

## Representation

### Independent Panel Chair Appointment Process

**Consultation close out date:** 21 March 2014

**Respond to:** [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

**Organisation:** EDF Energy

**Representative:** Natasha Ranatunga

**Date of Representation:** 21 March 2014

**Q1: Do you consider that a Selection Adviser should be used to identify the candidates to be the Panel Chair?**

We consider that the use of a selection advisor would be an appropriate way to identify and shortlist potential individuals for the position of independent Panel Chair using an agreed set of Candidate Attributes.

**Q2: Do you have any views on what should be considered as a normal tenure of the Panel Chair?**

We believe that the proposed two year tenure term for the Panel Chair is appropriate. We also believe that it is appropriate for there to be no constraint on the times an individual's term can be renewed providing the renewal is subject to industry consultation.

**Q3: Do you consider that a Panel Subcommittee should be formed to oversee the appointment of the Panel Chair?**

We consider it appropriate that the Panel Subcommittee should be formed to oversee the appointment of the Panel Chair and make recommendations to the full Panel.

**Q4: Do you have any views on the make-up of the Panel Subcommittee?**

The proposed make-up of the Panel subcommittee is disproportionately weighted in favour of the Gas Transporters, particularly National Grid. We do not believe that the requirement for HR and legal expertise has been justified; the CUSC Panel Subcommittee for the appointment of a Panel Chair has operated without this expertise since its inception. Furthermore, we would welcome clarification as to the role that the JO would play in the Panel subcommittee; the Smart Energy Code (SEC) Selection Panel does not require the administrator of the code to be involved in the process.

**Q5: What are your views on the ideal candidate attributes?**

We believe that the majority of the attributes listed in the consultation do not need to be explicitly ruled in or out. The fundamental issues are that potential candidates can demonstrate their independence, availability for the likely time commitment, experience of successfully undertaking similar role(s) and willingness to undertake the role for the proposed fee. Given the Chair's role is predominantly to effectively and efficiently administer Panel meetings with authority and positive leadership; we do not believe it is essential (although it is advantageous) that the Chair has direct technical or commercial experience of the energy sector.

However, EDF Energy would prefer candidates to be based in the UK purely from a cost/ availability perspective.

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**Q5: Do you consider that the general terms proposed for the Panel Chair appointment are appropriate?**

We agree with the proposed two year tenure term for the Panel Chair. However, the tenure should be subject to renewal following an industry consultation and recommendation by the UNC Panel to the Authority. We do not believe that there should be a constraint on the times an individual's term can be renewed.

**Q6: Do you agree that the enduring Deputy Chair role should be assigned to the JO Chief Executive?**

We note that in the event of absence or unavailability of the Panel Chair, the responsibilities will be automatically be assigned to the Deputy Chair which is proposed to be the JO Chief Executive.

**Q7: Do you have any views on the Responsibilities and Experience requirements for a Panel Chair?**

We do not agree that a potential candidate should not have been employed by, and/or be sufficiently independent of, a Transporter, Ofgem, or any other gas industry party with a material interest in the UNC. This implies that any previous employee of an 'interested party' could not ever be considered. This would exclude a number of potential candidates with relevant technical or commercial experience of the energy sector. Previous employees of 'interested parties' should be considered; any assessment of their independence could include the length of time in which they left such employment.

**Q8: Do you have any views on the indicative timeline?**

On an annual basis the make-up of the UNC Panel is reviewed and potentially new Panel members are selected. This is carried out in August/ September each year. It is proposed that the UNC Panel ratify the appointment of the UNC Chair in September, the make-up of the UNC Panel may change in this period and therefore consideration needs to be given to whether the ratification of the appointment can be undertaken earlier.

The current UNC Chair's tenure will end on 30 November 2014; it has been proposed that the appointed UNC Chair will shadow the outgoing Chair at the Panel meeting on Thursday 18 December 2014. Clarification is required as to whether this is possible as Ofgem stated<sup>1</sup> that it approved the appointment of the current UNC Chair from December 2013 on an interim basis of up to 12 months. It may be appropriate for a newly appointed UNC Panel Chair to shadow the outgoing Chair at the Panel meeting on Thursday 20th November unless special dispensation is to be sought from Ofgem.

**Q9: In light of the indicative costs provided, are you still of the opinion that it is correct to have an Independent Panel Chair?**

In its Final Proposals following the Code Governance Review, Ofgem placed a requirement upon each of the main codes to have an independent chair. This requirement has been transposed into each of the Gas Transporters Licences<sup>2</sup> since 2010 and therefore the Gas Transporters are compelled to ensure that they discharge this obligation appropriately.

We believe that it is appropriate that an open, formal recruitment process that involves the UNC Panel is carried out to ensure that an independent Panel Chair is appointed. We did not anticipate that this process could be carried out without incurring any costs; however, we would expect that the Gas

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<sup>1</sup> UNC Modification Panel Chair appointment letter (OFGEM, 7<sup>th</sup> November 2013)  
[http://www.gasgovernance.co.uk/sites/default/files/UNC\\_Chair\\_letter.pdf](http://www.gasgovernance.co.uk/sites/default/files/UNC_Chair_letter.pdf)

<sup>2</sup> Statutory consultation on licence modifications required to implement the Code Governance Review Final Proposals (OFGEM, 68/10, 3<sup>rd</sup> June 2010)  
<https://www.ofgem.gov.uk/ofgem-publications/60636/notice-modification-sslc-a5-a11-a12-ngg-and-dns.pdf>

Transporters and the UNC Panel Subcommittee are mindful of the costs and seek to conduct this appointment process in an economic and efficient manner.

**Q10: Do you have any additional views you wish the JGAC to consider?**

Consideration should be given to developing terms and conditions for the appointee. We believe that once the agreed process, procedures and timeframe for appointing an independent UNC Panel chair is implemented, we do not think that there is a role for JGAC in this process going forward.