

UNC Workgroup 0506 0506A Minutes Gas Performance Assurance Framework and Governance Arrangements

10.30 Tuesday 04 August 2015

**at Energy Networks Association, 52 Horseferry Road, London
SW1P2AF**

Attendees

Andy Clasper	(AC)	National Grid Distribution
Angela Love	(AL)	ScottishPower
Bob Fletcher (Chair)	(BF)	Joint Office
Colette Baldwin	(CB)	E.ON
David Mitchell	(DM)	Scotia Gas Networks
Ed Hunter	(EH)	RWE npower
Jonathan Kiddle	(JK)	EDF Energy
Karen Visgarda (Secretary)	(KV)	Joint Office
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0506/040815>

The Workgroup Report is due to be presented at the UNC Modification Panel by **20 August 2015**

1.0 Review of Minutes and Actions

1.1. Minutes

AL and RH both raised amendments that they wished to be included in the minutes from 14 July 2015. KV confirmed that the amended minutes from the previous meeting would be republished once the suggested comments had been received.

Following general discussion, thereafter, the minutes of the previous meeting were approved.

1.2. Actions

0506 0504: *Reference the Options paper discussion document on contracting model* - ScottishPower (AL) to look to canvass Shipper views on the most suitable option for the contracting model.

Update: AL requested the action should be carried forward and an update will be supplied in due course. **Carried forward**

0506 0601: SSE (MJ), Xoserve (AM) and ScottishPower (AL) to liaise offline and prepare a one page 'up front' clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.

Update: AM stated this action was being investigated and requested the action was carried forward. **Carried forward**

0506 0701: ScottishPower (AL) to consider formally amending 0506 to better reflect Workgroup discussions and suggestions.

Update: AL stated this action was still in discussion and that an amended modification would be submitted in due course. **Closed**

0506 0702: Wales & West Utilities (RP) to seek additional clarity around whether or not the definition for a 'User' or 'Users' includes the iGTs or not and clarify which parties are 'in scope' and at what point in time.

Update: RP stated this action is resolved via the legal text and so could now be closed.
Closed.

2.0 Consideration of Modifications 0506 and 0506A

2.1. Consider Amended Modification(s)

2.1.1. Modification 0506

AM introduced the 'Example – Performance Assurance Framework Administrator appointment and Scope of Works' document for 0506. AM stressed these documents were an 'example' and a starting point for further discussion and amendments. AM stated the document had been prepared as an example PAFA scope of works against which example cost estimates could be developed by the workgroup to enable the development of Modification 0506.

AM explained the content of the document, which overviewed an approach including; service descriptions, service requirements, data schedules and processes.

AM stated that this was an evolving document and that 'estimated person days' could be included. AL proposed that AM could only provide this information from an Xoserve perspective. AM explained this was true, however, that he could provide a best 'guessed' estimate with regards to the other 'people days' per year. AL stated that this might also be a useful document for Ofgem. General discussion took place surrounding the costing of the modifications and the completeness of the example document. AM requested the document to be reviewed and suggestions and feedback to be supplied at the next meeting on 25 August 2015.

2.1.2. Modification 0506A

AM introduced the 'Example – Performance Assurance Framework Administrator appointment and Scope of Works' document for 0506A. AM again stressed that these documents were an 'example' and a starting point for further discussion and amendments. AM stated in this specific document there were some slight variations from the 0506 version, due to the fact that Xoserve is named as the provider and so there is no tendering activity, as they would be appointed as PAFA. AM overviewed the content of the document.

BF enquired if there was an audit requirement. AM stated this was not the case in Modification 0506A, as there is sufficient evidence of Xoserve's performance and that Transporters have a right to audit Xoserve processes. AM explained that Xoserve could provide 'person days' with regards to the Risk and Operational registers.

AM stated he would look at producing estimated 'people days' information regarding both Modifications 0506 and 0506A for the next meeting on 25 August 2015.

2.2. Consider Associated Documents

In light of discussions under item 2.0 above and 3.4 below, further consideration was deferred.

3.0 Development of Workgroup Report

3.1. Consideration of Business Rules

In light of discussions under item 2.0 above and 3.4 below, further consideration was deferred.

3.2. Consideration of User Pays

AL wanted to clarify that ScottishPower was considering an amendment to Modification 0506 so that Transporters funded the proposal, as they would gain the majority of the benefits.

RP was concerned that such a significant change was being proposed so late in the process and that this may have an impact on the production of Legal Text.

RP stated that if the User Pays section became a 'stumbling block' then an alternative modification would need to be raised to re-determine the costing allocation under User Pays. He stated that presently it would be an un-funded activity and that Transporters would have to pay, which was not an acceptable resolution, as he could not see the benefit proposed. AL stated that if Ofgem approved the proposal then that would have to be adhered to. CB stated if that were the case, it would only be the User Pays section that would have to be updated and amended accordingly.

BF explained that Panel may be concerned that it is not a true alternative modification as only the cost apportionment is different – this is mainly an objection to the funding and should perhaps be subject to representations.

AL sought clarification with regards to the fact that if the Transporters paid, would that not bring about greater flexibility on procurement. RP stated if the modification was not Shipper User Pays then it would be a 100% of the Transporters responsibility.

RP confirmed that this has been done previously and with regards to User Pays, and the specific agency then incurs the cost. RP explained that FGO would put in place a contract with Xoserve and a charge would be paid directly to Xoserve for contracted services.

BF stated that a case would need to be made for the Transporters to fund the costs, together with developing a solution that also allowed Xoserve to tender for the service.

BF enquired as to how Elexon was funded and JK stated they are a 'not for profit' organisation and EH stated they work to pre-set budget criteria. BF then stated that perhaps a similar model could apply to this modification. AL stated that in that scenario, the Transporters would have the right to an audit process. AM explained it would depend on the testing and scope criteria of the modification.

AM stated with regards to the FGO, Modification 0506A could be implemented for the transition to allow the development of funding arrangements and then Modification 0506 could be implemented after.

3.3. Consideration of Relevant Objectives

In light of discussions under item 2.0 above and 3.4 below, further consideration was deferred.

3.4. Consideration of Legal Text

3.4.1. 0506 draft Legal Text Review

AL stated that ScottishPower are very keen to ensure that Xoserve are able to tender for the service and as such, allow other bodies to tender other than Xoserve.

RP provided an overview of the Legal text commentary and how this interpreted the Solution in the modification.

In providing an overview of the amended legal text and supporting commentary, RP explained that from the discussions that had taken place during the meeting, it was now likely that further amendments could be needed, if the modification was then subsequently amended. CB sought clarification regarding if the Legal Text needed to be 'future proofed'. RP stated this had been asked previously and no, this was not necessary.

RP overviewed the sections of changes and explained that both the track change versions and the summary text were available to be viewed on the Joint Office website.

General discussion took place with regards the costing structure and the PAC. RP stated the wording had been updated to prevent the PAC using their own terms and potential passing the liability costs further down the chain. An in depth discussion took place regarding the costing issue and how this could be passed on to the Transporters or Shippers in a retrospective manner. RP stated this was only regarding the contractual arrangements in respect of the PAFA and that he advised that ScottishPower's legal team should obviously be consulted. BF suggested that various aspects needed to be clarified, specifically if the modification was going to be amended.

3.4.2. 0506A draft Legal Text Review

AL sought clarification from RP as to whether the numbering had been altered and amended. RP confirmed that the numbering had been amended.

RP then went on to provide an overview of the (draft) legal text, and explained that some of the comments are replicated from Modification 0506, and that the transition text regarding the Nexus 'go live' date was not needed. RP suggested that clarification and confirmation would be needed concerning Shippers, Users and DNOs, with regards to expanding the remit to incorporate iGTs, which would require another modification to be raised in iGT UNC.

BF confirmed that these modifications were included on the CACoP register on cross-code modifications, which is published on behalf of all Code Administrators at this location <http://mrasco.com/change-proposals/code-administration-code-of-practice>.

General discussion took place as to when the modifications would be amended and when all the summary documents would be finalised. BF stated only when these documents, the legal text, costing information, relevant objectives and User Pays processes have been completed could the Workgroup Report be concluded.

4.0 Any Other Business

None.

5.0 Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings are scheduled to take place as follows:

Time/Date	Venue	Workgroup Programme
10:30 Tuesday 25 August 2015	Elaxon (<i>Orange Room - Note: Maximum capacity 30 persons</i>)	Standard Workgroup agenda plus: Consideration of amended modification Further consideration of Business Rules and Legal Text Development/Completion of Workgroup Report

Action Table (04 August 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0506 0504	05/05/15	2.2	<i>Reference the Options paper discussion document on contracting model -</i> ScottishPower (AL) to look to canvass Shipper views on the most suitable option for the contracting model.	ScottishPower (AL)	Carried Forward
0506 0601	16/06/15	4.2	To liaise offline and prepare a one page 'up front' clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.	SSE (MJ), Xoserve (AM) and ScottishPower (AL)	Carried Forward
0506 0701	14/07/15	2.1.1	To consider formally amending 0506 to better reflect Workgroup discussions and suggestions.	ScottishPower (AL)	Closed
0506 0702	14/07/15	3.4.1	To seek additional clarity around whether or not the definition for a 'User' or 'Users' includes the iGTs or not and clarify which parties are 'in scope' and at what point in time.	Wales & West Utilities (RP)	Closed