

## UNC 0676R: Review of Gas Transporter Joint Office Arrangements

At the January UNC Panel the 0676R Workgroup were asked to evaluate if an independent expert is needed or not to undertake the review. As part of this it was suggested that the scope should be refined and then a test applied to confirm if the industry could deliver the changes required or if an independent expert would be beneficial (especially if it would require a wider industry change such as licence amendments, etc).

### 1. Scope

The following is a draft scope developed by the Workgroup:

- **The history behind the creation of the JO and understanding of Transporter Licence requirements with regards to UNC Code Administration** (to provide the background/context behind the current Joint Office governance arrangements).
  - Standard Special Condition A12: Joint Office Governance Arrangements (page 88 to 91).
- **UNC Governance Matters (Modification Rules)**
  - Use of Panel Alternates - Mod 0656 has addressed these concerns around Alternates.
  - Issues with current UNC Voting arrangements
    - Concerns around Panel making decisions on certain matters – whether legal advice could be provided to assist with these decisions
    - Current UNC Panel Voting could be enhanced by adoption of alternative voting approaches:
      - Automatic abstention from voting where there is no direct constituency interest in the matter. DSC Change Committee voting has some constituency voting and this could be used wider.
      - All UNC parties vote but it is weighted based on throughput.
      - CACoP could also assist with identifying further options.
  - Issues with the process for Legal Text production and alternative approaches (e.g. administered by JO via centralised production of Legal Text or a contract with a third-party provider/s (or a mix of the two)).
    - Funding (GTs historical spend levels) would need to be a major consideration and the aspiration would be for the service to be value for money/ efficient.
    - To assist with this process, Modifications (ideally with a well-developed/clear solution) could be rated (easy, average and hard) from a legal text drafting perspective. In some cases early legal advice and/or engagement could be beneficial to the development of the Mod.
  - Issues with Critical Friend and how this could be improved (through pe-mod engagement and possibly new Code Manager powers). The Code Manager role could also be expanded to cover performance assurance and data analysis/challenge (is it robust, etc.).
  - Changes to JO Model could lead to changes being required to the Mod Rules to support the revised model and/or realise other opportunities/benefits.
- **UNC Governance Matters (services)** - could form part of a Code Manager role or commercial (model) offering but as part of this review it could be useful to explore how these could work from a UNC perspective.
  - Value added services – Project Management, Independent Analysis, Options Papers, technical capability.

- New technology – website / online document access / online remote conference capability
- Stakeholder Engagement – Transporters, Shippers, iGT’s, Xoserve, Customer Reps, Ofgem, Suppliers, MAM’s and other Governance providers.
- **Joint Office Governance Arrangements**
  - Funding model for Joint Office [JO (Penny Garner) to formally request (on behalf of the WG) whether JGAC would be willing/able to share this information (taking into consideration any confidentiality issues)]
    - Who pays for what and current costs (past 5 years?)
    - What percentage of JO costs do Transporters pass through to Shippers?
    - How does cost of the JO compare to other Governance Providers e.g. SPAA/REC etc.
  - Issues with current model
    - Is it agile enough to cope with significant industry developments? E.g. Modification 0621, Nexus, CSS, Smart Metering
    - In the role of a Code Manager, explore the relationship with CDSP (as Delivery Body) and DSC Committees (UNC Sub-committee). Independence is a key consideration.
- **Other funding/governance models** and their pros and cons
  - Joint industry Ownership of the Joint Office e.g. limited company with Board
  - Open Procurement of Joint Office arrangements e.g. services
  - Retail Energy Code (REC) Governance Arrangements – best practise that could be utilised in UNC

**2. Test applied to confirm if the industry could deliver the changes required**

Aspect of Review	Can it be assessed via a UNC Review or not?
The history behind the creation of the JO and understanding of Transporter Licence requirements with regards to UNC Code Administration	
UNC Governance Matters (Modification Rules): <ul style="list-style-type: none"> <li>● Use of Panel Alternates</li> <li>● UNC Voting arrangements</li> <li>● Legal Text production</li> <li>● Critical Friend</li> </ul>	
UNC Governance Matters (services) <ul style="list-style-type: none"> <li>● Value added services</li> <li>● New technology</li> <li>● Stakeholder Engagement</li> </ul>	
Joint Office Governance Arrangements <ul style="list-style-type: none"> <li>● Funding model for Joint Office</li> <li>● Issues with current model</li> </ul>	
Other funding/governance models and their pros and cons	