

The Joint Office of Gas Transporters
6th Floor, Radcliffe House
Blenheim Court
Warwick Road
Solihull,
West Midlands
B91 2AA

Thursday 15th April 2021

Future status of the Joint Office of Gas Transporters

Dear Colleague,

We are writing to you today, to inform you of our intention to move the work presently undertaken by the Joint Office of Gas Transporters into a new limited company.

The Joint Office (JO) is governed and resourced collectively by the Gas Transporters through the Joint Governance Arrangements Committee (JGAC) and the Joint Governance Arrangements Agreement (JGAA). These arrangements have been in place since the sale of four GDNs in 2005 and have remained unchanged through the subsequent sale of Cadent by National Grid in 2017. Although the current model has worked very successfully over that period, it is completely reliant on Gas Transporters to function, as it is not a legal entity and is further constrained by the requirements of the Transporter licence. As the pace of energy industry change is accelerating, the JO needs to be capable of anticipating and responding to developments with more agility than in the past and so a new approach is required.

In recent years JGAC has noted the BEIS and Ofgem Code Governance proposals (now part of the Energy White Paper), the creation of the Central Data Services Provider, the development of the Retail Energy Code, and stakeholder requests for expanded JO services such as centralised legal text provision. We have been considering how to ensure the JO is able to meet the challenges ahead most effectively and work with stakeholders to facilitate the changes needed to meet the UK Net Zero targets. In examining the various options available to us, it became clear that creating a limited company from the existing JO would minimise short-term disruption to current services while creating a platform to meet new demands and provide enhanced services in the future.

To that end we intend to create a new limited company from July 2021 into which the current JO employees will transfer under their current terms and conditions which should ensure no disruption or change of service for the industry. The TUPE process associated with this commenced with affected employees on 24 March 2021.

The new company will continue to be governed and funded by the Gas Transporters in accordance with our licence obligations and UNC administration services will remain as they have been to date.

As we have been developing our ideas over the past year, we have kept Ofgem fully informed and are continuing to work with them to ensure a smooth transition. As part of the process and

to put our plans into full effect, we will need Ofgem's consent to proposed amendments to the JGAA and to help us refine our plans it will be helpful to receive any comments stakeholders have on our proposals.

We will be attending the UNC Modification Panel on Thursday May 20th to discuss our plans to which stakeholders are invited and if you wish to express your support or otherwise, you can also write to us at jofuturestatus@gasgovernance.co.uk by Thursday 27 May 2021.

Finally, we believe our proposal is a positive first step for the JO to be able to meet the challenges of the coming years and provide enhanced services to the industry. More importantly, it creates a platform for stakeholders to shape its future and make the changes we all need to support the energy market in meeting the Net Zero challenge.

Yours sincerely

By email

Joanna Ferguson, Chris Logue, Richard Pomroy, Paul Rogers and David Handley

Joint Governance Arrangements Committee (JGAC)