

JOINT GOVERNANCE ARRANGEMENTS COMMITTEE
MINUTES OF THE 37th MEETING HELD ON MONDAY 25 January 2016

Attendees:

Representatives: A Musgrave (AM), Scotia Gas Networks; C Logue (CL), (National Grid NTS) (Chair); P Rogers (PR), National Grid Distribution; S Edwards (SE), Wales & West Utilities and S Parker (SP), Northern Gas Networks.

Joint Office: L Jenkins (LJ), B Fletcher (BF).

Also in attendance: N/A

37.1. Introductions

CL introduced proceedings, noting that all members were present.

37.2. Review of Minutes and Actions

The minutes from the last meeting were approved.

JGAC3401: All Transporters to track and record costs (financial and hourly) incurred for the provision of legal text for 6 months starting 01 April 2015 and report to the JO ahead of the October meeting.

Update: It was agreed that Transporters were to continue to monitor and record their legal costs and expect to provide a report to LJ for compilation in future. Once the information is made available, a discussion is to be arranged to understand the most appropriate way going forward. It was suggested that a report is arranged based on 2015/16 costs.

SE suggested that it might be beneficial to consider the costs of providing legal support for the larger, longer running projects. It might be better to get a view of the legal costs for the first 4 years of this formula review. PR agreed with this view to ensure there is a comparison between projects and on going costs.

SP agreed as this would be a useful benchmark to help to understand the full costs of administering the Code, including JO and other Transporter costs. **Carried forward.**

JGAC 3601: Legal Text Provision - LJ write to RWE npower, in appreciation of its comments, and requesting it to provide further detail/evidence for consideration by the Transporters.

Update: LJ advised he had written to RWE npower, however they had not replied. Members agreed the action should be closed. **Closed**

JGAC3602: *Audio conferencing equipment upgrading (JO)* - LJ to conduct research into availability and cost of providing appropriate improved audio technology for use in JO meetings and report on options

Update: LJ advised that he was reviewing options following a recent discussion with National Grid's telecoms providers and that he was waiting a further update to review whether a digital spider phone option is possible as they do offer better sound quality. **Carried Forward.**

JGAC3603: *Audio conferencing equipment upgrading (ENA)* - SE to follow up and report back on progress made.

Update: LJ advised that this action should be closed, as the ENA was no longer a conference facility for the JO. **Closed.**

37.3. 2015/16 Financial Update

LJ provided an overview of the current financial performance for the JO to date. He advised there was an underspend mainly due to the number of forecasted London meeting being less than anticipated due to factors such as Project Nexus Steering Group being hosted by Ofgem and not a JO funded meeting.

LJ advised that the website is being moved to the new service providers servers at some point in the following week. A number of security issues and upgrades had been identified and the new provider will fix these before the website goes live.

SE asked if it would be possible to provide a bottom up cut of next years budget. LJ agreed and advised this would be provided within the next few weeks.

37.4. 2015 Customer Satisfaction and CACoP KPI Reports

LJ gave an overview of the 2015 Customer Satisfaction survey, highlighting a number of the concerns/issues raised in responses.

Members advised that they were comfortable with the report and that the JO could manage issues going forward.

AM wanted to ensure that feedback was given to the JO team to ensure they were aware JGAC appreciated and supported their work.

Members were happy to support the KPI report as there were few if any concerns raised in the JOs performance.

37.5. London meeting venues

LJ gave a brief update on the provision of meeting space and that the ENA had retracted their initial view of not providing meeting rooms to external parties. However, they had increased their charges to a level to make it undesirable and uneconomic to use ENA facilities going forward.

LJ advised that the JO is considering a number of options for alternative venues in London. However, members should note that venue costs range between £45 and £70 per head. Minimum hire costs are in the range of £300 to £400 per day more expensive than the old ENA rate. The aim is to book London meetings by exceptions other than for those meetings, which are either obligated to meet or are traditionally located in London.

CL felt the quality of Elexon meeting rooms exceeds that of the ENA by a significant margin, particularly for larger meetings and would prefer spending more for this increase in quality; he understood this may not be the case for smaller meetings. PR agreed with this view if the extra cost provides an increase in quality, particularly for those who wish to teleconference.

LJ advised that the JO would continue reviewing available London locations to make

sure that suitable alternative venues can be provided when needed.

37.6. JO office – closure of 31Homer Road

LJ advised that it was National Grid's intention to close 31 Homer Road and that suitable alternative accommodation was being considered. LJ advised that the meeting room needs to be near Solihull station and therefore the view is that the JO will move back to Consort House for an interim period of 12 to 18 months.

He advised there were longer term options being considered after this, Lansdowne Gate in Solihull or some other National Grid property that might become available after the Distribution business sale.

PR felt it might be beneficial for the JO be located with Xoserve at Lansdowne Gate as it is unlikely that space would be a constraint. SP wanted to understand what the fundamental requirements for the JO to be located within a National Grid location or to have a permanent room available. LJ advised that he had challenged property to find an independently managed site but costs would be significantly higher with no appreciable improvement in facilities and possibly a loss of flexibility.

SE asked if there was more flexible option where a permanent room is not required. LJ advised that the option had been considered to use a "rent a room" approach but the loss of flexibility/control is a concern. However, he would continue to monitor this option as the moves progress.

SP asked if the moves would impact the JO budget. LJ advised that this was budgeted in the closing costs for 31 Homer Road and should not impact the JO.

37.7. Any Other Business

a) JGAA review

LJ advised members that annual review of the JGAA was due in soon and that he would add the item on the next meeting agenda.

b) JGAC Chair

Members thanked CL for chairing the meeting and LJ advised that NGN were the next on the list to Chair JGAC. SP confirmed he would Chair JGAC for the next year.

c) FGO Programme Board update

PR gave a brief overview of the discussions held at FGO POB meeting. He advised that a number of Shippers had requested that future (post April 2016) Transporter/Xoserve contract meetings were held in open forum to allow Shippers to attend on an informal basis prior to start of FGO, to allow them to develop suitable knowledge and experience. They were also requested to allow the JO to Chair contract meetings and he wanted to member's views?

SE asked why an independent chair was required; this is an Xoserve contract and they should chair contractual meetings. It may make the process too formal and protracted and too similar to the UNC process.

SP felt it would be beneficial to get the parties around the table and for Xoserve to lead discussion as they won't be the Transporters agent when FGO is established, so

it wouldn't be suitable or desirable for transporters to appoint a Chair.

d) Network Code 20th Anniversary

CL advised that the 20th anniversary of the establishment of the Network Code was approaching and asked if there was any appetite to celebrate/recongnise this at some stage point in the year?

Members felt it might be suitable for some informal reference or occasion, or that a party might want to offer to host an event. CL agreed to take the point away and to provide an update if there were any options worth considering in future.

e) Sale of National Grid Distribution networks

SP asked, how the sale is likely to impact JO staffing, CEO tenures and operation in future.

LJ confirmed that he is National Grid NTS employee and not included in the scope of the sale. National Grid may retain the obligation to resource the JO or it may be an option that the sold Networks may take the obligation going as most of the JO staff were aligned to the Distribution business. He had raised the issue with the project team but currently is low on the priority list until more of the high level principles for the sale had been agreed and the process was moving forward.

CL felt it would be worth considering the issue in more detail once more information is known. PR advised he is part of the sales team and that it is too early in the process yet – they were still establishing what aspects formed the Distribution business.

LJ advised that there would need to be a review of the JGAA as the sale will require the new party to accede to the agreement.

f) Consultation extending Ofgems powers to raise modifications

PR asked if the JO should respond to the DECC consultation as they may be concerns that the more control Ofgem has over the process the change process the less open and transparent it will be leading to less industry engagement.

LJ put this in context of the Code Governance Review, which was proposing that Ofgem would raise modifications for Significant Code Reviews.

CL advised that Ofgem can raise EU related modifications and did not think this was a significant addition to their powers.

SP felt it would be more appropriate if the ENA provided a response to the consultation.

37.8. Diary Planning and Content of Next Meeting

JGAC (2016) meetings will take place as follows:

Time/Date	Venue	Agenda
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10:00 - 11:00, Monday 21 March 2016	Via teleconference	2015/16 Financials JGAA Annual Review 2016 Q1 Reporting – Customer Satisfaction and CACoP KPIs
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Action Table

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
JGAC 3401	17/03/15	34.2	All Transporters to track and record costs (financial and hourly) incurred for the provision of legal text for 6 months starting 01 April 2015 and report to the JO ahead of the October meeting.	All	Carried forward
JGAC 3601	19/10/15	36.2	<i>Legal Text Provision</i> - LJ write to RWE npower, in appreciation of its comments, and requesting it to provide further detail/evidence for consideration by the Transporters.	JO (LJ)	Closed
JGAC 3602	19/10/15	36.4a	<i>Audio conferencing equipment upgrading (JO)</i> - LJ to conduct research into availability and cost of providing appropriate improved audio technology for use in JO meetings and report on options.	JO (LJ)	Carried forward
JGAC 3603	19/10/15	36.4b	<i>Audio conferencing equipment upgrading (ENA)</i> - SE to follow up and report back on progress made.	WWU (SE)	Closed