

UNC Workgroup 0676R Minutes

Tuesday 30 July 2019

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

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Alex Travell	(AT)	BUUK
Andy Clasper	(AC)	Cadent
Clare Cattle-Jones	(CCJ)	SSE
David Mitchell	(DM)	SGN
Megan Coventry*	(MC)	SSE
Penny Garner	(PG)	Joint Office
Richard Pomroy	(RP)	Wales & West Utilities
Roberta Fernie*	(RF)	Ofgem
Steve Mulinganie	(SM)	Gazprom
Teresa Thompson*	(TT)	National Grid
Tracey Saunders*	(TS)	NGN

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0676/300719>

1. Introduction and Status Review

1.1. Approval of Minutes (08 March 2019)

The minutes of the previous meeting were approved.

2. Review of Outstanding Actions

Action 0201: *Reference Joint Office Funding Arrangements* – Joint Office (PG) to enquire whether the Joint Governance Arrangements Committee (JGAC) would be willing or able to share information (including consideration around any confidentiality issues, etc.).

Update: Penny Garner (PG) provided an overview of the Joint Office annual costings from 2013 to 2019 and explained that the Joint Office budget was approved and supported by JGAC.

She provided an overview of the figures and the supporting information included in an operational update. She noted that the number of meetings and workload had increased considerably year on year, and she said that from the period of 01/03/2018 – 01/04/2019 the Joint Office had supported in excess of 393 Industry meetings.

She drew attention to the fact that Modifications 0621 and 0678 had each required a daily meeting for a month, and these were extra to the overall pre planned industry meetings. PG said during this time, there had been no reduction in service from the Joint Office secretariat despite the resources being stretched to cover these.

Steve Mulinganie (SM) said that both Modifications 0621 and 0678 should have been SCRs' due the complexity of them.

PG confirmed the costings included the Joint Offices resources, Independent Panel Chair, internal and external venues, travel costs and IS provision costs. She explained that the budget had now doubled in order to service the increased demand from the industry, and yet compared to other Code Administrators, these costs were extremely conservative. She added that the budget was discussed on a quarterly basis with JGAC in order to make sure the Joint Office was adapting to the increased requests and requirements. PG also clarified that legal text was not part of the Joint Office budget.

Alex Travell (AT) suggested that the Joint Office were good value for money and should publish an annual report each year so that the costings were in the public domain. SM agreed that this was an ideal opportunity for the Joint Office to flag its successes.

PG explained that the Joint Office provided Ofgem with KPI's and other measurable information and Chris Shanley (CS) added that the Joint Office was also rated via the generic annual Code Administrators Survey.

PG agreed to investigate with JGAC the option of publishing an annual report at the end of each year and she said that perhaps 01 July would be an appropriate date to do this. SM suggested that a mid-year interim review could also perhaps be very beneficial to inform the industry of the current Joint Office status and successes. SM also suggested that a report could be developed using 18/19 data as a means of agreeing how the report would be structured and the content it may contain. AT highlighted that the MRA produced such a report and maybe worth looking at for ideas.

PG said that in the July Newsletter the Joint Office advertised that they were planning to hold an Engagement/Event Day in December or January in the Midlands area, to promote the Joint Office and UNC governance processes such as Modification and Critical Friend processes, for new parties to the industry. SM highlighted that although the Newsletter was useful, the information about the engagement day was included at the end and the Joint Office may wish to consider other ways of gauging interest. PG said it would be most helpful if parties could also provide feedback as to what other processes could be included in this day.

New Action 0701: Joint Office (PG) to discuss with JGAC the production of a Joint Office mid-year and annual report and if supported confirm timings for its production.

New Action 0702: Joint Office (PG) to further promote a Joint Office Engagement Day; which would include the Modification / Critical Friend processes, to be held in the Midlands in January 2020.

New Action 0703: All parties to provide any additional feedback to the Joint Office in relation to what topics should be covered during the Joint Office Engagement Day and/or the Joint Office annual report.

PG agreed that this action 0201 could now be closed. **Closed**

3. **Joint Office Cost Update**

This topic was discussed in Acton 0201, as above.

4. **Consideration of Critical Friend**

Richard Pomroy (RP) provided an overview to the Critical Friend Role presentation and drew attention to specific sections of interest, he explained that the topic was divided into the subsequent areas; CACoP and UNC Guidance for Proposers, UNC Modification Rules, Observations on current arrangements and Options.

Within the section of current arrangements, a brief general discussion took place regarding the language, inflammatory remarks and context sometimes used in new Modifications and the differing timelines for submission of a new Modification prior to discussion at Panel.

Chris Shanley (CS) said that to allow a comprehensive Critical Friend review to take place, it would be helpful if the new Modifications could be submitted earlier if possible, to enable more time to evaluate the content of the Modification. In his experience Modifications are better developed if they have been for pre-mod discussion as this allows the Joint Office time and opportunity to work with the Proposer and for industry input. A complex Modification submitted without warning on the new modification deadline is difficult to review well in the time allowed.

TT mentioned that she was aware that the timing for the critical friend review had been discussed at CACoP. CS said that it had, and some Code Administrators were not using the 3 business days allowed as part of a previous the Ofgem Codes Governance Review.

SM said that sometimes the Proposers were not willing to submit the new Modification earlier than the deadline, to prevent alternative Modifications from being raised. CS and PG both appreciated the commercial drivers behind Modifications, but that early engagement was always helpful and appreciated. CS also stated that the Joint Office will keep discussions on new Modifications confidential if that is what the Proposer would prefer.

A lengthy general discussion then took place surrounding the importance and value of the Critical Friend process, together with the new Modification timeline and how other Code Administrators managed this process.

In conclusion, workgroup members proposed that further education was the best options as this would improve transparency of the independent process deployed. PG said she was going to further investigate the content of the existing Critical Friend process and would add to this providing more detail and guidance.

New Action 0704: Joint Office (PG) to further enhance the Critical Friend process for use by the Joint Office and Proposers.

PG said she was also starting to investigate the overall management of the Workgroups and was looking to conduct an audit in relation to the context, content, format and management of each Workgroup.

A brief general discussion took place in relation to the sponsorship of new Modifications and the fact that the CDSP cannot raise a Modification themselves.

RF said all these types of comments and opinions were useful and should be included in the consultation responses.

5. Consideration of Legal Text

Andy Clasper (AC) presented the *UNC Legal Text Preparation* document, which was divided into the following areas; Introduction, Outline of present arrangements, Drawbacks of present arrangements, Advantages and disadvantages of using Dentons, Centralised production of text benefits and further considerations.

Various general discussions took place relating to the level of Legal expertise that was required and the complexity of the Legal text that needed to be produced and within specific timelines, coupled with the hourly rates charged by lawyers.

It was agreed that the GT's and Transporters should consider what could be provided in relation to the Legal text costs; segregated by the level of expertise; junior lawyer, senior lawyer and paralegals, etc.

New Action 0705: Transporters and GT's to consider what could be provided in relation to Legal Text consideration and costs; segregated by level of expertise; junior or senior Lawyer, Paralegal, etc.

AC then overviewed the various areas for further consideration and the pros and cons of different approaches. AT highlighted that the UNC text was not plain English. SM highlighted that SPAA was more readable but was more prone to errors, etc.

6. Development of the Request Workgroup Report

CS provided an overview of the content of the draft Workgroup Report. He drew attention to specific sections, highlighting that some were more developed than others. He explained that the overall scope had been confirmed in the previous meeting, so he had now used this in order to record further information and the pros and cons of options identified to date.

He said he would update the report with the material and discussions from today's meeting and requested that parties provide material on the other topics within the report and any others that people would like to review.

SM asked about horizon scanning and CS suggested that this may not be included in the draft report and highlighted that Xoserve and CACoP produce a horizon scan. He then asked for thoughts on the topic to be provided for discussion at the next meeting.

New Action 0706: All parties to provide material on topics within the scope of the review for further consideration in the September meeting.

CS then highlighted that an extension was required as the original reporting to Panel date was August and PG asked whether this was the right step given the BEIS/Ofgem review had now been launched. SM and AT indicated that the review could promote discussions on short and medium-term proposals and less on longer term initiatives that may be impacted by any BEIS/Ofgem proposals.

All agreed that an extension should be requested until December 2019 and CS said he would submit the report for an extension to the next Panel meeting.

7. Next Steps

CS briefly summarised the next steps as being:

- An extension is to be requested from Panel with a new reporting date of December 2019
- Next meeting to be held on Monday 02 September 2019, then monthly future meetings (dates TBC).

8. Any Other Business

None.

9. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.30 Monday 02 September 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> Development of Request Workgroup Report

Action Table (as at 30 July 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	08/02/19	2.1	<i>Reference Joint Office Funding Arrangements</i> - Joint Office (PG) to enquire whether the Joint Governance Arrangements Committee (JGAC) would be willing or able to share information (including consideration around any confidentiality issues, etc.).	Joint Office (PG)	Closed
0701	30/0719	2.0	Joint Office (PG) to discuss with JGAC the production of a Joint Office mid-year and annual report and if supported confirm timings for its production.	Joint Office (PG)	Pending
0702	30/0719	2.0	Joint Office (PG) to further promote a Joint Office Engagement Day; which would include the Modification / Critical Friend processes, to be held in the Midlands in January 2020.	Joint Office (PG)	Pending
0703	30/0719	2.0	All parties to provide any additional feedback to the Joint Office in relation to what topics should be covered during the Joint Office Engagement Day and/or the Joint Office annual report.	ALL	Pending
0704	30/0719	4.0	Joint Office (PG) to further enhance the Critical Friend process for use by the Joint Office and Proposers.	Joint Office (PG)	Pending
0705	30/0719	5.0	Transporters and GT's to consider what could be provided in relation to Legal Text consideration and costs; segregated by level of expertise; junior or senior Lawyer, Paralegal, etc.	Transporters/GT's	Pending
0706	30/0719	6.0	All parties to provide material on topics within the scope of the review for further consideration in the September meeting.	ALL	Pending