

Funding, Governance and Ownership Programme Overview

Friday 7th November

Attendees

Gethyn Howard – (GH) – IGT Representative
Joanna Campbell – (JM) – Ofgem
Alex Travell – (AT) – E.on Energy
Hazel Ward – (HW) – Npower
Paul Rogers - (PR) – National Grid
Sean McGoldrick (SMG) – National Grid
Transmission
Joanna Ferguson (JF) – Northern Gas Networks
Ruth Thomas – (RT) – National Grid
Richard Pomroy – (RP) – Wales and West Utilities
Nick Salter – Xoserve
Martin Baker – Xoserve
Matt Smith – Xoserve
Hilary Chapman – Xoserve

Teleconference

Graham Wood – (GW) – British Gas
Angela Love – (AL) – Love Consulting (*part of meeting*)
Natasha Ranatunga – (NR) – EDF Energy
Colin Thomson – (CT) – Scotia Gas Networks
Clare Cantle-Jones (CCJ) - ENA

Apologies

Steve Mulinganie – (SM) – Gazprom
Gareth Evans – (GE) – Waters Wye
Lorna Lewin – (LL) – DONG Energy
Marie Clark – (MC) – Scottish Power

Declaration of Interest

AL declared an interest in the Programme Manager appointment, and agreed to leave the teleconference when this was discussed.

Review of Actions

ACTION 1 – Request chair nominations – Action Closed.

Following nominations from the group, PR will continue as chair.

ACTION 2 – HW to confirm with SM what the text of the declaration should be – Action Closed.

Clarification that the action was for HW to prompt SM for the declaration text. This has been completed.

ACTION 8 – MB to circulate a note to all POB members seeking approval of commencement of the tender process and delegation of selection responsibility to the Procurement Sub-Group – Action Closed.

MB has written to all POB attendees and has received 12 positive responses in support of the delegation of responsibility to be given to the Procurement Sub-Group.

ACTION 9 - MB to send the draft ITT and timetable (to include 'stand down' window if required) to members of the Procurement Sub-Group to give opportunity for comment and to ensure support for the selection process activities prior to initiation of the tender – Action Closed.

Decision taken not to commit to timescales as outlined at October meeting, until the way forward is more clear.

ACTION 10 - PR to engage Ofgem to discuss priority of FGO implementation and level of attendance at POB – Action Closed.

To be covered by agenda discussions.

Summary of Discussion Points

Review of Questionnaire Responses

PR presented the results of a survey to establish whether the appetite and capacity remains to continue working to an April 2016 timetable.

Responses have established that the appetite remains however resources are an issue. It was noted that the resourcing requirement is likely to increase once the workgroups commence – potentially these will run bimonthly with papers etc to be prepared in between. Suggestion raised that this could be borne in mind when selecting a Programme Manager.

Participants in the survey expressed some difficulties with defining priority – a low priority does not demonstrate a lack of interest, rather the congestion of significant, and potentially larger, changes.

Ofgem view is that there should be a clear plan provided by the appointed Programme Manager, in order that industry parties can consider the requirements and their view of priority. Progression of the changes should not be contingent on a licence condition on GTs and/or Shippers.

Parties unable to support the process by attending meetings and/or contributing to the relevant background activities due to resourcing constraints may need to either consider delegating their involvement to other organisations or individuals, or accept the risk that decisions may be taken in their absence that may not align with their particular point of view.

The group acknowledged that during the development of the programme, Xoserve, as an organisation as well as its employees, are placed in a position of uncertainty.

A consultancy appointment would alleviate the resourcing issues, and this was the idea behind the phased appointment of a Programme Manager followed by an advisory/consultancy role. It is noted that the knowledge and expertise still remains within the attendees present and therefore although a consultancy may be able to manage the process, input from the group would still be required.

Discussion of options to continue (as per presentation materials):

A continued collaborative approach was favoured, although it was agreed that meetings would continue as planned irrespective of absent attendees. HW, AT and JC were in support of this principle. SMG highlighted this would affect the timescales as activities (e.g. Modifications etc) would be managed in series rather than parallel. JF also noted this may increase the risk of parties raising Alternate Modifications, which would again affect the timescales.

JC suggested that while decisions would be taken in the room in order to avoid absences causing development delays, the more contentious topics should be communicated in order that absent parties be given the opportunity to register their concerns.

Discussion of Procurement Plan:

The group agreed to work on the basis of an April 2016 implementation. The next step is to appoint a Programme Manager who will then define the plan. At this point, the group will reconsider whether delivery is still feasible and liaise with Ofgem. JC advised that the current Ofgem view is the delivery deadline has already been extended by a year to April 2016 and should therefore be deliverable. Responses to PR's survey also indicate that this date is in mind. In order to reconsider, Ofgem would require evidence – demonstrated through the project plan – of why April 2016 is not possible.

The plan should include contingency arrangements.

In meantime, the group agreed to adopt a flexible approach and consider moving meetings to facilitate availability. At this stage the requirement for quoracy should be retained for POB meetings, however as the programme develops it may be the case that fewer decisions are required from the POB and therefore attendance/membership may become less important.

ACTION 071114-1 Raised – Once Programme Manager is in place, review POB Terms of Reference regarding membership and quoracy requirement – consider open meeting vs membership.

Presentation of Detailed Procurement Plan:

AL left the teleconference before discussions began.

Plan detailing suggested timescales presented by RT.

Programme Manager to be appointed by December 2014, in order that the contractual work can commence in the new year.

ENA will manage the tendering process due to knowledge and previous experience – supported by AT.

Some members of the procurement sub-group have expressed difficulty in committing to dates, and therefore the composition of the sub-group is to be considered, with the appointment of deputies.

GH and GW expressed that they would be able to support should it be required.

Key dates:

3rd December – Teleconference to shortlist tender responses.

9th/10th/11th December – Meeting at ENA to receive presentations from shortlisted bidders. Evaluate and make selection.

ACTION 071114-2 Raised – MB and RT to review procurement sub-group participation to facilitate best level of involvement possible. Confirm key dates for meetings.

Discussion of Workstream Structures:

Previous meetings suggested a twin-stream approach:

Xoserve work – e.g. Board, funding and finance etc

Industry work – e.g. UNC, other codes, licences.

(Full details available on slides presented at May POB -

<http://www.gasgovernance.co.uk/sites/default/files/GT%20Stakeholder%20Meeting%20Presentation%2020140513.pdf>)

Suggestion that work on an initial framework for topics for both streams could commence – short paper to be produced detailing initial considerations, requirements, transition issues etc. This is as an interim measure until a Programme Manager is appointed to lead activities of this sort.

PR advised that the GTs are comfortable chairing the Xoserve workstreams, and suggested a Shipper representative leads the Industry workstreams. Some discomfort with this suggestion in that Shippers are in competition and therefore the role of chair would require an objective position.

Topic frameworks to be reviewed at January POB meeting. Plan for appointed Programme Manager to also attend this meeting.

ACTION 071114-3 Raised – JC and MB to draft topic frameworks in relation to the Industry and Xoserve. JC to provide reiteration of Ofgem conclusions.

ACTION 071114-4 Raised – Following availability of frameworks, Shipper participants to consider their position on chairing the Industry workstream.

Ofgem Update:

Consultation on draft licence conditions expected to be published in January. Position has been confirmed verbally during meeting that FGO progress should not be contingent upon licence conditions.

Diary Planning:

Group agreed that meetings should continue on Fridays as these tend to be quieter days.

Friday 5th December: Proposed as teleconference, given tender exercise will be in progress.

Friday 16th January: Review topic frameworks and meet Programme Manager. To be held at ENA.

Friday 13th February: Receive plan and propositions from Programme Manager. To be held in Solihull.

Subsequent meetings to be scheduled in accordance with plan.

ATION 071114-5 Raised – MB and RT to provide CCJ with additional wording for Tender in order to advise Programme Manager on expectations from January and February meetings.

Consolidated Actions:

No actions carried forwards.

| Action Ref | Action | Status |
|-------------------|--|-----------------------|
| 071114-1 | Once Programme Manager is in place, review POB Terms of Reference regarding membership and quoracy requirement – consider open meeting vs membership. | Raised On hold |
| 071114-2 | MB and RT to review procurement sub-group participation to facilitate best level of involvement possible. Confirm dates key dates for meetings. | Raised |
| 071114-3 | JC and MB to draft framework in relation to the Industry and Xoserve workgroup topics. JC to provide reiteration of Ofgem conclusions. | Raised |
| 071114-4 | Following availability of frameworks, Shipper participants to consider their position on chairing the Industry workstreams. | Raised On hold |
| 071114-5 | MB and RT to provide CCJ with additional wording to be included in Tender documentation to clarify expectations of Programme Manager at January and February meetings. | Raised |