

Governance Workstream Minutes

Thursday 20 December 2007

350 Euston Road, London

Attendees

Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Alex Barnes	(AB)	BG Group
Christian Hill	(CH)	RWE Npower
Chris Logue	(CL)	National Grid NTS
Claire Walsh	(CLW)	British Gas Trading
Clare Temperley	(CT)	Gas Forum
Chris Warner	(CWa)	National Grid UKD
Chris Wright	(CWr)	British Gas Trading
Dipen Gadhia	(DG)	Ofgem
John Bradley	(JB)	Joint Office of Gas Transporters
Jonathan Dixon	(JD)	Ofgem
Julian Majdanski	(JM)	Joint Office of Gas Transporters
Liz Spierling	(LS)	Wales & West Utilities
Phil Broom	(PBr)	Gaz de France
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Richard Fairholme	(RF)	EON UK
Stefan Leedham	(SL)	EDF Energy

1.0 Introduction and Status Review

1.1 Minutes from Previous Workstream

Were accepted without amendment.

1.2 Review of Actions

None

2.0 Modification Proposals

TD identified that there were no Proposals that had been referred to the Workstream

3.0 Review of Code Governance

DG gave this presentation which reviewed the open letter published on 28 November 2007, asking for responses by 22 January 2008, which can be found on Ofgem's website: www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Open%20letter%20announcing%20governance%20review.pdf&refer=Licensing/IndCodes/Governance.

AB asked about instances that highlighted the problems. DG responded by pointing out the examples referenced in footnote 4 of the open letter. AB acknowledged this but would wish to see more detail on the problems encountered in these instances. DG replied that Ofgem might provide more detail as the consultation progresses. JD stated that Ofgem had been reluctant to detail these issues at this stage because this might be interpreted as setting the agenda for the review.

AB highlighted the effect of licence changes on code development – most of the special Transmission Workstreams were held because of potential or actual licence changes. RF asked about Authority meetings expressing the view that transparency of the debate might assist code parties in raising modifications. JD stated that Ofgem were prepared to consider this but it must be acknowledged that some of the discussions at the Authority meeting are confidential.

TD asked about whether there were feelings that filibustering had been experienced, as mentioned in the Ofgem presentation. AB did not believe that this was a major problem in the case of the UNC and cited a case where a Proposal had been dealt with expediently by the Panel even though several parties believed that the Proposal was ill-defined – extra time on improving the Proposal might have been well spent. DG acknowledged that concerns in this respect had been focussed on electricity codes.

Some concerns were raised about Urgent Modifications where the scrutiny normally given to Modification Proposals was absent. It was, however, recognised that an Urgent Procedure was required.

TD asked for views on self governance and JD pointed out that Modification Proposals such as 0053, “Extending established Uniform Network Code governance arrangements to include the Network Code Operations Reporting Manual referenced in Section V9.4”, had introduced this to some extent. There was some feeling that this could be a useful model for other areas, including a number of statements and methodologies presently governed through Licences.

CWa asked about Code Compliance and whether this was part of this Review. JD stated that whilst there was not much appetite for self-governance in this area it was not excluded. A recent BSC Modification brought in a risk assessment context to Code Compliance, which might be considered for other codes.

In response to a question, JD stated that had Ofgem had not currently formed a view on the duration of the review as it would depend on the scope, which would not be clarified until Spring 2008.

TD asked whether Ofgem were considering benchmarking code administrators against efficiency and other criteria, including looking to establish views on best practice among participants. JD responded that this had not been excluded. AB supported this view but emphasised that the UNC process was not broken proposals are raised and the UNC process has been operated to ensure they are progressed. Care should be taken not to make the situation worse rather than better. SL agreed but stated that it was still worth considering changes.

PB asked whether the Panel should make a response – the iGT Panel were doing so. This view was supported by AB and CWa. LS suggested that views could be sent to the JO. AB suggested that the JO prepare a Straw Man response to initiate discussion. This was agreed.

GOV1030: JO to draft and circulate to Panel Members a response to Ofgem’s open letter on governance based on suggestions received from Workstream members

JB raised the aspect of analysis against the relevant objectives and queried who might carry out an analysis against the competition relevant objective. SL responded that certain information was confidential and therefore it would be difficult to take Shippers cost/benefits into account in a public process. CWa also raised the aspect of weighing qualitative versus quantitative analysis. It was agreed that Ofgem could fulfil a role in aggregation of data, although JD pointed out that Impact Assessments of Modification Proposals should only be used where there is a good reason to do so and should not be the default.

TD asked about the benefits of Ofgem involvement early in the process i.e. there would be no need for Ofgem to issue open letters late in the process if they had instead raised issues during the development phase. DG mentioned that in CUSC the nature of working groups promoted Ofgem involvement. It was pointed out that this option exists under the current Modification Rules, although the nature of the meetings tends to be different under the different codes.

4.0 List of Experts

The JO had been asked to review the processes involved in the appointment of experts as set-out in UNC, General Terms, Section A “Dispute Resolution.” JM outlined the history and processes involved particularly with reference to Section 2. “Expert Determination”. After reviewing the current list, he had reached the conclusion that the Transporters and Shippers

should consider starting afresh in assembling the names of twelve persons (six nominated by Transporters and six nominated by Shippers). He pointed out that the rules implied the Transporters should make their six nominations first because Shippers were to nominate different persons. TD suggested that Uniform Network Code Committee Members consider, irrespective of the UNC rules, what would be a sensible process for identifying experts when needed, and indeed if the concept of a list was useful, for discussion at the next meeting.

GOV1031: UNCC members to consider options for identifying experts

5.0 Any Other Business

None

6.0 Next Meeting

17 January 2008, following the UNC Committee meeting.

Action Log – UNC Governance Workstream 20 December 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GOV1030	20/12/2007	3.0	Draft and circulate to Panel Members a response to Ofgem's open letter on governance based on suggestions received from Workstream members	JO (JM)	To be considered on 17 January
GOV1031	20/12/2007	4.0	UNCC members to consider options for identifying experts	UNCC	To be considered on 17 January