
UNC Workgroup 0565 Minutes
Central Data Service Provider: General framework and obligations
Tuesday 01 December 2015
31 Homer Road, Solihull, B91 3LT

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alex Ross-Shaw*	(ARS)	Northern Gas Networks
Andy Miller	(AM)	Xoserve
Angela Love*	(AL)	Scottish Power
Anne Jackson*	(AJ)	SSE
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
David Watson*	(DW)	Centrica
Edward Hunter	(EH)	RWE npower
Erika Melén	(EM)	Scotia Gas Networks
Hilary Chapman	(HCh)	Xoserve
Sean McGoldrick	(SMc)	National Grid NTS
Sue Hilbourne*	(SH)	Scotia Gas Networks

* *via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0565/011215>

The Workgroup Terms of Reference are due to be presented at the UNC Modification Panel by 21 January 2016.

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 October 2016.

1.0 Outline of Modification

CW introduced the modification and explained its aim to identify the framework, principal obligations and terms under which the Central Data Service Provider (CDSP) will operate under the UNC.

CW provided a presentation originally presented at the UNC Panel in November, which provided the background to Ofgem's review of the Xoserve Funding, Governance and Ownership (FGO) programme; a summary of the FGO's programme governance; developments and obligations of the Programme Overview Board (PoB); an extract of the proposed GT Draft Licence Conditions; the proposed UNC Framework and the objectives of the UNC Workgroup.

CW explained that the FGO programme manager, KPMG had produced a Programme Initiation Document (PID) and Programme Blueprint for the CDSP operating model.

CW confirmed there was a general consensus from the FGO programme that a UNC modification was required to develop and implement an appropriate framework for the proposed new GT Licence conditions and central governance.

CW summarised an extract of the proposed GT Draft Licence Conditions - Standard Special Condition A15A: Central Data Service Provider:

The licensee shall, together with the other relevant gas transporters, bring forward modifications to the uniform network changes so that the uniform network code sets out from the phase 2 implementation date:

- a) obligations on the licensee and other users of CDSP services (to the extent such other users of the CDSP services are bound by the uniform network code) to:
 - i. jointly control and govern the CDSP on an economic and efficient basis;
 - ii. use or procure the use of CDSP services and systems (together referred to as “CDSP services”), as set out in the uniform network code from the CDSP;
 - iii. enter into a service agreement with the CDSP (the “CDSP service agreement”) and to keep the CDSP service agreement under review to ensure it continues to comply with the relevant sections of the uniform network code; and
 - iv. pay for CDSP services used in accordance with the charging statement prepared by the CDSP (“the CDSP charging statement”);

CW clarified a complete licence has been circulated.

2.0 Initial Discussion

SMc believed that there was some further clarification required from Ofgem concerning the content of the licence changes, which are currently being considered, prior to these being issued to consultation.

DW enquired, once the Workgroup had got certainty on the four licence points for the UNC, is the intention to place the detail into UNC or outside the UNC through the use of the CDSP services. CW clarified that the Workgroup do need to consider what elements should be placed into the UNC and what would go into the CDSP agreement.

CW explained that National Grid are fully engaged with Dentons who are familiar with the requirements. He acknowledged there are still a number of questions that still need to be answered, however Dentons are willing to attend future meetings and provide the appropriate support and advice. CW highlighted there are a lot of legal drivers around this change as there are a lot of unknowns at the moment. CW explained that National Grid haven't got all the answers but there is enough to start assessing the framework to agree a basis to move forward.

AL asked what the Transporter/Ofgem concerns were with the proposed licence changes. CW explained most of the concerns were centred on the drafting style and the use of different terminology.

DW asked what the expected target date was for bottoming out the licence. SMc reported that the aim was for consultation in the New Year, however National Grid agreed to seek clarity on this matter.

Action 1201: National Grid (CW/SM) to clarify the expected target date for finalising the wording for the GT licence conditions.

CW summarised that the proposed UNC Framework needs to:

- be aligned to GT Licence conditions,
- have general provisions to include the CDSP and reflect CDS services,
- address process, governance and charging arrangements associated with the CDSP,
- contain an obligation for parties to sign onto and comply with the DSC
- address consequences of breach

He clarified that Code parties (GTs iGTs and Shipper Users) will be required to enter into a Data Services Contract (DSC) with the CDSP to deliver relevant services to them.

CW suggested the consequences might need to be in both the contracts, however the UNC would drive the contract.

AL asked about transparency and visibility of Denton's advice for the Workgroup. CW confirmed Denton's advice will be shared where possible and they will be present at meetings when the legal framework discussions require it. CB enquired about the transparency of questions and the responses for parties to understand how the advice relates. The Workgroup members were keen to see a log of questions/issues and answers and include Dentons at an early stage.

It was suggested that the Workgroup should consider the use of a log for all Questions/issues and Answers. See Action 1202.

CW explained that the objectives of the UNC Workgroup would be to develop detailed business rules leading to the production of legal text and commentary around the modification framework. The DSC contract will need to be developed as the modification assessment proceeds. He anticipated that the initial meetings would be centered on the development of issues and principles, which will drive UNC and DSC drafting.

2.1. Terms of Reference

BF explained that the UNC Panel had requested the Workgroup consider the Terms of Reference and provide a report back to Panel on 21 January 2016.

The Workgroup considered the draft Terms of Reference. CW clarified that the deliverable for the group is not the delivery of the DSC contract. This will be developed in parallel outside of the UNC Workgroup. SMC suggested the ambition would be to coordinate parallel considerations potentially on the same day if and where possible.

It was agreed that the objective of the Workgroup would be to ultimately align the UNC to the GT Licence conditions.

CB enquired about the approach for contracts and whether this would become a code reference document. CW suggested that this still needs to be considered along with how the DSC will be governed and subjected to change. He suggested there might be a need for some bespoke rules in the UNC or consideration of having the DSC governance arrangements within the DSC contract document itself.

AL confirmed the Workgroup would also need to understand how the SCR may impact the modification. AM clarified that although the faster switching SCR is not due for completion until 2018 it will impact the change of supplier process and therefore the services set out in the DSC and UNC.

DW enquired who will decide what goes into the UNC and what goes into the DSC, he was concerned how everything would fit together and who would have the level of control. BF confirmed that the UNC group would assess the changes required to the UNC. CW explained that the main concern is that the code has integrity in context of the existence of this new contract, what exists within the DSC will sit within the DSC workgroup. CW explained that the UNC is the prevailing contract. CW did not envisage fundamental changes to the way the UNC is written however, there will be a need to restructure of impacted sections of Code.

CW explained that there may be one exception with regards to Section U, the Workgroup will need to look at how Section U works with the CDSP as a significant amount of the detail is likely to transfer to the DSC.

AL suggested that Section V12 will need to be considered and how legal text for inflight modifications may also impact the UNC. AL requested that the impacts on all UNC parties is

considered along with accession and breaches. She also asked the Workgroup to consider and outline the co-ordination and impacts of other FGO related workgroups

The Terms of Reference were updated. It was agreed these would be submitted to the December UNC Panel.

SMc confirmed that he will be reporting back to the FGO Programme any appropriate updates from Workgroup 0565 but this should not prevent other parties feeding in comments to the FGO Programme.

AL asked when the DSC workgroup would be formed. AM confirmed that Xoserve are waiting to see how the 0565 Workgroup assessment initially progresses. He explained there a number of unanswered questions such as if the DCSP can make a profit. He explained a number of key points need to be established before the DSC can be developed, Xoserve will need certain principles to be established and understand the how the UNC is being developed before the detail of the DSC, to ensure everything aligns. AM reminded parties that the intention will be not to change fundamental processes just change which contract the process is reflected in and how they link together.

CB expressed concern about the potential delay of the DSC development, CB was keen to understand what are the decisions Ofgem have concerns with and what are the points particular parties simply don't like.

Action 1202: National Grid to provide the Workgroup a summary of the issues, risks, elements that have outstanding decisions to allow tracking and monitoring.

BF asked who will be coordinating and managing updates to the issue/risk log. It was suggested that the FGO Programme may wish to control this. However, AM preferred that a list is maintained by the 0565 Workgroup for the traceability of issues and risks. It was recognised there may be some overlaps between the UNC Workgroup and the FGO Programme. In light of this CW agreed initially to manage a risk/issue log.

2.2. Initial Representations

None received.

2.3. Issues and Questions from Panel

BF highlighted that currently the modification is very limited in the detail. CW recognised the modification still required a significant amount of work to establish the initial framework.

The Workgroup briefly considered the relevant objectives and how the modification would facilitate the relevant objectives.

DW suggested the modification needs to outline the benefits of making the change.

3.0 Next Steps

BF confirmed that the Terms of Reference would be provided to December Panel meeting.

The Workgroup considered what elements needed to be initially considered in January to ensure progress.

SMc was keen not to duplicate the work that the KMPG Workgroups are conducting or expand the scope of what they are doing.

It was agreed that priority would be to establish the scope of the UNC obligations. It was agreed that the January meeting should be used to understand what the fundamental changes are; what the approach would be for the legal drafting; and what changes to the UNC were anticipated.

It was agreed that National Grid would provide a high-level impact assessment on the current obligations and how they expect to change and an overview of the proposed Licence Change.

AL enquired whether the Workgroup ought to consider the options and possibilities of an alternate approach e.g. light or heavy UNC. AL believed there was a document produced by Dentons on the options available for the production of the DCSP and relevant contracts. CW understood this document outlined a number of options and what considerations would need to be made depending on the route taken. He suggested that the Workgroup is not distracted by assessing all the options as the paper did not provide a definitive comparison or recommendation on the options. AL confirmed her intention to review the discussion paper and provide an overview any feasible alternatives.

Action 1203: Scottish Power to examine the Dentons Discussion Paper published in October to consider if there is are any feasible alternative options to the route described in the current modification.

SMc suggested that meetings might need to be more frequent than the initially planned monthly meetings as the assessment progresses. It was agreed the frequency of meetings would be considered at the next meeting.

The Workgroup also considered the attendance and involvement of the smaller parties to keep them informed. SMc was keen to involve as many Shippers as possible to ensure there is a broader spectrum of input. CB was keen to include ICoSS, challenger shippers and iGTs.

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 will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Wednesday 06 January 2016	31 Homer Road, Solihull, B91 3LT	Proposed Licence Change Overview Scope of UNC obligations High Level impact Assessment (fundamental changes and approach to legal drafting) Risk / Issues Log Workplan for future meetings
10:30 Wednesday 03 February 2016	31 Homer Road, Solihull, B91 3LT	TBC
10:30 Wednesday 02 March 2016	31 Homer Road, Solihull, B91 3LT	TBC
10:30 Wednesday 06 April 2016	31 Homer Road, Solihull, B91 3LT	TBC
10:30 Wednesday 04 May 2016	31 Homer Road, Solihull, B91 3LT	TBC

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	01/12/15	2.0	National Grid (CW/SM) to clarify the expected target date for finalising the wording for the GT licence conditions.	National Grid (CW)	Pending
1202	01/12/15	2.1	National Grid to provide the Workgroup a summary of the issues, risks, elements that have outstanding decisions to allow tracking and monitoring.	National Grid (CW)	Pending
1203	01/12/15	3.0	Scottish Power to examine the Dentons Discussion Paper published in October to consider if there is any feasible alternative options to the route described in the current modification.	Scottish Power (AL)	Pending