

## UNC Workgroup 0676R Minutes

Monday 04 November 2019

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

### Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Maitrayee Bhowmick-Jewkes	(MBJ)	Joint Office
Andy Clasper	(AC)	Cadent
Guv Dosanjh	(GD)	Cadent
Penny Garner	(PG)	Joint Office
Liam King*	(LK)	Ofgem
David Mitchell*	(DM)	SGN
Steve Mulinganie	(SM)	Gazprom
Richard Pomroy*	(RP)	Wales & West Utilities
Alan Raper	(AR)	Joint Office
Tracey Saunders	(TS)	NGN

\*via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/0676/041119](http://www.gasgovernance.co.uk/0676/041119)

### 1. Introduction and Status Review

RH welcomed all participants to the meeting and explained that the meeting for October was cancelled as a suitable meeting date for Participants could not be found.

#### 1.1. Approval of Minutes (02 September 2019)

The minutes of the previous meeting were approved.

### 2. Review of Outstanding Actions

**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.

**Update:** PG provided an update and advised that this was raised at the JGAC meeting held in September. She added that JGAC are fully supportive. It is envisaged that a trial Annual Report will be produced early April 2020 which will include key statistics such as:

- Number of Modifications
- The timeline of Modifications
- Number of Workgroup meetings held
- Causes for extension requests to panel meetings
- How realistic are the timetables in the Modifications

Eventually a suite of Management Information (MI) could be provided for each Workgroup – it is likely that Distribution Workgroup (DWG) and Transmission Workgroup (TWG) would be the initial groups that will be looked (with a view to assessing root causes and suggesting potential improvements).

The initial framework of the draft Annual Report will be sent to JGAC and Panel towards the end of January 2020 for feedback, Joint Office will then seek suggestions from the Industry.

She added that the publication of the monthly newsletter seems to be successful and welcomed suggestions for improvement. **Action 0701 Closed**

**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.

**Update:** PG advised that JGAC are fully supportive of this initiative and explained that, with the logistics of moving the Joint Office into new accommodation, the Joint Office Engagement Day will be moved to April 2020.

As soon as date is known this will be communicated.

The Joint Office Engagement Day is likely to include various breakout groups that will cover, for example information on the role of PAC; the Critical Friend process; difference between what the CDSP covers and what the JO covers. **Action 0702 Closed**

**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.

**Update:** Workgroup discussed the target audience for the JO Engagement Day and suggested that the first one could be aimed at new entrants or those new to the industry, with a further day later for those with more intermediate understanding where deeper reviews could take place.

**Action 0703 Carried Forward**

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

**Update:** In providing an update, PG advised the Workgroup that she has tasked her team with a number of key projects and that Critical Friend is one of the top 3. She explained that Rebecca Hailes is leading this project and that challenging timescales have been set. An update will be shared at the UNC Panel.

PG went on to advise that she is mindful that Critical Friend is part of CACoP and any amendments will need to be passed through CACoP.

Referring to the Recommendations set out in the Workgroup Report, SM said that there are currently 5 options as part of Workgroup recommendation regarding Critical Friend.

The 5 options are:

1. No change
2. No Code changes but JO and Panel to encourage more use of reviews
3. AS-IS + Code requirement to make pre-mod engagement compulsory
4. Enhanced Code Manager powers for JO with regards Critical Friend role. JO could require a minimum standard rather than offer advice, for example quality of justification for urgency.
5. Panel's powers introduced to require proposer to re-submit modification if not clear/concise or direct that a Request is more appropriate.

The 5 options were reviewed by Workgroup, and the Workgroup Report was updated accordingly. The discussion went as follows:

**Option 2. No Code changes but JO and Panel to encourage more use of reviews**

Workgroup considered this and agreed if this option is approved, there would be no additional benefit as this is more or less, current process.

It was suggested that UNC Panel could be issued with the Modification post Critical Friend by the Joint Office. RH confirmed Joint Office do keep a full audit trail of the documents created as part of the Critical Friend process.

SM said that, Options 1; 2 and 5 are essentially no change to the current process.

**Option 3 AS-IS plus a Code requirement to make pre-mod engagement compulsory**

It was noted that currently it is not compulsory to follow Critical Friend suggestions for change to a draft Modification. PG added there are very few Modifications that have fulsome pre-modification engagement.

Workgroup went on to develop a process that would improve pre-modification engagement. This is documented in the Recommendations section of the Workgroup Report.

It was agreed that, in terms of timescales, the review by Joint Office is not a Critical friend one until Joint Office are in receipt of the Modification. Up to that point, Joint Office in a facilitation role only.

PG went on to advise Workgroup that Joint Office are going to be pushing back on all late paper submissions and asked Workgroup to consider if late papers are submitted as a cause of a Joint Office process; or whether the Proposer left it too late or is it Industry driven in some other way?

SM suggested that a recommendation could be put forward for two UNC Panels meetings a month explaining that this could alleviate the lack of ability for UNC Panel to reject late paper submissions. This was discussed at length with updates being made to the Workgroup Report for this recommendation. A list of pros and cons was developed with all participants.

SM also suggested webinar-based Panels which could address the attendance and negative cost impacts stated above.

TS highlighted that the deadline for papers to be submitted to UNC Panel falls very close to the Distribution Workgroup (DWG) meetings, (4<sup>th</sup> Thursday of each month), therefore, actions and improvements coming out of DWG have very little time before the paper submission deadline for UNC Panel.

SM suggested that a Webinar facility is investigated for UNC Panel meetings. Workgroup noted that this would require a Modification to be raised.

PG stated that, given the role of UNC Panel members it should be the one committee that meets face to face.

Concerns were discussed that the UNCC meeting does not get sufficient 'air-time' coming as it does after the Panel meeting; one UNC Panel meeting a month means the Panel meeting often has a long duration.

Suggestions from Workgroup included the possibility of always planning for two UNC Panel meetings a month and assess at the first meeting if the second one is necessary. This would allow UNC Panel the ability to reject late notice items.

**New Action 1101:** Joint Office to review the timeline; location and order of Panel and Workgroup Meetings and Committees

At this point RH drew the attention of Workgroup to the late paper submitted from the IGT Panel Chair, Anne Jackson which highlighted the conclusions of IGT review RG004 and includes various recommendations. This paper is published on the Joint Office website here: [www.gasgovernance.co.uk/0676/041119](http://www.gasgovernance.co.uk/0676/041119). RH encouraged Workgroup to read the paper and suggested it could be discussed at the meeting.

In conclusion of this agenda item, Workgroup discussed the possibility of the IGT UNC being merged with UNC. This was recommended as an option as part of the Joint Office response to the BEIS/Ofgem Code Governance Review.

Empowering Joint Office and CDSP to be able to raise self-governance administrative/housekeeping Modifications was suggested by SM. **Action 0704 Carried forward**

**Action 0705:** Transporters and GTs 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.

**Update:** PG provided an update to this action and advised she is still looking at Legal Text provision and what is meant by it. Also, how much onus should be on the Legal Text provider as opposed to the Proposer. This is currently ongoing, the intention is to write a paper on the importance, interactions, costs and roles and responsibilities.

PG said that Code Managers or Administrators could take on the responsibility of Legal Text provision and decide on the appropriate route as to whether to provide Legal Text in-house or source externally with an informed buyer.

An update was made to the Workgroup Report as part of the discussions which took place at the meeting, this included a revision of the options for Legal Text as follows:

<b>Option</b>
1. No Change – Legal Text continues to be provided by GTs
2. Legal Text administered by JO or GTs via centralised production of Legal Text and this could be used wider. (preferred option for SM)
3. Legal Text provided via a contract with a third-party provider/s (such as Dentons)
4. A mix of option 2 and 3 Transporters provide LT on certain type of Modifications, all managed through the code manager. Code Manager is the informed buyer and decides the appropriate route.
5. Improvements to the status quo to be drafted by GTs for initial discussion at December meeting.

PG added that, from a Joint Office perspective, she would need to look at what the risks are, alongside the budget, consistency, and quality of Legal Text provision.

RP said that there is potential for unnecessary spend on interactions with a lawyer; from the Proposer perspective there is a desire to get Legal Text perhaps before the solution is finalised. In the interests of the Industry, there needs to be tight controls on when Legal Text is procured.

SM said that the quality varies significantly depending on who provides the Legal Text and he feels there are lots of inefficiencies and would like transparency of legal costs and provision.

Some Workgroup participants agreed that the current process could be improved.

**New Action 1102:** Gas Transporters to consider an appropriate proposal for Option 1 – improvement to the current process for improved legal text provision

**New Action 1103:** All to review the Workgroup Report and provide suggested updates.

**New Action 1104:** Joint Office to request an extension at UNC Panel to March 2020 for this Request Modification 0676R.

LK confirmed that the BEIS and Ofgem summary of the consultation will be provided at the end of this year. There will be a new consultation next year and suggested Workgroup should not wait for the results to come out. **Action 0705 Carried forward**

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

**Update:** No further material has been provided. **Action 0706 Closed**

### 3. Development of the Request Workgroup Report

Updates were made to the Workgroup Report as part of the outstanding action agenda items.

**New Action 1105:** Joint Office to publish v2.3 of the 0676R Workgroup Report.

Workgroup were advised that the Workgroup Report section relating to consideration of criteria for Alternatives (Panel Action PAN 01/08) has been moved from the Workgroup Report into a separate document solely based on Panel Action PAN 01/08 which is being taken forward as part of the Governance Workgroup.

#### Next Steps

RH confirmed the next steps:

- Review of actions
- Further development of the Request Workgroup Report
  - Funding and Governance section
- Extension request to report to UNC Panel to March 2020

### 4. Any Other Business

None.

### 5. 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 December 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> <li>• Development of Request Workgroup Report</li> </ul>
10.30 Tuesday 21 January 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> <li>• Development of Request Workgroup Report</li> </ul>
10.30 Tuesday 18 February 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> <li>• Completion of Request Workgroup Report</li> </ul>

Action Table (as at 04 November 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0701	30/07/19	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)	Closed
0702	30/07/19	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)	Closed
0703	30/07/19	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	Carried Forward
0704	30/07/19	4.0	Joint Office (PG) to further enhance the Critical Friend process for use by the Joint Office and Proposers.	Joint Office (PG)	Carried forward
0705	30/07/19	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	Carried forward
0706	30/07/19	6.0	All parties to provide material on topics within the scope of the review for further consideration in the October meeting.	ALL	Closed
1101	04/11/19	2.0	<i>Action 0704:</i> Joint Office to review the timeline; location and order of Panel and Workgroup Meetings and Committees	Joint Office PG; RH	Pending
1102	04/11/19	2.0	<i>Action 0705:</i> Gas Transporters to consider an appropriate proposal for Option 1 – improvement to the current process for improved legal text provision	GTs	Pending
1103	04/11/19	2.0	<i>Action 0705:</i> All to review the Workgroup Report and provide suggested updates	All	Pending
1104	04/11/19	2.0	<i>Development of the Request Workgroup Report</i> Joint Office to request an extension at UNC Panel to March 2020 for this Request Modification 0676R.	Joint Office RH	Pending
1105	04/11/19	2.0	<i>Action 0705:</i> Joint Office to publish v2.3 of the Workgroup Report	Joint Office RH	Pending

