

Governance Workstream Minutes

Thursday 20 November 2008

350 Euston Road, London

Attendees

| | | |
|--------------------------|-------|----------------------------|
| Tim Davis (Chair) | (TD) | Joint Office |
| John Bradley (Secretary) | (JB) | Joint Office |
| Alex Barnes | (AIB) | BG Group |
| Alan Raper | (AR) | National Grid Distribution |
| Chris Warner | (CWa) | National Grid UKD |
| Bali Dohel | (BD) | Scotia Gas Networks |
| Chris Wright | (CWr) | British Gas Trading |
| Jon Dixon | (JD) | Ofgem |
| Joel Martin | (JM) | Scotia Gas Networks |
| Mitch Donnelly | (MD) | British Gas Trading |
| Phil Broom | (PB) | Gaz de France |
| Robert Cameron-Higgs | (RCH) | Northern Gas Network |
| Richard Fairholme | (RF) | EON UK |
| Ritchard Hewitt | (RH) | National Grid NTS |
| Stefan Leedham | (SL) | EDF Energy |

1.0 Introduction and Status Review

1.1. Minutes from Previous Workstream

Accepted without amendment.

1.2. Review of Actions

Action GOV 1038: EDF to Amend Modification Proposal 0213 based on comments received during the Workstream meeting.

EDF has amended the Proposal

Action Closed

Action GOV 1039: Gas Transporters to confirm if they wish the Joint Office to manage the publication and governance of the LDZ CSEP NExA.

No confirmation had been received.

Action Carried Forward

1.3. Review of Live Modifications Proposals and Topics

See below.

2.0 Modifications

2.1 UNC0213 Introduction of User Pays Governance Arrangements into the UNC

The Panel had agreed for this Proposal to proceed to consultation and had requested the production of legal text.

2.2 UNC0213 User Pays Guidance Document

JM went through the document, which had been circulated. He clarified that there are two relevant cost splits, firstly between Transporters and Shippers, secondly amongst Shippers. He emphasised that a "Rough order of Magnitude (ROM)" document does not have any costs associated with its production but costs would necessarily be incurred to produce the "Detailed Cost Analysis" document.

SL outlined the principle that the ACS amendment would normally accompany legal text when requested by Ofgem. J Dixon, due to the consultation timescales, had identified the possibility of a staggered decision timescale but was reviewing this issue.

TD suggested that the production of cost estimates should include an element of common sense – for example identifying areas where some flexibility in interpretation might save costs without sacrificing the intent of the proposal. JM confirmed that the Transporters expected xoserve to apply this principle. PB asked whether the ROM would be a separate document or be incorporated in Modification Reports. SL clarified that the reports will have sections to incorporate the data but the full ROM would be available on the Joint Office website.

TD asked whether the draft guidance document had helped to clarify the mechanisms to be adopted following any approval of Modification Proposal 0213. SL responded that it was a very helpful document, which others supported. It was recognised that the document was intended to be referred to in the Modification Rules and could be changed by Panel Majority.

Comments on the draft were invited from all attendees and it was suggested that attention should be drawn to it when Proposal 0213 commences consultation so that views on the guidance document could be sought in parallel.

3.0 Topics 013GOV - Industry Codes Governance Review

The Code Administrators Working Group is continuing and issues proformas have been circulated by Ofgem. JD explained that this would provide background to the views expressed in the eventual report. The draft report will be submitted to the Group's meeting on 14 January 2009. Prior to Christmas, Ofgem hope to circulate the outcome of work strands 1 and 2 for consultation.

A letter had been circulated on implementation dates in order to provide more flexibility and avoid Proposals being timed-out. Members expressed a preference for Option B in the letter, but CWr pointed out that neither option was consistent with UNC governance. JD acknowledged this and stated that the results of this consultation might be incorporated in the wider governance changes being discussed.

A further letter would be issued shortly on environmental guidance which would generally be in accordance with Ofgem's previous statements on carbon emissions rather than wider environmental considerations, such as biodiversity.

4.0 Any Other Business

None

5.0 Next Meeting

18 December 2008, following the UNC Committee meeting.

Action Log – UNC Governance Workstream 20 November 2008

| Action Ref | Meeting Date(s) | Minute Ref | Action | Owner* | Status Update |
|-------------------|------------------------|-------------------|--|------------------|---|
| GOV1038 | 16/10/2008 | 2.1 | Amend Modification Proposal 0213 based on comments received during the Workstream meeting. | EdF (RM) | Modification Proposal has been amended Closed |
| GOV1039 | 16/10/2008 | 4.1 | Gas Transporters to confirm if they wish the Joint Office to manage the publication and governance of the LDZ CSEP NEXA. | Gas Transporters | Carried Forward |