

## UNC Governance Workgroup Minutes

Monday 20 March 2023

via Microsoft Teams

| Attendees                 |       |                           |
|---------------------------|-------|---------------------------|
| Kate Elleman (Chair)      | (KE)  | Joint Office              |
| Helen Bennett (Secretary) | (HB)  | Joint Office              |
| Andy Clasper              | (AC)  | Cadent                    |
| Ben Mulcahy               | (BM)  | Northern Gas Networks     |
| Charlotte Gilbert         | (CG)  | BU-UK                     |
| Clare Manning             | (CM)  | E.ON                      |
| David Mitchell            | (DM)  | SGN                       |
| Helen Chandler            | (HCh) | Northern Gas Networks     |
| Jenny Rawlinson           | (JR)  | BU-UK                     |
| Kathryn Adeseye           | (KA)  | CDSP                      |
| Oorlagh Chapman           | (OC)  | Centrica                  |
| Phil Lucas                | (PL)  | National Gas Transmission |
| Rebecca Hailes            | (RH)  | Joint Office              |
| Richard Pomroy            | (RP)  | Wales & West Utilities    |
| Sally Hardman             | (SH)  | SGN                       |
| Steve Mulinganie          | (SM)  | SEFE Energy Ltd           |
| Tracey Saunders           | (TS)  | Northern Gas Networks     |

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: [www.gasgovernance.co.uk/Gov/200323](http://www.gasgovernance.co.uk/Gov/200323)*

### 1.0 Introduction and Status Review

Kate Elleman (KE) welcomed all parties to the meeting and confirmed the meeting to be quorate.

#### 1.1. Approval of minutes (13 October 2022)

The minutes from the previous meeting were considered approved.

#### 1.2. Approval of Late Papers

None to approve.

#### 1.3. Review of outstanding Actions & Issues Log

**Action 0303:** Ofgem (JS) to provide a view on whether the Legal Text in a Modification can be amended whilst awaiting Ofgem's decision.

**Update:** KE suggested closure of the Ofgem actions, (0303 and 0403) and advised that Joint Office will monitor and liaise with Ofgem and the Proposer on Modifications that have been outstanding the longest, such as *Modification 0696V - Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs*, to assess if there are any changes to the Legal Text. **Closed**

**Action 0403:** Ofgem (HBr) to advise whether a Modification awaiting Ofgem’s decision would need additional time for a decision to be issued if its Legal Text was updated.

**Update:** See update provided for Action 0303. **Closed**

#### 1.4. Modification(s) with Ofgem

KE referred Workgroup to the Ofgem Expected publication dates timetable at: <https://www.ofgem.gov.uk/publications/code-modificationmodification-proposals-ofgem-decision-expected-publication-dates-timetable> dated 17 March 2023.

#### 1.5. Pre-Modification Discussions

None discussed.

### 2.0 Workgroups

#### 2.1. Modification 0839 – Revision of the Modification Panel Membership Cessation Provisions

(Report to Panel 15 June 2023)

<https://www.gasgovernance.co.uk/0839>

#### 2.2. Modification 0841 – Modification 0839 – Revision of the Modification Panel Membership Cessation Provisions

(Report to Panel 15 June 2023)

<https://www.gasgovernance.co.uk/0841>

### 3.0 New Issues

No new issued raised.

### 4.0 Any Other Business

KE reminded parties to respond to the distribution list consent email if they hadn’t already. KE also confirmed reminder emails would be issued before names were removed from any distribution lists.

### 5.0 Diary Planning

| Time / Date                   | Paper Publication Deadline    | Venue              | Workgroup Programme |
|-------------------------------|-------------------------------|--------------------|---------------------|
| 10:00 Monday<br>17 April 2023 | 5pm Thursday<br>06 April 2023 | Microsoft<br>Teams | Standard Agenda     |

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

| Action Table (as at 20 March 2023) |              |            |   |             |               |
|------------------------------------|--------------|------------|---|-------------|---------------|
| Action Ref                         | Meeting Date | Minute Ref | Action  | Owner       | Status Update |
| 0303                               | 01/03/22     | 4.2        | Ofgem (JS) to provide a view on whether the Legal Text in a Modification can be amended whilst awaiting Ofgem’s decision.                                     | Ofgem (JS)  | Closed        |
| 0403                               | 01/03/22     | 4.2        | Ofgem (HBr) to advise whether a Modification awaiting Ofgem’s decision would need additional time for a decision to be issued if it’s Legal Text was updated. | Ofgem (HBr) | Closed        |

**UNC Workgroup 0839 Minutes**  
**Revision of the Modification Panel Membership Cessation Provisions**  
**Monday 20 March 2023**  
**via Microsoft Teams**

**Attendees**

|                           |       |                           |
|---------------------------|-------|---------------------------|
| Kate Elleman (Chair)      | (KE)  | Joint Office              |
| Helen Bennett (Secretary) | (HB)  | Joint Office              |
| Andy Clasper              | (AC)  | Cadent                    |
| Ben Mulcahy               | (BM)  | Northern Gas Networks     |
| Charlotte Gilbert         | (CG)  | BU-UK                     |
| Clare Manning             | (CM)  | E.ON                      |
| David Mitchell            | (DM)  | SGN                       |
| Helen Chandler            | (HCh) | Northern Gas Networks     |
| Jenny Rawlinson           | (JR)  | BU-UK                     |
| Kathryn Adeseye           | (KA)  | CDSP                      |
| Oorlagh Chapman           | (OC)  | Centrica                  |
| Phil Lucas                | (PL)  | National Gas Transmission |
| Rebecca Hailes            | (RH)  | Joint Office              |
| Richard Pomroy            | (RP)  | Wales & West Utilities    |
| Sally Hardman             | (SH)  | SGN                       |
| Steve Mulinganie          | (SM)  | SEFE Energy Ltd           |
| Tracey Saunders           | (TS)  | Northern Gas Networks     |

*The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.*

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: [www.gasgovernance.co.uk/0839/200323](http://www.gasgovernance.co.uk/0839/200323)*

## **1.0 Outline of Modification**

Phil Lucas (PL) introduced the Modification and explained the proposal aims to revise the Modification Rules to mandate that where a Member of the Modification Panel ceases to be employed or engaged by the same specified entity as at the time of nomination, that Member will cease to be a Member of the UNC Modification Panel.

To give Workgroup a full understanding of the Modification, PL provided a walkthrough of his presentation which covered the following topics:

### **Why Change**

PL explained that the Modification Rules set out the membership of the Modification Panel with the majority of Members needing to be a representative of an entity or a constituency of entities. He advised that the rules do not explicitly state the consequence of a change in circumstances, whereby a Member is no longer employed or engaged by the same specified entity as at the time of nomination. The change in circumstances could mean they can no longer effectively represent that constituency.

### **Options**

PL noted the options available to end Panel Membership where there is a change in circumstances and a Panel member as he/she is no longer employed by the same entity as at the time of nomination into the role:

- Rely on the implicit interpretation of the 'representation' requirement in Modification Rules
- Rely on the person/entity responsible for appointment to remove relevant Member
- Rely on Member to relinquish the role
- Include explicit rules to deal with the scenario

It was mentioned that removal by the Chair is also available under specific scenarios.

Steve Mulinganie (SM) noted that Modification 0656 - Changes to Modification Panel arrangements, [0656 - Changes to Modification Panel arrangements | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/0656-Changes-to-Modification-Panel-arrangements), which was implemented on 23 November 2018 addresses exactly the issue that this Modification (0839) is trying to address and asked, what has changed that was not covered in the Modification 0656 discussions.

#### **Modification 0656 purpose:**

*The purpose of the Modification is to make a number of changes to the panel arrangements. Firstly, concerning Panel Members and how they represent a constituency, arrangements in relation to Alternates, duration of tenure and attendance at meetings.*

When PL asked if the current rules have managed to deal with the current situation, SM highlighted that the current situation is not conflictive so there is no reason for them to discharge their role.

When SM asked why Workgroup do not feel that the solution implemented of Modification 0656 is appropriate, what element of Modification 0656 is now redundant, Rebecca Hailes (RH) advised that this situation has been discussed at length with the UNC Modification Panel Chair and within the Joint Office and noted that Panel members are nominated into the constituency that relates to them.

SM highlighted Panel membership is a representation of the constituency and RH noted the Panel member is nominated by a company that they either work for or are contracted to.

#### **Solution**

PL explained that in order to deliver the proposed solution an amendment to the Modification Rules would be required as follows:

- *to require a Member who is no longer employed or engaged by the same entity as at the time of nomination to inform the Panel Secretary as soon as practicable; and*
- *as a consequence of the above, the Member will cease to be a Member of the Modification Panel to take effect from the latter of:*
  - *the date from which the Member will no longer be employed or engaged by the relevant entity; or*
  - *the day following the date the Panel Secretary is informed of such*

#### **Recommended Steps**

PL advised the Modification should be subject to Self-Governance and that Panel chose to send the Modification to Workgroup for 3 months rather than the original 1 month proposed.

#### **Amended Modification**

PL was invited to walk Workgroup through the amendments that have been made to the Modification, (v2.0 20 March 2023), in summary, further clarifications have been applied to the 'How' and 'Solution' sections. In principle, the revised Proposal provides for the equivalent outcome (i.e. cessation of Membership) where the Panel Secretary *is made aware of a*

Member's change in employment or engagement circumstances (ie. where the Member themselves has *not* made the Panel Secretary aware of such).

### **Governance**

The governance of the Modification was discussed, and Kate Elleman (KE) referred Workgroup to the Authority Direction / Self Governance Materiality Guidance for Proposers that is published on the Joint Office website ([UNC Modifications | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk)) which sets out that proposed changes to the UNC Governance or Modification procedures will only be sufficiently material (such as to require Authority Direction) where the change:

- *affects the rights of the industry to be engaged in proposed changes to the UNC; or*
- *changes the User or Transporter representation obligations; or*
- *changes any Authority decision-making capacity.*

SM noted that Modification 0656 had to go to follow Authority Direction procedures and Oorlagh Chapman (OC) agreed this would be the most appropriate route.

PL clarified that as this proposal seeks to maintain the current representation requirements on an ongoing basis he believes there is not sufficient materiality to warrant Authority Direction.

RH noted that as it is the organisation that nominates the Panel member, if the status changes between the Panel member and the organisation then the relationship would change, potentially making the representation of the constituency more difficult.

KE asked Workgroup to consider how somebody who is no longer in touch with the constituency they represent could continue to engage with that constituency. SM commented that if the member is unemployed, it does not mean they cannot engage with their constituency.

SM noted the same discussions have been had during Workgroup 0656 which came up with the solution of a Conflict of Interest clause.

Richard Pomroy (RP) passed the following comments:

- Under the current rules no one can be nominated and appointed the status that we are currently experiencing, which is a member not being employed by a User.
- If Workgroup thinks that is okay, then there should be more unaffiliated members on Panel?
- If the member is asked to demonstrate their engagement with their constituency, then should there be a requirement for all Panel members to demonstrate their communications with their constituency?

RH pointed out that when members are appointed, they take the role knowing they are there to represent their constituency, not their company.

PL noted that the Joint Office website and the published minutes from Panel meetings to date show the specific organisation that User Members are employed or engaged by.

KE asked Workgroup to consider if a Panel member ceases to work for an employer, how would Workgroup know if there is a conflict of interest? Would there be a reliance on the individual to inform the Panel?

Workgroup recognised, as part of the User Representation Appointment Process, nominees are asked to confirm their willingness to serve on behalf of all Shipper Users.

*Each nominee will need to indicate his or her willingness to serve on behalf of all Shipper Users or Suppliers (as appropriate) by sending an email to the Joint Office of Gas Transporters ([unselections@gasgovernance.co.uk](mailto:unselections@gasgovernance.co.uk)). Unconfirmed nominations will be deemed to have lapsed.*

PL noted the Modification Rules as follows:

### 3.2 Members

*3.2.2 It is expected that each Voting Member shall, as appropriate, represent and inform the Modification Panel of the views of that Member's appointor (or appointors) in relation to Modification Proposals and Requests.*

RH clarified, as part of the User Representation Appointment Process, an Election is only held if Joint Office receive more Nominations than there are seats.

When KE asked if a Panel member stopped working for a Transporter, is it expected that the Panel member would be replaced, PL confirmed that would be the case for National Gas Transmission.

Given the understanding that the current concern related to a User Panel Member, SM questioned why NGT (i.e. a Transporter) was proposing a solution. PL responded that ongoing effectiveness of the change governance processes for the Uniform Network Code (which is the Transporters' Code) is why they have an interest.

It was noted that Transporters are obligated, under the UNC Modification Rules, to appoint representatives for the Uniform Network Code Modification Panel including the UNC Committee (UNCC) and the applicable Code Sub-Committees including the DSC Committees.

As there is a different process for the appointment of the Consumer Representative member, KE suggested it would be useful to get a view from Ofgem, would they still want them to represent Consumers if they left the organisation that nominated them? The process for this is documented in the Guidelines for the Non-Domestic Consumer Representatives Nomination Process for Uniform Network Code Modification Panel and Uniform Network Code Committee (UNCC), [UNC Consumer Representative Nomination Process v1.0.pdf \(gasgovernance.co.uk\)](https://www.gasgovernance.co.uk/unc-consumer-representative-nomination-process-v1.0.pdf).

KE asked Workgroup to consider the three scenarios where a User can cease to be a member which are listed in the Modification as being:

- voluntary cessation by the Member; or
- where a Voting Member does not comply with certain meeting attendance requirements; or
- where a Voting Member holds a Conflicting Appointment
  - It was noted that this largely relies on the member declaring a Conflicting Appointment

Clarification was provided that the Chairperson can trigger an investigation if they believe they believe there to be a conflict of interest.

OC confirmed her support for all of the points raised by SM.

Jenny Rawlinson (JR) asked if there could be some kind of means test, which could be a Continuation Means Test to show that a member can still represent their constituency.

It was clarified that if a member is no longer representing a User because they are no longer employed by a Shipper or a Trader, this Modification is making it clearer as currently the Modification Rules are silent in this area. Also, there is nothing in the rules that says you can't retire from being a Panel member.

TS made the following observations:

- Noting that in this scenario, Shipper representation is no longer directly representing a signatory to the UNC or being endorsed at that point in time.
- The rules are very specific around the criteria that has to be met to become a Panel member, a User needs to meet that criteria to retain their membership.

When SM asked if Transporter members are representing their company views, TS clarified that is not the case, they represent signatories of the UNC as a whole document being a contract between all parties.

RH provided the following clauses from the Modification Rules Section 3 – Members:

**3.2.1** *The Modification Panel shall be composed of:*

*(a) the Panel Chairperson, being (without prejudice to paragraph 5.8.2) a non-voting Member;*

*(b) up to five (5) other Transporters' Representatives, being Voting Members;*

*(c) if appointed, up to six (6) Users' Representatives, being Voting Members;*

*(d) if appointed, the Ofgem Representative, being a non-voting Member;*

*(e) if appointed, the Terminal Operators' Representative, being a nonvoting Member;*

*(f) if appointed, up to two (2) Consumers' Representative(s), being Voting Members;*

*(g) if appointed, the Independent Suppliers' Representative, being a nonvoting Member; and*

*(h) if appointed, the Independent Gas Transporters' Representative, being a Voting Member*

*(the persons appointing the Members under paragraphs (b), (c), (f) and (h) being the "Panel Constituency" in respect of such Members).*

**3.2.2**

*It is expected that each Voting Member shall, as appropriate, represent and inform the Modification Panel of the views of that Member's appointor (or appointors) in relation to Modification Proposals and Requests.*

**3.2.3**

*It is expected that the Terminal Operators' Representative and the Independent Suppliers' Representative and Independent Transporters' Representative shall, as appropriate, inform the Modification Panel of the views of those persons which they represent.*

KE agreed to explore 3.2.2 further where it mentions the 'appointor'.

SM noted whether Workgroup are to consider the context of full-time employment, part-time employment, and a consultancy arrangement and if so, those issues were discussed as part of Workgroup 0656.

It was mentioned that if there is a change in arrangements within a member's role, which results in them not being able to keep up to date with issues, that is a competency / relevancy issue and not conflict of interest.

It was noted that the DSC Contract and the IGT UNC are very clear about members having to be employed, and Workgroup agreed that other Energy Codes should be looked at.

In summary, SM questioned whether the Proposal should incorporate some form of ongoing competency test to ensure ongoing suitability to remain a Panel Member as well as additional provisions relating to eligibility from an employment/engagement perspective (i.e. part time, full time etc). On a specific point SM questioned the scenarios the term 'engaged' were intended to cover.

In response, PL expressed an initial view that NGT was not minded to expand the Proposal to incorporate terms covering ongoing competency nor eligibility (beyond the scope of the existing Proposal). PL agreed review the term 'engaged' and consider whether any specific definition is required. However PL noted that no specific definition of this term is included where this is

already used in General Terms D, Annex D-2 (Committee Representatives) Section 5.2 in relation to membership of DSC Committees.

## 2.0 Initial Discussion

### 2.1. Issues and Questions from Panel

2.1.1. What happens if a representative changes company but still represents the same constituency?

This question was addressed as part of agenda item 1.0 discussions.

2.1.2. Consider how this is covered in other Codes, particularly the IGT UNC.

KE advised Workgroup that she has investigated the IGT UNC Code which has 2 clauses to note as follows:

#### **4 Composition of the IGT UNC Modification Panel**

4.10 *No company or Group of Companies may have more than one Member on the IGT UNC Modification Panel.*

#### **5 Period of Appointment and Alternates**

5.9 *A Member shall cease to be a Member if:*

- a) *the Member fails, in person or by Alternate, to attend three (3) consecutive meetings of the IGT UNC Modification Panel that have been duly convened;*
- b) *an IGT UNC Operator or Pipeline User ceases to be an IGT UNC Operator or Pipeline User, or has its Gas Transporter or Shipper's Licence revoked, and the Member is employed by either:
  - i. *that IGT UNC Operator or Pipeline User; or*
  - ii. *an affiliate of that IGT UNC Operator or Pipeline User;**
- c) *the Member ceases to be in the employment of the IGT UNC Operator or Pipeline User, or an affiliate of the IGT UNC Operator or Pipeline User, that they were employed by when appointed under Clause 4.5 or 4.6 of Section L.*

PL noted this is also set out in the Cross-Code Impacts section of the Modification.

TS reiterated that an appointment can only be made by a nominated User if they are currently employed by a User or a Trader.

When KE mentioned that the wider debate might be the whole initial nomination process, SM noted it is not the entry provisions, it is the exit provisions that require debate.

RP highlighted there could be a risk if a member retired from their organisation, but continued to be a member, as time went on, they may be less engaged with the Industry.

It was mentioned that with this Modification, it could be noted that it is making the UNC arrangements consistent with the DSC and IGT UNC.

### 2.2. Initial Representations

None received.

### 2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference will be published alongside the Modification at [www.gasgovernance.co.uk/0839](http://www.gasgovernance.co.uk/0839)

## 3.0 Next Steps

- Is there an alternative Modification?
- Compare against other Energy Codes

- Workgroup to assess, once a member ceases being employed, is there a point when your knowledge/influence wains? (which this Modification is trying to safeguard).
- Consider definition of ‘engaged’.
- Review the Legal Text
- Review Relevant Objectives
- Assess impact on the Guidelines for the User Representative Appointment Process

**4.0 Any Other Business**

None.

**5.0 Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

| Time / Date                               | Paper Publication Deadline  | Venue           | Workgroup Programme   |                 |       |               |
|---|-----------------------------|-----------------|---|-----------------|-------|---------------|
| 10:00 Monday<br>17 April 2023             | 5pm Monday<br>06 April 2023 | Microsoft Teams | Detail planned agenda items. <ul style="list-style-type: none"> <li>• Amended Modification</li> <li>• Consideration of Business Rules</li> <li>• Review of Impacts and Costs</li> <li>• Review of Relevant Objectives</li> <li>• Consideration of Wider Industry Impacts</li> <li>• Consideration of Legal Text</li> <li>• Development of Workgroup Report</li> </ul> |                 |       |               |
| <b>Action Table (as at 20 March 2023)</b> |                             |                 |   |                 |       |               |
| Action Ref                                | Meeting Date                | Minute Ref      | Action  | Reporting Month | Owner | Status Update |
| No actions outstanding                    |                             |                 |   |                 |       |               |

## UNC Workgroup 0841 Minutes

### Introduction of cost efficiency and transparency requirements for the CDSP Budget, and revisions to DSC change processes

Monday 20 March 2023

via Microsoft Teams

| Attendees   |       |                           |
|---|-------|---------------------------|
| Kate Elleman (Chair)  | (KE)  | Joint Office              |
| Helen Bennett (Secretary)   | (HB)  | Joint Office              |
| Andy Clasper  | (AC)  | Cadent                    |
| Ben Mulcahy   | (BM)  | Northern Gas Networks     |
| Charlotte Gilbert   | (CG)  | BU-UK                     |
| Clare Manning   | (CM)  | E.ON                      |
| David Mitchell  | (DM)  | SGN                       |
| Gregory Edwards   | (GE)  | Centrica                  |
| Helen Chandler  | (HCh) | Northern Gas Networks     |
| James Rigby   | (JRi) | CDSP                      |
| Jayne McGlone   | (JMc) | CDSP                      |
| Jenny Rawlinson   | (JR)  | BU-UK                     |
| Kathryn Adeseye   | (KA)  | CDSP                      |
| Kirsty Ingham   | (KI)  | Centrica                  |
| Oorlagh Chapman   | (OC)  | Centrica                  |
| Phil Lucas  | (PL)  | National Gas Transmission |
| Rebecca Hailes  | (RH)  | Joint Office              |
| Richard Pomroy  | (RP)  | Wales & West Utilities    |
| Sally Hardman   | (SH)  | SGN                       |
| Steve Mulinganie  | (SM)  | SEFE Energy Ltd           |
| Tracey Saunders   | (TS)  | Northern Gas Networks     |
| <p><i>The Workgroup Report is due to be presented at the UNC Modification Panel by 15 June 2023.</i></p> <p><i>This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.</i></p> <p><i>Please note these minutes do not replicate/include detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of all papers are available at: <a href="http://www.gasgovernance.co.uk/0841/200323">www.gasgovernance.co.uk/0841/200323</a></i></p> |       |                           |

#### 1.0 Outline of Modification

Oorlagh Chapman (OC) introduced the Modification and explained the proposal aims to improve the ability of UNC Parties to fulfil their obligation jointly to control and govern the CDSP on an economic and efficient basis (under UNC General Terms, Section D, 1.4.4), through the introduction of explicit requirements for efficiency, greater transparency of the Budget and revised governance processes.

To give Workgroup a full understanding of the Modification, OC and Gregory Edwards (GE) advised that Draft Legal Text has been provided ahead of this meeting and provided some context as to why the Modification has been raised.

GE explained it is proposed that changes to UNC, IGT UNC and DSC are required in order for the Budget to be more transparent and enable scrutiny by CDSP Customers, and for the Budget governance to be made more robust.

### Indicative Timeline

The suggested timeline aims to progress change to support the early stages of the CDSP planning cycle in the summer.

Amendments to the DSC Contract and Change Management Committee change processes should be implemented from the start of the new gas year on 01 Oct 2023, when new members take their seats:

|              |  |
|--------------|--|
| Mar 2023     | Modification formally raised for Panel meeting             |
| Mar-May 2023 | Workgroup development                                      |
| Jun 2023     | DMR & Consultation   |
| Jun 2023     | FMR & Panel decision                                       |
| Sep 2023     | Implementation of UNC change                               |
| Oct 2023     | Implementation of DSC governance changes for CoMC and ChMC |

GE proceeded to walk through the proposed conditions that are required to the following documents in order to make explicit the requirement that services are delivered efficiently; create a set of business plan rules and re-work the change processes so that anything contract/finance related is handled by the DSC Contract Management Committee and specify criteria for testing DSC change proposals:

- UNC;
- Budget & Charging Methodology;
- DSC Terms & Conditions;
- Change Management Procedures;
- Contract Management Arrangements;
- Credit Policy;
- Cost Allocation Methodology & Model; and
- Third Party & Additional Service Policy

**New Action 0301:** Centrica (GE/OC) to provide an overview, in the Solution, of the list of documents that the Modification is changing.

### Changes to the DSC governance: Proposed

Centrica is proposing a parallel change is set up within the Contract Arrangements, replicating the existing process in the Change Management Arrangements, this can be seen on slide 10 of the material that was presented to the UNC Panel when the Modification was introduced which can be found here: [Workgroup 0841 20 March 2023 | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#).

GE explained this proposal will make it clear that changes, that are currently overseen by Change Management Committee, do not just sit in the Change Management process but also Contract Management Arrangements, therefore the Contract Committee has a role to play.

Helen Chandler (HCh) asked, as she sits on both DSC Change and DSC Contract Committees, whether there will be duplicate information provided as she would prefer not to have to hear the same information twice. She also highlighted that there is a DSC Delivery Sub-Group, (which is a sub-group of DSC Change Management Committee), that debates the more detailed and technical subjects.

HCh said that this proposed change to DSC governance feels like it is taking away the decision making process within DSC Change Management Committee before it goes to the DSC Contract Management Committee. OC clarified that the technical changes would remain with DSC Change Management and contractual changes will go to DSC Contract Management to make a clearer distinction with no overlap and to ensure that Contract changes only go to DSC Contract Committee.

## Legal Text

GE advised that Draft Legal Text has been provided and published on the Joint Office website ([0841 - Introduction of cost efficiency and transparency requirements for the CDSP Budget, and revisions to DSC change processes | Joint Office of Gas Transporters \(gasgovernance.co.uk\)](#)) and provided a detailed walkthrough of the Legal Text changes which were shown in the mark-up.

The key changes were to the following sections:

### UNC – General Terms - Modification Rules

12.12 Interaction with DSC and CDSP

### UNC – General Terms

#### Section D – CDSP and UK Link

1.2.2 DSC Objectives (d) addition to the current objectives:

*(d) the costs incurred in the delivery of CDSP Services and the performance of Non-Service Functions should be efficient and economic.*

When the Panel Question ‘How is efficiency defined’ was highlighted Kirsty Ingham (KI) advised that efficient and efficiency are generally known terms and frequently used phrases throughout the UNC and other documents.

Richard Pomroy (RP) and Tracey Saunders (TS) noted that the Licence quotes efficiency:

*The licensee must, together with Relevant Gas Transporters, ensure that the UNC sets out;*

*c (i) jointly control and govern the CDSP on an economic and efficient basis;*

### Section 3 Data Service Contract

3.1.3 GE advised this change relates to existing terms and conditions.

When RP asked where the Contract Management Arrangements and Change Management Procedures sit in the hierarchy of documents, and does the Committee govern them, GE clarified that is what Centrica is proposing to change.

3.1.4 The CDSP Service Documents

Any change that affects charges, is designating these as service documents alongside the Budget and Charging Methodology.

JMc noted she would expect to see everything in paragraph c in paragraph b.

**New Action 0302:** Changes to 3.1.4 The CDSP Service Documents – CDSP (JMc/JRi) to provide an explanation why the proposed changes quoted in paragraph c would be more appropriately moved to paragraph b.

*(b) the Budget and Charging Methodology, Credit Policy, Contract Management Arrangements, Cost Allocation Methodology, and Cost Allocation Model may be amended in accordance with the provisions of the DSC Terms and Conditions and the Contract Management Arrangements; and*

*(c) the Change Management Procedures, CDSP Service Description and Third Party and Additional Services Policy may be amended in accordance with the provisions of the DSC Terms and Conditions and the Change Management Procedures*

RP noted that currently these only go to DSC Change out of courtesy and he agrees it should be DSC Contract rather than DSC Change.

Sally Hardman (SH) advised that Third Party and Additional Service should sit in DSC Contract. GE agreed to consider this along with paragraph 3.6.2 in 3.6 Contract Management Arrangements.

### 3.8 Cost Allocation Methodology & 3.9 Cost Allocation Model

OC highlighted that Centrica requested sight of the Cost Allocation Methodology and Cost Allocation Model in January 2023, JRi did send some overview documents over. OC explained that the actual documentation is required so that the correct change proposals can be applied to them.

**New Action 0303:** CDSP (JRi) will check and forward the appropriate documentation for the Cost Allocation Methodology and Cost Allocation Model.

This concluded the review of the Uniform Network Code changes.

### **Draft DSC Terms and Conditions**

GE provided a detailed walkthrough of the changes which were shown in mark-up which are similar to the proposed changes to UNC.

Workgroup had no comments to make.

### **Budget and Charging Methodology**

GE provided a detailed walkthrough of the changes which were shown in mark-up.

GE advised that a new Section 11 'Information' be included in the CDSP Budget which sets out the detailed requirements.

GE noted that this new section is asking for Xoserve to do nothing more than what it already does.

It was agreed that there is some cross referencing; more specific wording throughout this new section and that interaction with the Legal Text provider would be beneficial.

### **Credit Policy**

It was noted that currently changes to this document go through the DSC Change Management Committee even though DSC Credit is a subsidiary of the DSC Contract Management Committee.

This concluded the detailed walkthrough of the UNC, Draft DSC Terms and Conditions, Budget and Charging Methodology and the Credit Policy.

## **2.0 Initial Discussion**

### **2.1. Issues and Questions from Panel**

#### 2.1.1. How is efficiency defined?

This Panel question was addressed as part of the Draft Legal Text walkthrough.

#### 2.1.2. How does this Modification interact with the current Appeal and the Appeal process?

KE asked how this Modification interacts with the current Centrica Appeal, OC clarified that the Appeal process has been followed three times since 2021. Ofgem have not yet provided a decision and confirmed that the last time she spoke with Ofgem regarding the Appeal, they mentioned they wanted a Modification to be raised that would draw out the whole process.

JRi took the opportunity to advise Workgroup that the CDSP is about to procure a 3<sup>rd</sup> party to make proposals on how CDSP could demonstrate efficiency. Updates on this exercise are submitted to the DSC Contract Management Committee on a monthly basis.

KI clarified that part of the changes being proposed introduce benchmarking requirements into the DSC Terms and Conditions and should be part of customer practice going forward.

HCh added that the Efficiency Review and the timing of this Modification could be set in place at the same time and maybe work together.

## 2.2. Initial Representations

None received.

## 2.3. Terms of Reference

As matters have been referred from Panel a specific Terms of Reference has been published alongside the Modification at [www.gasgovernance.co.uk/0841](http://www.gasgovernance.co.uk/0841)

## 3.0 Next Steps

KE confirmed the next steps as being:

- Review of the Charging and Contract documents.
- Consider the cost of implementing this Modification - cost to processes/resources; CDSP systems and any ongoing costs?
- CDSP to provide questions on the changes proposed.
- Centrica to consider the amendments suggested by Workgroup.

RH noted, as Panel secretary, it may be difficult to bring this to Panel in June 2023 due to the work involved and that one full meeting will be required to review the Legal Text.

## 4.0 Any Other Business

None.

## 5.0 Diary Planning

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Workgroup meetings will take place as follows:

| Time / Date                   | Paper Publication Deadline    | Venue           | Workgroup Programme   |
|-------------------------------|-------------------------------|-----------------|---|
| 10:00 Monday<br>17 April 2023 | 5pm Thursday<br>06 April 2023 | Microsoft Teams | Detail planned agenda items. <ul style="list-style-type: none"><li>• Amended Modification.</li><li>• Review of the Charging and Contract documents.</li></ul> |

**Action Table (as at 20 March 2023)**

| <b>Action Ref</b> | <b>Meeting Date</b> | <b>Minute Ref</b> | <b>Action</b>  | <b>Reporting Month</b> | <b>Owner</b>     | <b>Status Update</b> |
|-------------------|---------------------|-------------------|--|------------------------|------------------|----------------------|
| <b>0301</b>       | 20/03/23            | 1.0               | Centrica (GE/OC) to provide an overview, in the Solution, of the list of documents that the Modification is changing   | April 2023             | Centrica (GE/OC) | <b>Pending</b>       |
| <b>0302</b>       | 20/03/23            | 1.0               | <i>Changes to 3.1.4 The CDSP Service Documents</i> – CDSP (JMc/JRi) to provide an explanation why the proposed changes quoted in paragraph c would be more appropriately moved to paragraph b. | April 2023             | CDSP (JMc/JRi)   | <b>Pending</b>       |
| <b>0303</b>       | 20/03/23            | 1.0               | CDSP (JRi) will check and forward the appropriate documentation for the Cost Allocation Methodology and Cost Allocation Model.   | April 2023             | CDSP (JRi)       | <b>Pending</b>       |