

UNC Workgroup 0731S Minutes
Introduction of an Annual Modification Panel Report
Thursday 09 October 2020
via Microsoft Teams

Attendees

Kate Elleman (Chair)	(KE)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Andrew Green	(AG)	Total Gas & Power
Andy Clasper	(AC)	Cadent
Darren Lond	(DL)	National Grid
Guv Dosanjh	(GD)	Cadent
Hilary Chapman	(HC)	SGN
Kirsty Dudley	(KD)	E.ON Energy
Liam King	(LK)	Ofgem
Mark Jones	(MJ)	SSE
Richard Fairholme	(RF)	Uniper
Richard Pomroy	(RP)	Wales & West Utilities (joined late)
Steve Mulinganie	(SM)	Gazprom and Proposer
Wanda Goldwag	(WG)	Independent Panel Chair

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0731/091020>

The Workgroup Report is due to be presented at the UNC Modification Panel by 17 December 2020.

1.0 Outline of Modification

Kate Elleman (KE) welcomed participants to the meeting and confirmed that the meeting was quorate before inviting Steve Mulinganie (SM) to introduce the Modification 0731S.

SM introduced the Modification stating that the Modification intends to put in place a requirement for an Annual Report on the operation of the UNC Modification Panel to help facilitate continuous improvement and ensure the efficient and effective operation of the Panel. The Annual Report would be produced by the Independent Chair of the UNC Modification Panel supported by the Joint Office of Gas Transporters. He also made the following comments in relation to the Modification:

- a. In terms of the Business Rules (BRs), SM explained that a principles-based approach has been adopted in the Modification with a broad scope in terms of delivery of the objective. This would allow the author of the Annual Report to deliver against the principle objective to “help ensure the efficient and effective operation of the UNCC Modification Panel and UNCC”.
- b. BR3 - He added that this Business Rule allows consideration of industry best practices.
- c. BR5 – he acknowledged that this rule is superfluous.
- d. He stated that parameters on how the Annual Report is to be delivered have deliberately not been set as the Proposer considers that it is appropriate for the independent Panel Chair to deliver what is required in order to comply with the principle objective.
- e. KE stated that there are different types of Annual Reports and asked SM to clarify what the purpose of this report would be in the context of the issues/concerns it was aiming to

address. SM reiterated that the key objective is to ensure the efficient and effective operation of the UNCC Modification Panel and UNCC which would include the monitoring of how the Modification Panel and UNCC are operating as well as the identification of areas that need improvement as required by BR6.

f. SM added that whilst the intention is not to limit the scope of the annual Report neither is it to have a completely open-ended scope. The areas to be covered would be informed through BR2 which would allow the Chair to seek views from the Modification Panel and the UNCC and also BR3 which allows the Chair to explore any other matters as appropriate including best practices in related and non-related industries.

Workgroup discussion

KE sought Workgroup participants views on the Modification.

Mark Jones (MJ) asked if the scope includes the Modification Process, as some aspects such as voting is defined in the Uniform Network Code (UNC). SM suggested that this could be covered as could other consequential areas that impact on the delivery of the Modification Panel making it less efficient or less effective.

KE suggested that the Modification Panel could be impacted by 3 key areas:

- Policy – in terms of UNC and Modification Rules
- Processes – Joint Office processes for the administration of the UNC Modification Rules
- People – Modification Panel, Joint Office, Joint Governance Arrangements Committee (JGAC)

KE then sought views from the independent Panel Chair:

Wanda Goldwag (WG) offered the following comments/observations:

- a. WG suggested that the Modification needs to be very clear about the problem that is being addressed and also the vehicle being used to address the issue. She challenged if an Annual Report was the best route as the UNC Modification Process can also be used to make changes. She also asked what an Annual report could deliver that the Modification Process could not and whether the Proposer had considered other mechanisms.
- b. WG asked for clarification of the intended audience, mentioning an example of her work with the Financial Services Consumer Panel which acts as a critical friend to the process. She, therefore, asked what her role would be as the independent chair and whether it would be informative so the Annual Report would see her acting in more of a commentator role in terms of what went well, what did not go well etc.
- c. She also sought clarification on the Annual Report outputs accepting that one of these would be to share best practices but asked who else would have an interest and whether the report would be formally sent to Ofgem?
- d. WG suggested that the proposed BRs were appropriate.

Observations from other Workgroup participants:

- e. Hilary Chapman (HC) supported the Modification's intention and suggested that in addition to what was being proposed, the Proposer consider the inclusion of metric reporting and analysis to help to illustrate and evidence the work of the Modification Panel and the Joint Office by providing a quantitative assessment of the number of Modifications raised (including Urgent Modifications, Alternative Modifications, Variations etc) and Workgroup meetings. She suggested this would help to raise understanding of delivery against effort and also inform lessons learnt based on both quantitative and qualitative data. Workgroup supported the inclusion of data evidence.

- f. Audience – SM suggested that the audience for the Annual Report would be wider than the Modification Panel and JGAC and would be of interest to wider industry. This view was supported by Kirsty Dudley (KD). Taking on board Workgroup comments, SM suggested amending the principle objective to broaden it as follows:
“help ensure the efficient and effective operation of the UNCC Modification Panel associated processes and performance”.
- g. Guv Dosanjh (GD) asked if there were any lessons to be learnt from other industry codes. KE highlighted that the Joint Office differs from other codes because it is a code administrator and not a code manager which makes it difficult to make comparisons. She stated that the code administrators are all required to follow the Code Administration Code of Practice (CACoP) and through this convergence and transparency is achieved in code processes and mentioned a piece of work being done on best practice which might be useful to consider and share as it develops.
- h. KD echoed this view saying that the Supply Point Administration Agreement (SPAA) is contracted and set up differently and does not produce an Annual Report but measures against their service level targets. KD agreed that it would be beneficial to consider what could be measured and monitored. She also suggested that more could be done in relation to collaborative cross-code working but recognised that certain parties, contracted under commercial arrangements, may be less inclined to share best practice ways of working.
- i. Darren Lond (DL) also agreed that the Annual Report would be of value to the wider industry and that the outputs of the report would be for the consideration of the Modification Panel and JGAC. SM suggested that Ofgem as the regulator would also be interested in the Annual Report.
- j. KE emphasised the importance of the various interested parties being proactive as there are some examples where industry parties have not participated. KE gave the example of Governance Workgroup meetings which had been cancelled early this year due to a lack of Shipper support leading to quoracy issues.
- k. SM suggested that the Annual Report would make the Modification Panel more inclusive as it can currently be perceived as being ‘insular’ and it is also difficult for industry parties not represented through the Modification Panel to be assured that the Panel is operating effectively. He added that an Annual report would increase transparency and potentially interest too.

Workgroup expressed broad agreement and support for the Modification so KE asked for views on the timing of the Annual Report and how it would link to the tenure of the Panel Chair. She added that the current Panel Chair would undertake her last meeting in December 2021.

SM indicated that the Modification states an expectation that the first Annual Report would be produced as soon as reasonably practicable following the implementation of the Modification. The timing of future reports is not set out in a specific Business Rule but could align with the Gas Year and the expectation is the timing of the subsequent report would be signalled through the first report.

Workgroup participants agreed that it would be sensible to make sure that the timing of subsequent reports is linked to the tenure of the incumbent Chair as this would ensure quality input by drawing on their expertise.

WG sought clarification on whether she would be expected to deliver 1 or 2 reports during her tenure. SM confirmed that the first report would be expected asap and the second report by December 2021.

KE also asked Workgroup if they were comfortable with the notion that the Panel Chair would decide on the Annual Report content albeit in line with the principles set out in the Modification as a minimum requirement.

There was broad agreement that this was the correct approach as this maintains independence and Business Rules 2 and 3 provide the scope and flexibility to allow views to be collected.

A brief discussion took place on whether the Annual Report would be published as a hard copy only, available only online or both. Workgroup agreed that it should be available online only.

2.0 Initial Discussion

2.1. Issues and Questions from Panel

None raised.

2.2. Initial Representations

None received.

2.3. Terms of Reference

The standard UNC Workgroup Terms of Reference will apply and is available at www.gasgovernance.co.uk/mods

3.0 Next Steps

KE confirmed that the next steps are for SM to provide an amended Modification to reflect Workgroup discussion. This would include amendment of the principle objective and BR5. The Proposer to also consider the inclusion of metric reporting and analysis. SM suggested that he would add an avoidance of doubt statement to confirm that the analysis would be provided by the Joint Office as part of BR4.

4.0 Any Other Business

None.

5.0 Diary Planning

Post-meeting Update

The Proposer has agreed with the Joint Office that one further Workgroup meeting will be needed to discuss the Legal Text and that the Workgroup Report will be presented one month early to the November Modification Panel.

The date of the next meeting will be advised shortly.

Action Table (as at 09 October 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			No outstanding actions		