

# Governance Workstream Minutes

## Thursday 15 May 2008

### 350 Euston Road, London

#### Attendees

Tim Davis (Chair) (TD) Joint Office  
 Alan Raper (AR) National Grid UKD  
 Clare Temperley (CT) Gas Forum  
 Chris Wright (CW) British Gas Trading  
 John Bradley (JB) Joint Office  
 Jon Dixon (JD) Ofgem  
 Richard Fairholme (RF) EON UK  
 Chris Logue (RH) National Grid NTS  
 Richard Street (RS) Corona Energy  
 Stefan Leedham (SL) EDF Energy  
 Simon Trivella (ST) Wales & West Utilities

#### 1.0 Introduction and Status Review

##### 1.1 Minutes from Previous Workstream

Were accepted without amendment.

##### 1.2 Review of Actions

#### **GOV 1033: JO to bring suggested formats for UNC Proposals and Reports to the May 2008 Panel Meeting**

JO had submitted suggested wording to the Panel

**Action Closed**

#### 2.0 Modification

##### 2.1 0213 “Introduction of User Pays Governance Arrangements into the UNC”

The Panel had submitted this Proposal to the Workstream for development and, in anticipation of this, a presentation had been prepared by SL. Turning to the Business Rules set-out in the presentation, SL clarified that square bracketed items indicated the need for further discussion.

ST asked whether the proformas were intended to stipulate a limited choice of options for charging. SL responded that this was one of the things he would wish to see debated in the Workstream. RS asked about services provided for Non-Code Parties. SL responded that he would be cautious about writing such services into the UNC.

ST outlined how xoserve costs are currently shared amongst Transporters and suggested that Users may find it helpful to agree principles, such as use of a set list of options, so that investment costs would be shared fairly. ST emphasised that this approach would not apply to transaction related costs but rather to upfront investment.

SL asked the Workstream whether the current sections of the standard modification process documents were suitable for inserting costs in support of a user pays Proposal. RS felt more was needed because up-front costs would be required. TD questioned whether only the charge is of interest to Users, not the breakdown behind its derivation. ST acknowledged this but believed there was value in determining up-front costs in the context of determining the cost and benefit of implementing Modification Proposals.

There was discussion in respect of the proposed timescale for providing cost estimates and, subject to further consideration, the Transporters generally supported the approach outline by SL.

AR suggested that the Governance Workstream might be better placed to review all user pays cost estimates rather than these being considered by the Transmission or Distribution Workstreams. There was a risk the Workstreams would get bogged down in the funding detail and this would prevent them fulfilling their prime roles. CW had concerns with this feeling people with the requisite skills and knowledge were more likely to be present at the Transmission and Distribution Workstreams.

RS wanted Users to be able to challenge the cost estimates. ST believed it would be appropriate to discuss costs and refine proposals to optimise value for money but believed that challenging the costs themselves might be a never-ending process. SL asked for the Transporters to provide details of how costs are currently apportioned between Transporters. ST agreed to this:

**Action: GOV 1034 ST to obtain and present details on how system development costs are apportioned amongst the Transporters.**

ST asked whether the Proposal envisaged Transporters proposing changes to the ACS to support alternative Proposals. SL confirmed that this was intended..

SL acknowledged that further discussion was needed on the cost of providing estimates and the linkage between Ofgem's approval of a Proposal and the associated ACS amendment would have to be carefully considered.

It was agreed that this Proposal would be discussed at the next Governance Workstream but, after that, the desirability of arranging additional meetings would be considered.

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

No progress to report.

### **4.0 Any Other Business**

None

### **5.0 Next Meeting**

19 June 2008, following the UNC Committee meeting.

**Action Log – UNC Governance Workstream 15 May 2008**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GOV1033	17/04/2008	4.0	Bring suggested formats for UNC Proposals and Reports to the May 2008 Panel Meeting	JO (TD)	Wording submitted to Panel <b>Closed</b>
GOV1034	15/05/2008	2.1	Obtain and present details on how system development costs are apportioned amongst the Transporters	Wales & West (ST)	