

# Governance Workstream Minutes

## Thursday 17 July 2008

### 350 Euston Road, London

#### Attendees

Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Chris Warner	(CWA)	National Grid UKD
Chris Hill	(CH)	RWE npower
Chris Wright	(CWR)	British Gas Trading
Joel Martin	(JMa)	Scotia Gas Networks
Jon Dixon	(JD)	Ofgem
Julian Majdanski	(JM)	Joint Office of Gas Transporters
Mark Feather	(MF)	Ofgem
Phil Broom	(PB)	Gaz de France
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Richard Fairholme	(RF)	EON UK
Stefan Leedham	(SL)	EDF Energy

#### 1.0 Introduction and Status Review

##### 1.1 Minutes from Previous Workstream

Accepted without amendment.

##### 1.2 Review of Actions

**Action GOV 11036: National Grid Distribution to develop a proposal for recovery of stranded costs.**

Ongoing, carried forward.

#### 2.0 Modification 0213 “Introduction of Users Pays Governance Arrangements into the UNC”

TD advised that further meetings could be arranged to discuss this Proposal if considered necessary to make progress. It was agreed to meet as planned on 21 August and review the timetable for further meetings at that stage.

#### 3.0 Topic 013GOV Industry Codes Governance Review

MF gave a presentation on behalf of Ofgem which covered the scope of the Review which has six key workstrands.

a) Strategic policy reform/self governance package.

MF detailed three paths for Code change. He explained that for Path 1, “Ofgem Policy Review”, transparent consultation should mean that there would be no surprises with the end decision.

RCH questioned the merit of this route because, where the Industry fundamentally disagrees with the end decision and the Panel fails to recommend implementation, it is open to Competition Commission appeal.

RF noted that there would need to be a change to Primary Legislation to make the Panel comply with an Ofgem direction to develop Proposals as currently this rested only on Transporters.

MF emphasised that he was presenting only the high level thoughts and that greater detail would be developed by the workstrand.

There was a discussion about the lack of customer involvement in UNC Panel meetings and whether this was because the Consumer Representative position on the Panel was a non-voting role. PB suggested that they may have greater involvement if they were given the ability to categorise Proposals as high or low customer impact.

b) Charging Methodologies.

MF detailed the range of options and explained that, as there was a balance of views, one possibility could be no change where the status quo is maintained.

c) Code Objectives.

MF advised that Ofgem would consult on whether the current objectives should be expanded to cover environmental impacts or whether there should be a new objective. He stressed that in light of Ofgem's recent guidance, Code Panels would in any event be expected to consider environmental impacts when assessing Proposals.

d) Role of Code Administrators and Panels.

MF explained that the Industry needs to carry out more extensive analysis and this could be expedited by the Code administrator if they were given sufficient resources. However Ofgem would continue to carry out Impact Assessments for important issues.

e) Addressing fragmentation and complexity.

MF considered that there should be greater alignment and commonality and the workstrand would consider best practice and convergence of governance models. Attendees thought there should be more consideration of the interaction between the various Codes.

f) Small participant initiatives.

MF proposed that there should be more Industry help and guidance to enable smaller companies to fully participate in the governance processes and explained that this may require funding.

#### **4.0 Any Other Business**

None

#### **5.0 Next Meeting**

21 August 2008, following the UNC Committee meeting.

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**Action Log – UNC Governance Workstream 17 July 2008**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GOV1036	07/07/2008	2.0	Develop a proposal for recovery of stranded costs	National Grid Distribution (AR)	Ongoing