

Governance Workstream Minutes

Thursday 15 July 2010

350 Euston Road, London

Attendees

Tim Davis (Chair)	TD	Joint Office
Bob Fletcher (Secretary)	BF	Joint Office
Abigail Hall	AH	Consumer Focus
Alan Raper	AR	National Grid Distribution
Cem Sulleyman	CSu	Consumer Focus
Chris Shanley	CSh	National Grid NTS
Chris Wright	CWr	British Gas
Clare Cameron	CC	Ofgem
Gareth Evans	GE	Waters Wye
George Donoghue	GD	GDF Suez
Joanna Ferguson	JF	Northern Gas Networks
Jon Dixon	JD	Ofgem
Joel Martin	JM	Scotia Gas Networks
Ritchard Hewitt	RiH	National Grid NTS
Richard Fairholme	RF	E.ON UK
Robin Healey	RoH	RWE Npower
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

1. Introduction and Status Review

- 1.1. Minutes from the previous meetings were approved.
- 1.2. Review of actions from previous meeting.

GOV1047: Amend the draft guidelines document based on comments received for presentation to the Governance Workstream. **UPDATE:** ST agreed to bring documents to a future meeting. **Carried Forward**

GOV1051: Develop 0267 issues matrix descriptions to match potential modification rules changes. **UPDATE:** TD advised that NGNTS have produced draft proposals that supersede the action. **Closed**

GOV1052: Arrange an additional Workstream for Thursday 29 July 2010. **Completed.**

GOV1053: UNC0281 - Consider the comments received and amend the Proposal (if required). **UPDATE:** See agenda item 2.2. **Completed**

GOV1054: Seek a view from Ofgem's lawyers on the definition of rights of appeal and what amounts to a majority vote at Panel. **UPDATE: Carried forward**

GOV1055: UNC0312 - consider amending the Proposal based on the comments received at the Workstream. **UPDATE:** Business rules provided see agenda item 2.3. **Completed**

2. Modifications

2.1. Review Proposal 0267 - Review of UNC Governance Arrangements

CSh provided a presentation on the draft proposals and explained there would be an opportunity for these to be discussed in detail on the 29 July. CSh confirmed he had accepted a Gas Forum invitation to discuss the draft Proposals, and would happily do the same for others.

CSh asked if comments were available, these could be provided well before the 29 July in order to allow suggested amendments to be discussed at the meeting. Also, he emphasised that he would prefer comments to be restricted to the content/scope of the draft proposals and whether they implemented the codes governance review final proposals.

In discussion, the following points were raised:

SCRs

SL asked what happened to a Proposal that is being developed and an SCR directs Transporters to raise a Proposal on that topic. CSh confirmed that development was expected to continue on the original Proposal, though there may be discussion between the parties as to whether it is still appropriate. JD confirmed the process should continue until Ofgem issue its SCR statement and confirms direction.

Charging Methodologies

SL asked if there is an intention to bring TCMF/DCMF into the UNC as Workstreams. CSh confirmed the Transporters are currently discussing ways to provide a definition in UNC, though the forum will be separate from the development process. TD confirmed that, as proposed, the charging forums would be Transporter forums and so outside the Modification Rules. The Panel may choose to implement a separate Charging Workgroup to manage Modification Proposals, but this may need further discussion to avoid duplication.

Role of Code Administrators

JM asked if there is a process for changing the code of practice. TD confirmed there was a process, but this was not very specific. Any change required Ofgem approval and there must be an annual meeting to discuss the CoP. AH advised other Panels were concerned that code administrators could change the CoP without Panel approval.

Alternatives

GE was concerned around the timing and raising of alternates implied in the draft Proposal. This may be an issue as currently the Distribution Workstream meets 5 days after Panel and there may not be sufficient time to develop an alternative prior to that. TD advised the CoP requires modifications to be raised at least 8 business days before Panel meetings, which is an increase of 3 days, giving a little extra time. It was also confirmed that the Code of Practice requirement is for alternates to be raised during the Workgroup stage and not at all if a Modification goes straight to Consultation.

GE was concerned that raising alternates in Workgroups could be used as a delaying process to prevent a Modification moving forward. RiH thought that highlighting in the Modification the preferred route will dictate if an alternates process is required.

TD clarified that the issues raised at the Code Administrators Working Group covered all codes and how the rules needed to prevent situations where alternates cannot be raised, or large numbers of alternates are. The consensus was that a

common process was needed, and that the CUSC model was the favoured basis for this.

Voting Rights for Consumer Representatives and Independent Panel Chair

TD pointed out that the draft Proposal introduced a casting vote for the Chair when there is tied vote. Currently, the process only captures what parties vote for and not what they vote against such that there can never be a tie. Therefore the voting rules would need changing to make this effective.

2.2 Modification Proposal 0281 - Prevention of "Timing Out" of Authority decisions on Modification Proposals

Cash confirmed amendments had been made to the Proposal. The Workstream agreed to deferred discussion of the Workstream Report until 29 July 2010.

2.3 Modification Proposal 0312 - Introduction of Two-Thirds Majority Voting to the UNC Modification Panel

RF provided business rules for discussion and explained their use and intention. CWr asked about alternatives and how these would be treated. RF confirmed it would be down to the Panel to determine which voting rules are appropriate, as each Modification is considered on its own merits.

GD asked what licence directions mean - are relevant objectives direction. TD confirmed that formal directions are always issued as such and are distinct from directions to implement Modification proposals.

ST did wonder why there was a suggestion that a party may claim a modification is not related to a licence direction, and clarified that Transporters have obligations to raise a modification but not an obligation to support implementation. GE considered the business rules are trying to protect against a situation, which is not likely to happen - so the rules are not required or could be simpler.

RF agreed to consider changing the business rules based on the comments received.

3. Topics

3.1 013Gov, Industry Codes Governance Review

See above.

3.2 014Gov, Review of User Pays Process

GE advised he would like to discuss non-code User pays services at a future meeting.

3.3 New Topics

No new topics raised.

4. Any other business

No other business raised.

5. Diary Planning for Workstream

Next Meeting

29 July 2010, AEP, Regents Street, London.

19 August 2010, ENA, following the UNC Committee meeting.

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
GOV1047	21/01/10	3.2.1	Amend the draft guidelines document based on comments received for presentation to the Governance Workstream.	National Grid NTS / Wales and West Utilities (RHe/ST)	Carried Forward
GOV1051	07/05/10	2.2	Develop 0267 issues matrix descriptions to match potential modification rules changes	Joint Office (BF)	Closed
GOV1052	17/06/10	2.1	Arrange an additional Workstream for Thursday 29 July 2010.	Joint Office (BF)	Completed
GOV1053	17/06/10	2.2	UNC0281 - Consider the comments received and amend the Proposal (if required).	National Grid NTS (CS)	Completed
GOV1054	17/06/10	2.3	seek a view from Ofgem's lawyers on the definition of rights of appeal and what amounts to a majority vote at Panel.	Ofgem (JD)	Carried Forward
GOV1055	17/06/10	2.3	UNC0312 - consider amending the Proposal based on the comments received at the Workstream.	E.ON UK (RF)	Completed