









UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0815S:</h1> <h2>DSC Committee Quoracy</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #008000; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 01 Modification </div> <div style="border: 1px solid #000080; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 02 Workgroup Report </div> <div style="border: 1px solid #800080; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 03 Draft Modification Report </div> <div style="border: 1px solid #FF8C00; border-radius: 5px; padding: 5px; display: flex; align-items: center; gap: 5px;"> 04 Final Modification Report </div> </div>
<p>Purpose of Modification:</p> <p>To amend the minimum quoracy requirements for Data Services Contract (DSC) Committees for Shippers and Transporters from three to two in line with the Uniform Network Code (UNC) Modification Rules for the Modification Panel and UNC Committee.</p>	
<p>Next Steps:</p> <p>The Workgroup recommends that this Modification should be subject to Self-Governance. The Panel will consider this Workgroup Report on 17 November 2022. The Panel will consider the recommendations and determine the appropriate next steps.</p>	
<p>Impacted Parties:</p> <p>High:</p> <p>Medium:</p> <p>Low: Shippers and Transporters</p>	
<p>Impacted Codes:</p> <p>None identified as this is a governance matter for parties to the UNC and DSC arrangements.</p>	

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Timetable		
Modification timetable:		
Pre-Modification Discussed	28 July 2022	
Date Modification Raised	03 August 2022	
New Modification to be considered by Panel	18 August 2022	
First Workgroup Meeting	31 August 2022	
Workgroup Report to be presented to Panel	17 November 2022	
Modification Report issued for consultation	21 November 2022	
Consultation Close-out for representations	09 December 2022	
Final Modification Report available for Panel	15 December 2022	
Modification Panel decision	19 January 2023	
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1 Summary

What

At the moment the current Data Services Contract (DSC) Committees (CoMC) arrangements set out in the UNC General Terms Section D require a minimum of three Shipper Representatives to be present for the meeting to be quorate. However, there is a risk that minimum quoracy number may not be achieved for one or more of the DSC Committees due to the limited number of nominations received during the UNC User Representatives Appointment Process.

Why

Following the closure of this year's UNC User Representatives Appointment Process, Shipper nominations for the DSC Committees have in one case failed to reach the minimum quoracy number for one Committee and have the minimum number required for another Committee. This has created a risk that there might be a failure in the good governance and oversight of the DSC Arrangements and that DSC Changes might be stalled if meetings are not quorate. Although additional nominations have been sought, aligning the minimum quoracy numbers for DSC Committees with those in the UNC would reduce the risk of meetings not being quorate.

A consequential change would be required to the Shippers minimum quoracy number to align it with the UNC Modification Rules. However, this is not expected to a material impact.

How

It is proposed to align the quoracy requirements of the DSC Committees with those for the UNC Modification Panel and set out in the Modification Rules which only requires two Shipper Representatives to be present for the meeting to be quorate, with no change to the number of required Transporter Representatives.

For the avoidance of doubt, it should be noted that relevant parties can nominate themselves for any of the unfilled vacancies for DSC Committees during a relevant membership year.

2 Governance

Justification for Self-Governance

The Modification is suitable for Self-Governance as it is unlikely to have a material effect on the UNC Modification Rules and governance process as it simply aims to mitigate a risk of non-quorate DSC Committee meetings, by bringing the Shipper quoracy arrangements for DSC Committees in line with the UNC Modification Panel and UNC Committee.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- be issued to Workgroup.

3 Why Change?

At the moment the current Data Services Contract (DSC) Committees arrangements require a minimum of three Shipper Representatives and three Transporter Representatives to be present, with a minimum of 7 votes

available to be cast, for the meeting to be quorate. This is a higher minimum quoracy requirement to that for UNC Modification Panel or UNC Committee, being a minimum of two Shipper Representatives and two Transporter Representatives being present, with a minimum of 6 votes available to be cast for the meeting to be quorate.

Following initial closure of the nomination window for this year's User Representatives Appointment Process for UNC and DSC committee, appointments One of the DSC Committees had failed to reach the minimum number for quoracy and the other has the minimum number required for a quorate meeting.

If no further nominations had been received there would have been a risk that the minimum quoracy number may not have been achieved for one or more of the DSC Committees, which would impact the DSC governance arrangements and associated systems change process from October 2022.

To address this risk, it is proposed to align the Shipper quoracy requirements of DSC Committees with those for the UNC Modification Panel and UNC Committee which only requires two Shipper Representatives to be present for the meeting to be quorate.

For the avoidance of doubt, it should be noted that relevant parties can nominate themselves for any of the DSC Committees unfilled vacancies at any time using the midterm appointments process.

Note 1: By amending the quoracy arrangements for the DSC Committees we are aligning them with those for the Modification Panel:

Modification Rules

5.5 Quorum

5.5.1 Members (of whom two (2) shall be Transporters' Representatives and two (2) shall be Users' Representatives (excluding the Panel Chairperson)) present at a meeting of the Modification Panel who can exercise six (6) votes shall be a quorum.

Note 2: In DSC Committees we have three [3] classes of Shipper and to ensure a degree of diversity we have also included a requirement that the two [2] representatives should represent at least two [2] classes of Shipper.

4 Code Specific Matters

Reference Documents

UNC General Terms Section D – CDSP AND UK LINK

UNC Modification Rules

Guidelines for the User Representatives Appointment Process

Knowledge/Skills

Knowledge of the UNC and DSC governance arrangements would be beneficial.

5 Solution

A simple amendment to the existing rules relating to quoracy as set out below

1. to align the DSC Committee Quoracy with those of the UNC Modification Panel and UNC Committee for Shippers Users so that the minimum quoracy is for 2 Shippers to be present, including the votes available to be cast is 6;
2. Clarify that the 2 Shipper Representatives must be Representatives from 2 Shipper Classes excluding where votes are reallocated from a different Shipper Class:

UNC General Terms Section D - CDSP AND UK LINK1

4.4.2 Committee Representatives (of whom at least ~~three~~ two (2) shall be Shipper Representatives representing at least two (2) Shipper Classes (excluding ANC allocated votes) and three (3) shall be DNO Representatives, NTS Representatives or IGT Representatives, excluding the Committee Chairperson) present at a meeting of a DSC Committee who can exercise ~~seven~~ six (6) votes shall be a quorum; provided a meeting convened at which the only decisions to be made fall within paragraph 4.3.2(a) in relation to a particular Customer Group shall be quorate notwithstanding the absence of such Committee Representatives provided all the Committee Representatives of the relevant Customer Group are present.

6 Impacts & Other Considerations

Does this Modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No, this Modification would not impact a current SCR as it is only proposing changes to DSC Committee governance arrangements

Consumer Impacts

No impact identified as this Modification is only proposing changes to DSC Committee governance arrangements

What is the current consumer experience and what would the new consumer experience be?

No impact

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
Improved safety and reliability	None
Lower bills than would otherwise be the case	None
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole	None

Cross-Code Impacts

None identified as this Modification only impact DSC Committee governance arrangements.

EU Code Impacts

None identified as this Modification only impact DSC Committee governance arrangements.

Central Systems Impacts

This Modification will have no impact on Central Systems.

Performance Assurance Considerations

Not relevant.

Panel Questions

Question 1: Consider potential for tied votes and how to mitigate this.

The purpose of the Modification is to amend the minimum meeting attendee requirements for both Shippers only from three to two (with Transporters remaining at three), with the minimum votes available to be cast amongst attendees being reduced from 7 to 6. This is in line with the Uniform Network Code (UNC) Modification Panel and UNC Committee for Shippers.

The Modification would not be changing the voting rules.

The voting rules state that there needs to be a majority to pass a vote, therefore if a tied vote occurs the required threshold would not have been met to pass the vote.

Question 2: Consider imbalance between Shippers and Transporter voting arrangements and transferable votes for Shippers between classes.

The Modification would not be changing the current voting rules. Therefore, Shipper Members (or their appointed Alternates) would still be capable of casting 6 votes and there would be no change to Transporters (including National Grid NTS and IGTs) who would also be able to cast 6 votes.

If Members fail to appoint an Alternate the absence of a Member/Alternate could impact the number of votes being able to be cast, however this risk exists now and is not changed as a result of amending the minimum number of Members to be present for meetings to be quorate.

Workgroup Impact Assessment

A concern was raised at Workgroup around the rules and the potential split and weighting of Transporter and Shipper votes, if the Modification was implemented. Due to the potential for a Shipper to hold a higher number of votes due to vote reallocation, where the Transporters only ever have one vote each – should only two Transporters attend, they would be limited to two votes against a potential six votes for Shippers.

The proposer reiterated that the Modification was addressing the lack of quoracy issue and not the voting redistribution. The Workgroup chair stated that the allocation was set during the User Representations Appointment process where votes are redistributed – each member has the opportunity to request or nominate an alternate. This Modification aimed to address a risk where a meeting might not be quorate because a member or alternate failed to attend at very short notice and was unable to nominate an alternate.

The proposer noted that the solution would not change the existing voting principles in any way and the Workgroup Chair added that the voting within the DSC Change and Contract Committees was undertaken via a collaborative approach based on the customer classes/constituencies implemented by Modification 0565A which was approved by Ofgem.

In line with action 0801 the analysis undertaken between September 2021 and September 2022 shows Shippers averaged 4 attendees with 6 votes and Transporters averaged 5 attendees with 6 votes. Based on this the Workgroup agreed to reduce the Shipper quoracy number only.

The proposer reiterated that this Modification aimed to align the minimum quoracy with the UNC Modification Panel for Shippers.

The Workgroup was advised that the previous issue of non-quorate meetings had now abated due to an extra Shipper User Representative coming forward for the DSC Contract Management Committee from October onwards. However, Workgroup agreed that there was still a need for the Modification moving forwards, to address the non-quoracy risk, especially as many Shippers had now left the market, so the overall pool was considerably smaller.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Modification furthers relevant objective f) Promotion of efficiency in the implementation and administration of the Code as without the change the DSC Committee meeting are at risk of not being quorate which could impact the governance of the DSC arrangements and associated DSC Change process.

Workgroup Assessment of Relevant Objectives

The Workgroup agreed that this Modification furthers relevant objective f).

8 Implementation

As Self-Governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised

9 Legal Text

Legal Text has been provided by Cadent and is included below.

Text Commentary

Amend existing rules relating to quoracy within UNC General Terms Section D - CDSP AND UK LINK 4.4.2 Committee Representatives to:

1. Align the DSC Committee Quoracy to that of the UNC Modification Panel and UNC Committee for Shippers Users so that the minimum quoracy is for 2 Shippers and 3 Transporters to be present, including the votes available to be cast is 6;
2. Clarify that the 2 Shipper Representatives must be Representatives from 2 Shipper Classes excluding where votes are reallocated from a different Shipper Class.

Text

Amend UNC General Terms Section D - CDSP and UK Link, paragraph 4.4.2

4.4.2 Committee Representatives (of whom at least ~~three-two (23)~~ shall be Shipper Representatives representing at least two (2) Shipper Classes (excluding ANC allocated votes) and three (3) shall be DNO Representatives, NTS Representatives or IGT Representatives, excluding the Committee Chairperson) present at a meeting of a DSC Committee who can exercise ~~seven-six (67)~~ votes shall be a quorum; provided a meeting convened at which the only decisions to be made fall within paragraph 4.3.2(a) in relation to a particular Customer Group shall be quorate notwithstanding the absence of such Committee Representatives provided all the Committee Representatives of the relevant Customer Group are present.

Workgroup Assessment

The Workgroup were satisfied that the proposed changes to the Legal Text are minimal, agreeing that the Legal Text meets the intent of the Solution and that the Modification can proceed to consultation subject to no issues being raised.

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that this Self-Governance Modification should proceed to consultation.