

UNC Governance Workgroup Minutes

Monday 02 September 2019

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Andy Clasper	(AC)	Cadent
Clare Cantle-Jones*	(CCJ)	SSE
David Mitchell*	(DM)	SGN
Richard Fairholme*	(RF)	Uniper Energy
Steve Mulinganie	(SM)	Gazprom
Tracey Saunders	(TS)	NGN

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/gov/020919>

1. Introduction and Status Review

1.1. Approval of Minutes (30 July 2019)

The minutes from the previous meetings were approved.

1.2. Modifications with Ofgem

Chris Shanley (CS) explained that Liam King (LK) from Ofgem had sent his apologies and he had provided an update on the Modifications currently with Ofgem, as detailed below:

Modification 0667 - Inclusion and Amendment of Entry Incremental Capacity Release NPV test in UNC

This Modification raises complex issues which require careful consideration, as such Ofgem will make a decision in due course.

Modifications 678/A/B/C/D/E/F/G/H/I/J (Urgent) - Amendments to Gas Transmission Charging Regime

Modification 0686 - Removal of the NTS Optional Commodity Rate with adequate notice

Ofgem have previously confirmed that they are conducting an Impact Assessment for both of these Modifications. At NTSCMF on 03 September 2019, Ofgem and CEPA will give an update to industry on work for this Impact Assessment.

Modifications 700 (Urgent) - Enabling large scale utilisation of Class 3

Ofgem have published our decision to approve this Modification.

1.3. Pre-Modification Discussions

1.3.1. Re-ordering of the UNC in advance of Faster Switching (TS)

Tracey Saunders (TS) introduced the Modification; *Re-ordering of the UNC in advance of Faster Switching*. She explained this was required due to the Faster Switching regime and that the Legal Text would be impacted in relation to Section G, J and B and needed to be re-ordered, adding the re-ordering of the Legal Text would achieve the following benefits as detailed below:

- Identify where there are going to be changes in obligations as part of Faster Switching.
- Maintain the 'on the shelf' version
- Less changes 'all at once' with the Faster Switching text
- Identify where new modification proposals impact the SCR
- Identify if any errors occurred during the re-ordering

TS described the two options as below:

- Leave text as is and allow all changes to be implemented when the Faster Switching comes into effect
- Change the current UNC to match the re-ordered version (pre CSS amendments)

TS said she believed this Modification should have a self-governance status, but that she was going to seek advice from Ofgem in relation to the SCR impact and Steve Mulinganie (SM) agreed that self-governance was the appropriate status. TS said that the Modification would be presented at the September Panel and that she was proposing a Workgroup assessment period of 3 months in order to develop the Modification.

2. Workgroups

2.1. 0676R – Review of Gas Transporter Joint Office Arrangements

(Report to Panel 19 December 2019)

<https://www.gasgovernance.co.uk/0676>

3. BEIS/Ofgem Energy Codes Governance Review

CS explained that Ofgem had also provided an update as detailed below:

- Ofgem had previously informed the UNC Panel of two Workshops that were taking place this week, 02 and 04 September 2019 and that Ofgem encouraged all industry parties to respond to their [consultation](#) which closes on 16 September 2019.

4. Review and Development of Issues Log

Consideration deferred.

5. Panel Action PAN02/06: The Code Administrator to ensure the Governance Workgroup review the appropriateness of counting members as absent who provide an alternate when considering Modification Rules - Ceasing to be a Member 4.4 b) (i) the Member is absent.

A discussion took place on the Panel action and supporting information provided by the Chair. CS explained that the Joint Office (JO) interpretation is this is 3 consecutive standard meetings and extraordinary meetings are excluded from the count for Member attendance. TS highlighted that one all day extraordinary meeting had been classed as standard and the group agreed there could be rare exceptions to this rule.

CS went on to explain a Panel member had challenged why an absence is counted when a Member nominates an alternate and that the Joint Office had advised this rule was included to counter the issues of the previous year, where Members nominated alternates for extended periods of time when it was felt they should have resigned to allow for the nomination/election process for a new member.

CS then captured the following as the requested views of the Governance Workgroup:

- The proposer Steve Mulinganie (SM) reminded the Workgroup of the objectives of Modification 0656, which were to promote attendance of the Panel Member. A discussion took place about the types of alternate used and whether they should represent the industry from their constituency perspective, and it was noted that the rules for the Consumer Representative alternate were not the same as for other Panel Members. The Workgroup also recognised that for other Workgroups/Committees the Panel rules do not apply and attendance by the alternate would be welcomed and not impact on the membership of the member.
- However, the Workgroup felt that being on the UNC Panel was an important role and that different rules were appropriate, especially as the role is now for a 2 year period. Therefore, the Governance Workgroup felt it was appropriate to count members as absent when they provide an alternate.

CS explained that this view would be published after the meeting for information and fed back for discussion at the September UNC Panel meeting.

Panel Action: PAN 01/08: The Governance Workgroup is requested to provide recommendations on the criteria to be adopted for considering alternative Modifications. The Workgroup discussed that following the implementation of Modification 0656, Panel members would be considered to cease as members if they failed to attend 3 consecutive meetings of Panel.

CS explained that Ofgem had provided some thoughts on the topic in relation to Modifications 0696 and 0701 and this had been added to the supporting information provided by the Chair. CS then went through the material he had provided to support this action; a high-level process flow diagram of the alternative process, some of the associated rules, the aforementioned Ofgem thoughts and a set of draft criteria based on the last Panel minutes. CS explained that the draft criteria were only produced as a means of generating discussion at this meeting.

A general discussion took place with regards to the Ofgem views and the Modification Rules and the subsequent comments made by the Workgroup have been captured against the draft criteria below:

- Proposed alternative has been raised promptly [what test would be applied to demonstrate promptness – could this be done in-line with existing /revised Mod rules] and is not proposing a significant [how is this materiality defined – what is appropriate period of development time] development period
- Proposed alternative is addressing the same issue although the approach might be different [some participants felt it would be difficult to measure this].
- Not a true alternative if both could be implemented without impacting [how is this defined – what does it mean in relation to implementation/overwriting of the text from the first Mod] the other
- Not an alternative if no discussion has taken place in the relevant workgroup (including pre-modification) discussions have taken place
- Not an alternative if it would unduly delay [subjective – how would it be determined?] the original Modification
- Not an alternative if the proposed alternative has a [much] different scope/features and proposed timeline [how is this determined]

In conclusion the Workgroup felt defining a set of criteria may be difficult as it would need to cope with numerous situations and in some cases the criteria was very subjective (as demonstrated by the above comments/considerations on the draft criteria).

A Workgroup participant suggested that a better approach would be to clarify the timings with regards to when an alternative Modification can be made or not. Some concerns were raised that the length of time given to the Workgroup Stage was a key factor and a short period may mean that it would be difficult to always raise alternative Modifications prior to the completion of the Workgroup Report.

It was agreed that all the above would be considered further at the next Workgroup. To aid this, CS agreed to publish the revised document with further rules/changes to support a discussion on the timing of an alternative Modification.

6. Review of Outstanding Actions

There were no outstanding actions.

7. Next Steps

CS briefly summarised the next steps as being:

- Continue to monitor the BEIS/Ofgem Energy Codes Governance Review developments and proposals;
- Further discussion of Panel Question PAN01/08;
- Continued development of 0676R Workgroup proposals.

8. Any Other Business

None.

9. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Subject to the agreement by Panel of an extension, Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.30 Wednesday 02 October 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda, plus <ul style="list-style-type: none"> • BEIS/Ofgem Update • Review of PAN01/08 • Consideration of 0676R Workgroup proposals.
10.30 Monday 04 November 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda, plus <ul style="list-style-type: none"> • BEIS/Ofgem Update • Consideration of 0676R Workgroup proposals.
10.30 Monday 02 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Workgroup Agenda, plus <ul style="list-style-type: none"> • BEIS/Ofgem Update

		<ul style="list-style-type: none">• Consideration of 0676R Workgroup proposals.
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