
Governance Workstream Minutes
Thursday 19 November 2009
350 Euston Road, London

Attendees

Tim Davis (Chair)	TD	Joint Office
Bob Fletcher (Secretary)	BF	Joint Office
Abigail Hall	DM	Consumer Focus
Amrik Bal	AB	Shell
Bali Dohel	BD	SGN
Chris Warner	CW	National Grid Distribution
Chris Wright	CWr	Centrica
Gareth Evans	GE	Gazprom
Joanna Ferguson	JF	Northern Gas Networks
Joel Martin	JM	Scotia Gas Networks
John Bradley	JB	Joint Office
Jon Dixon	JD	Ofgem
Phil Broom	PB	GdF Suez
Richard Fairholme	RF	EON UK
Richard Street	RS	Corona Energy
Ritchard Hewitt	RH	National Grid NTS
Sebastian Eyre	SE	EDF Energy
Shelly Rouse	SR	Statoil

1.0 Introduction and Status Review**1.1. Minutes from Previous Workstream**

Accepted without amendment.

1.2. Review of Actions

None to review

1.3. Review of Live Modifications Proposals and Topics

None

2.0 Modifications

2.1 Review Proposal 0267 “Review of UNC Governance Arrangements”

TD invited comments on the draft Terms of Reference published on the Joint Office website, and drew attention to the proposed development of a matrix to capture the requirements proposed through the Ofgem review and associated actions. It was anticipated that implemented the identified actions would require more than one Modification Proposal.

ST raised a concern that Ofgem were expecting Proposals to be raised in January. JD accepted this had been raised as an expectation, though the timescales had subsequently slipped. He offered to provide as much guidance as possible regarding which of the Proposals were likely to be pursued and hence for which Ofgem would hope to see early Proposals being raised.

JD expressed a view that license changes were also required and the group needed to be mindful of these. For example, this could clarify the consumer representation to be included e.g. one consumer representative each from domestic or non domestic groups.

The Workstream agreed to adopt the matrix and a copy is to be provided for the next meeting. The Terms of Reference were then approved.

Action GOV1042: Joint Office to provide an initial matrix of issues for discussion at the next meeting.

3.0 Topics

3.1 Industry Codes Governance Review

JD advised that the Authority views on charging were still in favour of option 3, making charging methodology changes subject to the code modification processes. The review is still being progressed and a CAWG meeting has been held primarily to consider a draft Code Administrators Code of Practice – a further meeting is planned for 3rd December when, hopefully, the Code of Practice will be approved for subsequent consultation.

It is hoped industry parties will be in a position to raise proposals during January to begin the process of implementing the recommendations.

RF asked if there had been further consideration of environmental impacts in the modification process and how these could be included in any reports. JD confirmed that discussions on incorporating environmental considerations into the relevant objectives are still in progress.

3.2 Review of User Pays Process

JD explained that the promised guidance note on User Pays, which was likely to be in the form of a decision tree, had not yet been completed. He was, however, aware of the concerns raised in previous Workstream meetings and by the Gas Forum and hoped to Of gem would provide additional guidance/clarity soon. AH hoped this would help understanding of the process while not unduly delaying progress She noted that BSC Modification Reports provide information on implementation costs and she felt it would be beneficial to see similar information for UNC Modification Proposals.

RH, as Topic proposer, confirmed he was happy with progress so far as it was helping to provide clarity. RS suggested the guidance should look at the original concept. User Pays services were described as those where Users had choice, but a number of User Pays charges and services were compulsory and not related to use.

RH said it was clear, based on Licence conditions and price control allowances, is that if there are additional observe costs as a result of implementing any Proposal, then this should be classified as User Pays. The differing views expressed confirmed that some were still unsure of what constitutes a User Pays Proposal such that the guidance note would be helpful. AB agreed there was an added level of confusions as some proposals were technically User Pays though, in practice, the level of charge would not justify its collection.

RH was concerned an Alternate User Pays Proposal could be raised under the Modification Rules since the User Pays aspects could not be considered by a Workstream. TD did not think this was the case - if the Alternate was ready for consultation it would follow the same process as the original Proposal and so be issued to Consultation.

While acknowledging there were some issues to address, ST argued that the User Pays service is working well. More cost information was being provided and the Panel has not been flooded with Alternates regarding how costs should be borne, as was previously considered a risk. SE suggested the process creates a level of caution as Users Pays is not fully understood and may lead to good Proposals not being supported.

RS added a concern at the potential number of service lines and their individual management, as cost allocation is defined in each Proposal and can vary considerably. An increasing number of implemented User Pays Proposals may lead to a significant number of invoice types and associated validation issues. TD questioned whether this would occur in practice or if services covered by transportation charges would be reconsidered as part of each price control review.

RH thought there might be a lack of clarity as far as urgent proposals are concerned, as the User Pays process may not meet urgent timescales. ST did not think this was a real concern as the Transporters will make a judgment on the potential impacts and raise their concerns accordingly.

Action GOV1043: Ofgem to provide a User Pays guidance paper for the December Workstream.

4.0 Any Other Business

Review of Modification Proposal Templates

TD presented a number of draft templates to explain changes being developed by the Joint Office. CW thought defining the level of impact is subjective on the reader's views and position. TD agreed and confirmed his view that the Proposer should complete this section, though if a proposal is sent for development the Workstream would complete the impact assessment.

ST expressed a view that any assessment is down to individual judgement regardless of the proposer or group view. JM asked if the modification process is likely to change. TD confirmed the process will run in accordance with the rules though this is likely to change following the governance review. JF was concerned organisations who do not attend meetings may be misled or may not agree with the impact stated on the front page.

RF thought a number of sections were unnecessarily duplicated such as "why change" and he was concerned the Elexon process, on which the templates were based, produced very lengthy reports which were not obviously needed. JD confirmed that Ofgem review the report as provided – while the length was of concern, the quality and accuracy of information is more important.

RF felt the front page should effectively summarise the report. JM thought it would help Proposers if the User Pays matrix was included. RF asked if sections should be mandatory and, if they are not applicable, why not. TD agreed to consider this but thought it is not always apparent why a change will not impact a particular requirement and perhaps it should be challenged in more detail during the Development process.

ST noted that simply as a template, the document is already 18 pages long, and questioned whether this is justified, being a substantial increase in size over the current document which may deter small parties taking part in the process.

ST asked if the templates were to form part of the Code of Practice. TD advised there is a view that templates should be aligned, though they will not necessarily contain precisely the same information in each Code.

CWr felt the templates were fine to a point, though he was unsure why it was necessary to contain all the sections proposed.

Action GOV1044: JO to develop the Draft templates for discussion at the next meeting.

5.0 Next Meeting

17 December 2009, following the UNC Committee meeting.

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GOV1042	19/11/09	2.1	Provide a matrix of issues for the Governance Review for discussion at the next meeting.	Joint Office	Pending
GOV1043	19/11/09	3.2	Provide a User Pays guidance paper for the December Workstream.	Ofgem (JD)	Pending
GOV1044	19/11/09	4.0	Develop the Draft templates for discussion at the next meeting.	Joint Office	Pending