

UNC Modification	At what stage is this document in the process?
<h1>UNC 0732:</h1> <h2>Performance Assurance Committee voting arrangements</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid green; background-color: #008000; color: white; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">01</span> Modification         </div> <div style="border: 1px solid blue; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid purple; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid orange; padding: 2px; display: flex; align-items: center; justify-content: center;"> <span style="font-weight: bold; font-size: 1.2em; margin-right: 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>This Modification puts into the Uniform Network Code (UNC) the existing voting arrangements listed in the Performance Assurance Committee (PAC) Terms of Reference and confirmed by unanimous vote at UNC Committee (UNCC) on 16 July 2020.</p>	
	<p>The Proposer recommends that this modification should be subject to Fast Track Self-Governance</p> <p>This Modification will be presented by the Proposer to the Modification Panel on <b>20 August 2020</b>. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p>
	<p>Medium Impact:</p>
	<p>Low Impact:</p> <p>Transporters, Shippers, IGTs</p>

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Timetable		
<b>The Proposer recommends the following timetable:</b>		
Modification Presented to the Modification Panel	20 August 2020	
Modification Panel decision	20 August 2020	
		 Any questions?
		Contact: Joint Office of Gas Transporters
		 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
		 0121 288 2107
		Proposer: Richard Pomroy
		 <a href="mailto:Richard.Pomroy@wutilities.co.uk">Richard.Pomroy@wutilities.co.uk</a>
		 telephone 07812 973337
		Transporter: Wales & West Utilities
		 <a href="mailto:Richard.Pomroy@wutilities.co.uk">Richard.Pomroy@wutilities.co.uk</a>
		 07812 973337
		Systems Provider: Xoserve
		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>
		Other: Insert name
		 email address
		 telephone

## 1 Summary

### What

This Modification amends TPD V16.2.1 of the Uniform Network Code (UNC) to clearly reflect the agreed position that a majority is required in each of the Transporter and Shipper Constituencies for a decision to be made at the Performance Assurance Committee (PAC).

### Why

This Modification will remove a potential point of debate and consolidate the PAC voting arrangements in one place, providing clarity to all industry parties.

### How

A small addition will be made to TPD V16.2.1 in line with the decision made at UNC Committee (UNCC) on 16 July 2020.

## 2 Governance

### Justification for Fast Track Self-Governance

This Modification should be subject to Fast Track Self-Governance as it satisfies the Self-Governance criteria and it is a house keeping change. It simply puts into the UNC what is already in the PAC Terms of Reference and which has been confirmed by a unanimous vote of the UNC Committee on 16<sup>th</sup> July 2020 as the correct voting arrangements. Given the recent clear view of UNC Committee, it is not necessary to issue this for Consultation.

## 3 Why Change?

UNC TPD V16.2.1 covers voting arrangements at PAC but V16.2.2 refers to PAC conducting itself in accordance with such Terms of Reference as may be adopted by the UNC Committee:

### **16.2 Performance Assurance Committee**

16.2.1 Where paragraph 12, this paragraph 16 or the PAF Document provides for any decision to be taken by the PAC such decision shall be taken by the affirmative vote of a simple majority of the members of the committee who are appointed to represent DNOs and Shipper Users (and subject to such other procedures as the committee may establish) and the representatives of National Grid NTS who are members of the UNC Committee or any relevant sub-committee will not vote on any such matter.

16.2.2 The PAC shall have the functions set out in this paragraph 16 and the PAF Document and shall conduct itself in accordance with such terms of reference as may be adopted by the UNC Committee.

In June 2018, the PAC Terms of Reference, to reflect that PAC deals mostly with settlement issues and therefore Shipper facing issues, were amended to allow for greater Shipper membership and reduced Transporter membership at PAC meetings. At the same time, to balance the risk associated with the change in the balance of membership, the requirement for a simple majority vote in favour of a decision in each

constituency was introduced. This ensured that any decision required the support of both constituencies to take effect, as was the case before the June 2018 change when there were equal numbers in each constituency.

Following discussion, at the Modification 0674 Workgroup, the PAC voting arrangements were further discussed at the UNC Committee in July 2020 and the view that a simple majority was required within each constituency for a PAC decision to be made was unanimously confirmed. The minutes state: “UNCC Members agreed that constituency voting as set out in the PAC Terms of Reference should apply”.

It should be noted that all PAC Members, and their employers, provide signed confirmation that the Member will act in the best interests of the industry, rather than in the interests of their employing organisation. As such, while constituencies exist in PAC, with the majority voting position included as a safeguard, it should be noted that Members are unable to veto a proposal (by avoiding a majority) without good reason.

This Modification therefore amends TPD V16.2.1 to clarify that a majority in each PAC Constituency is required for a decision to be made. Modification 0674’s Legal Text proposes to remove the Terms of Reference, without adding clarity to the text in UNC TPD V16.2.1, which could result in adding ambiguity to the existing voting arrangements in the absence of the change proposed in this Modification. Notwithstanding there is merit in making this change as Modification 0674 may not be implemented.

Notwithstanding the possible changes that Modification 0674 may introduce, without this change the issue may be raised again. The most recent industry discussions have in part relied upon reference to previous meeting minutes and the recollections of longer standing UNC Committee Members, and therefore there is the risk that the intended application of the voting rules could be lost in the event of industry participant turnover. It is also sensible to have all the PAC voting arrangements in one place as having part of them in the UNC and part in the PAC Terms of Reference is a potential source of confusion. This could cause problems in the future if the PAC Terms of Reference were to be amended for example by Modification 0674 or through the UNC Committee.

## 4 Code Specific Matters

### Reference Documents

Link to [UNC Committee minutes for 16 July 2020](#)

## 5 Solution

Amend UNC TPD V16.2.1 to clearly reflect the agreed position that a majority is required in each of the Transporter and Shipper constituencies for a decision to be made at PAC.

## 6 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No.

### Consumer Impacts

No impact

**Cross Code Impacts**

No impact

**EU Code Impacts**

No impact

**Central Systems Impacts**

No impact, this purely affects the operation of the PAC.

**7 Relevant Objectives**

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This Modification promotes efficiency in the administration of the UNC by putting in the UNC the arrangements that the UNC Committee believe are the current procedures for PAC voting arrangements. By doing so it removes the need for this to be debated again. In hindsight this change should have been made at the time the Terms of Reference were changed.

## 8 Implementation

As Fast Track Self Governance procedures are proposed, implementation could be sixteen business days after a unanimous vote in favour of implementation by the Modification Panel, subject to no objection being raised.

## 9 Legal Text

### Text Commentary

None required

### Text

In TPD V16.2.1 after “majority of the members” add “in each of the Shipper User and DNO constituencies”

## 10 Recommendations

### Proposer’s Recommendation to Panel

The Modification Panel is asked to:

- Agree that Fast-Track Self-Governance procedures should apply
- Agree that this Fast-Track Self-Governance Modification should be implemented.