most appropriate forum under which to look to address some, if not all, of these points.

Whilst SM favoured development and progression within under the Governance Workgroup banner, the majority of those in attendance favoured communication with the Joint Governance Arrangements Committee (JGAC) (including direct Transporter participation) It was also noted that any decision on the most appropriate route does not prevent Gazprom and the Joint Office from undertaking discussions on how improvements might be made to the service that the Joint Office provides to the industry as a whole.

When asked, SM confirmed that his suggestions are similar to an FGO based approach for the Joint Office and he would be more than willing to write to the Authority requesting initiation of such a request. Responding, PG commented that she would be more than happy to raise the matters highlighted to JGAC or that she would be happy to forward any correspondence to JGAC – a point acknowledged by SM. Those parties in attendance who also sit on the JGAC indicated that they would be more than happy to consider the points being put forward, as (process) transparency and rigour are seen as a very important aspects.

SM confirmed that he would look to provide a ‘follow up’ email after the meeting in order to trigger JGAC engagement and participation in these evolving discussions. He went on to suggest that the Xoserve (FGO) model was a good example of how the industry can drive improvements.

When asked as to what he believed were the benefits in ownership of the Joint Office, SM explained that it is all about the industry having more control and thereby ensuring that the services that the Joint Office provide, better reflected industry developments and needs. Responding to the point, PG explained how she is striving to drive the Joint Office forwards, in order to improve standards and deliver a service that is more ‘fit for purpose’.

Discussions then moved on to the question of why we still have a separate IGT Uniform Network Code (UNC), especially when the industry is inextricably moving towards a consolidated Retail Energy Code – members discussed both the merits and disadvantages of having an all-encompassing Code. It was noted however, that funding of the Joint Office would need careful consideration should such a move be undertaken, as currently this obligation resides with the Transporters.

SM explained that he remains concerned that should the Joint Office fail to become more ‘commercialised’, it runs the risk of being swallowed up by the likes of Elexon / Gemserve hence his FGO style suggestion. Noting SM’s point, DL advised that he would flag the matter to the JGAC and await SM’s follow up email.

Recognising the wider industry governance aspects, PG pointed out that in essence the only Transporter representatives not present at today’s meeting are those from Wales & West Utilities and Northern Gas Networks.

Moving on to consider the point around a centralised legal text provision, SM referenced Gazprom’s previous UNC Modification 0484S ‘Guidance for the production of legal text’, which was implemented with effect from 06:00 on 11 June 2014.¹ He then went on to suggest that the drafting of legal text by multiple lawyers potentially leads to a ‘remoteness’ around legal text production from an industry perspective; inconsistencies in both style, quality and timely delivery; that may not represent good value for money for the industry.

¹ A copy of the Final Modification Report (and associated legal text document) can be viewed and/or downloaded from the Joint Office web site at: <http://www.gasgovernance.co.uk/0484>

In pointing out that funding of a centralised legal text provision would need extremely careful consideration, PG enquired whether or not parties would welcome the Joint Office establishing a legal text workshop within which parties can gain a better understanding of the processes involved and the issues experienced by users – it is hoped that this would enable the industry to get a better ‘feel’ for any potential scope behind such an endeavour. Responding, SM indicated that he would welcome such a move, but remains concerned about potential tensions between business rules and legal text, especially when the text is provided later in the process.

In noting the current obligation on Transporters for the provision of legal text, PG wondered what we (the industry) really want from the legal text provision perspective, especially from both a strategic and operational point of view. HC explained that whilst she is not against a change to the current legal text provisions, she would need to have a better understanding of how it would actually work in the new world, especially in conjunction with Transporter licence obligations.

Concluding discussions, PG advised that she would raise the point with JGAC and seek their views on a potential future centralised legal text provision.

2.2. Draft Code of Conduct Review

Before undertaking an onscreen review of SM’s change marked version of the draft Code of Conduct document, PG explained that the document had been prepared at the request of the UNC Panel Chair (Mark Shurmer) and was not intended to have any ‘contractual’ elements, as it is purely presented on an expectations basis, rather than an obligational one. In short, a Performance Arrangements Committee (PAC) style of approach was not being sought..

For the avoidance of doubt, the draft Code was not looking to place a formal obligation on Modification Panel Members

During the onscreen line-by-line review of SM’s change marked version of the document, PG made changes (deletions / additions / enhancements) to the document inline with discussions and feedback.

It was then debated as to whether or not a ‘Forward Statement’ from the Panel Chair should be added to the document (including the Chair’s views on the role of the Panel and how it should work). Members agreed that a “Forward Statement” from the Panel Chair should be provided.

BF reminded those present that whilst the Panel Chair is appointed by the Transporters it is the Authority (Ofgem) that ultimately approves the appointment to the position

It was agreed that it would be beneficial to review the Code of Conduct inline with the two yearly Elections process (or by an extra ordinary request), on or around April time of the year in question.

When asked whether Panel Alternate Members should be included within the Code of Conduct provisions, it was agreed that parties should await the decision on UNC Modification 0656 before progressing this matter further. SM suggested that we should look to invoke these proposed provisions as soon as practicably possible. PG noted that the Final Modification Report for 0656 would be presented (as a short notice item) to the 18 October 2018 Panel meeting for a decision and therefore these new Code of Conduct provisions would follow closely behind.

It was noted that in future Panel members (and their alternates) would be required to sign on to two documents, namely a ‘Conflict of Interest’ as well as a ‘Code of Conduct’.

Discussion briefly focused on what might be expected to happen in instances where an individual does not abide by the Code of Conduct requirements should the individual be removed from their Panel position (temporarily or otherwise, subject to the severity of the matter concerned), or should their respective Company CEO's be made aware of the concerns / issues / impacts of their representatives behaviours. It was recognised that extreme care is needed around such matters as it could very easily result in legal challenges which would not be in the industries best interests – in short, if this is the route down which we want to go, then we will need to consider a far more complex solution.

PG pointed out that no formal sanctions are proposed within the Code

The consensus amongst those present was that the document was now sufficiently developed and refined. PG advised that she would tidy up the layout and wording with a view to sending a copy to the Panel Chair (Mark Shurmer) requesting that he reviews the document and provides a suitable 'Forward Statement' in time for consideration at the 18 October 2018 Panel meeting.

3. Review and Development of Issues Log

Consideration deferred.

4. Review of Outstanding Actions

Action 0601: All Review group participants to provide suggestions for topic areas to be addressed within a Code of Conduct document to Joint Office.

Update: PG explained that this action had been completed. **Closed**

5. Next Steps

PG to liaise with Panel Chair to ensure the (draft) Code of Conduct is ready for formal consideration at the 18 October 2018 Panel meeting, and to ensure a copy is provided to Panel members (and any alternates) ahead of the meeting.

Joint Office (PG) to investigate the feasibility of hosting a Legal Text Workshop at some point in the future.

6. Any Other Business

6.1. Progress Update on UNC Modification 0656 'Changes to Modification Panel arrangements'

PG advised that this Modification is currently out for Consultation with a close-out date for responses of 17:00 on 11 October 2018.

6.2. IGT UNC – Panel Discussion on Potential Future Options Update

HC explained that the future options for the IGT UNC were discussed at a recent Panel meeting during which parties acknowledged that there are potential cross code impacts involved, which can have an impact on UNC legal text impacts (indirect or otherwise) and on the IGT Code numbering.

It was believed that earlier vision of UNC legal text would assist the IGTs in understanding the potential impacts of forthcoming UNC changes and whether or not they need to take any necessary (precautionary) steps in order to better manage any potential IGT UNC changes. When it was suggested that perhaps the Joint Office should provide an early warning 'flag' to the IGT Code Administrator (Gemserv), PG responded by advising that care would be needed to avoid the Joint Office overstepping their role (remit) and suggested that this is probably a CACoP or Ofgem discussion matter.

BF explained what lies behind (CACoP) Rule 13 before highlighting that the Joint Office already works closely with Gemserv to facilitate joint UNC / IGT Workgroup meetings, as is currently the case with UNC / IGT Modifications 0663S (IGT 114) and 0668S (IGT 116). A brief discussion was then undertaken around the potential future IGT system release programme.

Concluding discussions, PG explained that the Joint Office would look to consider hosting a Legal Text Workshop at some point in the future and would also look to provide an update to the 18 October 2018 on the current UNC / IGT legal text interactions.

7. Diary Planning

It was agreed to close down the Governance Workgroup for the foreseeable future, subject to no adverse Panel reaction to the proposed Code of Conduct discussions.

Action Table (as at 04 October 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0601	04/06/18	4.0	Review group participants to provide suggestions for topic areas to be addressed within a Code of Conduct document to Joint Office.	All	Update provided. Closed