

UNC Funding, Governance and Ownership (FGO) Workgroup Minutes

Monday 14 November 2016

at Dentons, One Fleet Street Place, London, EC4M 7RA

Attendees

Andrew Margan	(AMa)	British Gas
Andrew Meaden	(AMe)	Dentons
Andy Miller	(AMi)	Xoserve
Angela Love	(AL)	ScottishPower
Azeem Khan*	(AK)	RWE npower
Bob Fletcher (Chair)	(BF)	Joint Office
Carl Whitehouse*	(CWh)	First Utility
Caroline Powell	(CP)	British Gas
Charles Ruffell	(CR)	RWE
Charles Wood	(CWo)	Dentons
Chris Warner	(CWa)	National Grid Distribution
Clare Cantle-Jones	(CCJ)	SSE
Colette Baldwin	(CB)	E.ON
David Tennant	(DT)	Dentons
Karen Visgarda (Secretary)	(KV)	Joint Office
Michael Walls*	(MW)	ES Pipelines
Mike Leonard*	(ML)	Ofgem
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/fgowg/141116>

1. Introduction and Status Review

BF welcomed all to the meeting and explained that Modification 0565, was now at the consultation stage, so the 0565 Workgroup was now closed. He then overviewed the order of the agenda for the meeting.

1.1. Review of Minutes

The minutes from the meeting held 01 November 2016 were approved.

2. Licence Condition Update

CWa explained that there had been a number of changes to the licence drafting which was currently out at consultation. Paul Rogers had taken up with Ofgem and it was likely that these would be taken forward, as is. CWo overviewed the 'marked up' sections and explained that a number of amendments were required to the text to make it consistent with the revised licence drafting. He went through a list of changes including a change to the Trader Users definition. CB asked with regards to the budget, in relation to CDSP Services as described in Point 8 (c), that the scope had now clearly been narrowed from the original earlier version, and she wanted to know if this would cause an issue from an investment cost perspective and impact a customers option to appeal.

SMc said that the old previous version was far easier to understand and he too did not understand why it had been changed. CWo said that this would not create or cause any issues, however, both AMa and CP said that this wording no longer linked back to the Licence, Budget and Right to Appeal process, and CWa said that they needed to take that up with Ofgem and that he would request POB to consider the issue.

AMa also requested that the reference to User Pays in Point 8 (d) should be taken out. SH said that she felt Point 8 (e) (iii) regarding Gas Shippers and Gas Suppliers needed extending to encompass IGT's as they were competitive services and this should be reflected in the DSC relevant objectives, as this would then facilitate competition. CWo said that he did not think this was an issue from the wording perspective, as this was documented elsewhere in the DSC.

BF then asked ML why the scope had been changed and narrowed from its previous version. ML explained that the Licence changes were not meant in anyway to undermine the overall Change Process under the DSC. He further explained that the Licence did not mean to imply, that any change, could only be undertaken by a formal Code Modification, and he said this wording would be reviewed to try to eliminate any confusion. CWo said that anyone could make their own representations to Ofgem via the consultation process, flagging specific areas for clarification.

3. Questions and Answer related to Modifications 0565/A/B consultation

BF said that if anyone had any specific questions in relation to the Legal Text for these modifications, this was the time to raise these matters.

DT and CWo said prior to discussing any questions, they wanted to draw attention to a few final amendments in some of the documents. DT then provided a very brief overview of some of the minor changes.

AL wanted to know what the process was going to be with regards to informing people about the latest changes and in what sections. CWa and DT said that these changes would be documented in an updated 'Amendments/Corrections' sheet and would then be sent to the Joint Office, who would circulate these to the appropriate circulation lists.

New Action FGO 1101: National Grid Distribution (CWa) to produce an updated 'Amendments/Corrections Sheet' stating which documents had subsequently now been changed, clearly stating from which sections, for circulation via the Joint Office.

Credit Policy

DT said this document had only been altered very slightly regarding the wording of the Credit Committee. AL said she thought that the 'Committee' was going to be referred to as the 'Contract Management Committee' as a discussion had taken place previously as to how difficult it was to distinguish between the word 'Committee' and in which specific context. CWa said that this change in wording would be better addressed now, rather than changing it post Nexus. However, there is no intention to specifically name each individual Committee as the identity of each should be clear by the nature of the document it is referenced in. This example is an exception where the Contract Management Committee establishes the Credit Committee and therefore both Committees need to be identified by name.

A brief general discussion took place regarding the 'Articles of Association', and CP was concerned by the reference when this was not usually particularly as the articles were not available for discussion. AMi confirmed that the articles would be developed soon, however they were not for this agreement or workgroup. It was subsequently agreed that CWo would amend this section and remove the brackets and clarify the reference.

DT then overviewed the few changes in the Budget Charging Methodology document, specifically sections 9.4.1 and 9.4.2. in relation to the Charging Statement. CP asked if the definition of costs in this Charging Statement matched what was in the UNC? CWo said there had been a clear distinction made between 'cash costs and charging' and 'accountancy costs'.

DT then continued to draw attention to any other corrections or alterations in other documents.

AMa sought clarification in relation to a potential Data Breach and the opportunity to conduct an audit of Xoserve, he said this had been mentioned previously, yet he could not find any reference to this matter. CWo explained this area was covered in the Terms and Conditions Point 8.2 (e) and also in Point 2.5.7 in the Contract Management document.

CP wanted the Indemnity area re-confirmed and explained regarding consequential loss, as to what would be included and excluded accordingly. CWo talked through the various specific scenario's that would be addressed by the overall Indemnity clauses.

4. Review of Credit Rules

Not discussed at this meeting.

5. Review of outstanding actions

0565/0908: CWa National Grid Distribution to investigate whether the CDSP would act as an agent for Transporter when receiving an update to the C&D Store from a meter installer.

Update: CWa confirmed this had now been addressed in the legal text as to where the CDSP would act as Transporter Agency and so the action could now be closed. **Closed.**

0565/0909: CWa National Grid Distribution to reflect on the process regarding data flows and meter reading in reference to Modification 0455.

Update: CWa confirmed this had now been addressed in legal text in Section M (3.2) and so this action could now be closed. **Closed.**

0565/0910: CWa National Grid Distribution to look at the UK Link User Agreement in relation to what it requires existing Trader Users to sign up to.

Update: AMi confirmed the commercial arrangements with Trader Users are still to be developed and are not directly relevant to the 0565 development. It will be developed to align with the principles of 0565 and CDSP development e.g. no liabilities and will be further disused in POB, so the action could be closed. **Closed.**

0565/0911: CWa to arrange for a draft UK Link User Agreement to be made available for review.

Update: AMi confirmed the commercial arrangements with Trader Users are still to be developed and are not directly relevant to the 0565 development. It will be developed to align with the principles of 0565 and CDSP development e.g. no liabilities and will be further disused in POB, so the action could be closed. **Closed.**

0565/0912: Shippers to provide feedback regarding if they want this retained as a Transporter function.

Update: The Workgroup Report concluded this action. **Closed.**

0565/1001: Xoserve (MC) to publish the DSC Credit Rules by close of play on Friday 14 October 2016.

Update: Draft Credit Rules were published and available for meetings on 26 October and 01 November. **Closed.**

0565/1002: Xoserve (MC) to review the Credit Policy process, to provide clarity in respect of issuing the notice to the Transporters regarding a default.

Update: The Credit Policy was amended and republished. **Closed.**

0565/1003: National Grid Distribution (CWa) to discuss with MB the area of indebtedness and how this would be linked to the Charging Methodology in relation to contractual exposure.

Update: This matter was superseded by later discussions, and addressed in the legal text. **Closed.**

0565/1004: National Grid Distribution (CWa) to provide clarity regarding Service Lines and Agency Functions to ensure there clear identification of responsibility.

Update: The CDSP Service lines set out in the service descriptions spread sheet, this includes a tab for agency services, this action could then be closed. **Closed.**

0565/1005: National Grid Distribution (CWa) to add to the Issues Log that the UNC related or referenced documents need to be reviewed and updated based on the FGO regime.

Update: Recommendation included in the Workgroup Report requesting the activity to be allocated to the FGO Workgroup. **Closed.**

0565/1006: National Grid Distribution (CWa) to confirm the procedure if a User obtained and published confidential or sensitive information that was provided to it in error.

Update: The DSC does not provide a specific procedure for this situation and so this action could subsequently be closed. **Closed.**

0565/1007: Xoserve (AMi) to confirm if in the context of Performance Assurance if point 16.1.1 is a Direct Function and Agency Services.

Update: Confirmed as a direct service and included within the Service Description Table as such. **Closed.**

0565/1008: National Grid Distribution (CWa) to clarify relationship between UNCC and DESC and how their budget is set.

Update: UNCC and DESC have no budget responsibility and the CDSP will budget for activities undertaken on behalf of these committees. **Closed.**

0565/1009: Xoserve (MC) and (SG) to review the fee of £500.00 for the late invoice payment administration fee, with the view to reducing this figure.

Update: DSC agreement reviewed and amended with the reference to £500.00 removed. **Closed.**

0565/1010: Xoserve (MC) and (SG) to clarify the period of time allowed for an invoice dispute to be raised and whether the proposed 7 days could be extended.

Update: The dispute period was extended to 18 months. **Closed.**

0565/1011: National Grid Distribution (CWa) and Xoserve (SG) to look at the categories of data and clarify the position of IPR and licencing.

Update: This matter was superseded by later discussions, addressed in legal text. **Closed.**

0565/1012: National Grid Distribution (CWa) and Xoserve (SG) to confirm the wording regarding *Data Security and Protection* was 'future proofed' where possible.

Update: The wording used is compliant with the most recent changes to legislation. **Closed.**

0565/1013: National Grid Distribution (CWa) to investigate including an injunction clause into the Data Security and Protection section of the DSC Terms and Conditions.

Update: This matter was superseded by later discussions, addressed in legal text. This process is to be developed once the Committees are established. **Closed.**

0565/1014: National Grid Distribution (CWa) to confirm the rights and obligations against the DSC and how data quality issues should be reported to the PAC.

Update: This process is to be developed once the Committees are established. **Closed.**

0565/1015: National Grid Distribution (CWa) to investigate the indemnity issue, and the default reference in point DSC 12.5 (a) (ii) together with the liability under a contract under the CDSP and amend the wording to provide clarity.

Update: Dentons provided an overview of changes at 01 November meeting. **Closed.**

0565/1016: Xoserve (SG) to investigate what is the current reporting and frequency of reports presently produced for Business Continuity exercises.

Update: Under current arrangements there is no formal scheduled external reporting. Ad hoc updates as provided as required. The CMAs provide for an annual review to be discussed with the CoMC and quarterly reporting on preparedness. Any further requirements for future reporting are to be developed at the CoMC. **Closed.**

0565/1017: Xoserve (SG) to amend the wording DSC Contract Management Point 4.1.5. within the Contract Management Committee section, to read 'as soon as practicable' when considering the provision of audit reports.

Update: Completed and updated version provided at 01 November meeting. **Closed.**

0565/1018: National Grid Distribution (CWa) to clarify if the National Grid NTS Annual Customer Class Infrastructure Charge Base, as determined in 7.2.3, is based on the first calculation of the ACCICB or the adjusted ACCICB.

Update: 7.2.3 is now clear on this point within the Budget Charging Methodology document. **Closed.**

0565/1019: National Grid Distribution (CWA/CWo) to discuss with SG/CP suitable wording for sections 3.2.4 and 3.5.2 of the DSC Transitional Arrangements Document.

Update: This matter was superseded by later discussions, addressed in legal text. **Closed.**

0565/1020: National Grid Distribution (CWA) to clarify ASA termination provisions that would survive and what DSC arrangements/termination agreements will take their place.

Update: This matter was superseded by later discussions, addressed in legal text. **Closed.**

0565/1021: National Grid Distribution (CWA) to consider if any changes need to be made to section 6.1.5 of the DSC Transitional Arrangements document, when taking into account any incidental costs from any third party liability claims.

Update: This has been addressed in the text (as reviewed on 1.11.16) **Closed.**

0565/1022: National Grid Distribution (CWA) to clarify how any post implementation Nexus costs are ring-fenced to Transporters.

Update: Reflected in DSC Transition Document Point 7.1.3 (a) and 7.2.1. **Closed.**

0565/1023: National Grid Distribution (CWA) to update wording to clarify that the Priority Principles in section 4.5 of the Change Management Procedures are not a hierarchy.

Update: Change management was updated to and presented at 01 November meeting. **Closed.**

0565/1024: Xoserve (DTu) to determine the notice periods to be provided in section 5.3 of the DSC Change Management Procedures.

Update: Completed and included within the Change Management Procedures. This has been addressed in the text (as reviewed on 1.11.16). **Closed.**

0565/1025: National Grid Distribution (CWA) to re-word section 1.3 CDSP Services clause in relation to Shipper input.

Update: This has been addressed in the text (as reviewed on 1.11.16) **Closed.**

New Action FGO 1102: Xoserve (AMi) to consider how to make Trader User Agreement text available to form part of the 0565 consultation. (This action was raised following the closure of actions 0565/0910 & 0565/0911).

6. Pre Modification discussion post Nexus FGO

CWA overviewed the content of the post Nexus FGO UNC modification, and explained the Solution and the areas to be addressed by this modification.

SMc once again raised the issue surrounding Quoracy for the Change Committee Meetings where these related to a restricted class issue and that it was not anticipated that NTS would need to arrange possibly several meeting each month to undertake the tasks it currently did without the need for a meeting. He reiterated the fact that a decision could not be made unless a meeting was quorate. He said this was unacceptable with regards to the Gemini processes, as this was a restricted class change, and that there needed to be an exception, as he did not want to see these changes being hindered due to quoracy issues, when the missing parties would not have a vote on the change.

He further explained that currently, Gemini changes were made and actioned as and when required, and that these could not be delayed or postponed due to a lack of quoracy at any particular Change Committee meeting. He then said these changes were required in a very timely manner to ensure the system was kept whole – by and large these changes did not involve other parties or their systems. He said that the Restricted Class and Gemini changes should be excluded from this change process and was keen to understand how this would be addressed.

A lengthy general discussion took place and it was agreed that it was not appropriate to include this matter in the post Nexus FGO Modification and SMC should draft a modification for consideration at the next meeting on 06 January 2017, SMC agreed he would work on the modification to present it at that meeting.

7. Workplan

CWa confirmed he would discuss the Workplan in the POB meeting on Friday 18 November 2016.

8. Risks and Issues

CWa he would discuss the Risks and Issues in the POB meeting on Friday 18 November 2016.

9. Any Other Business

None raised.

10. 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 Friday 06 January 2017	Dentons, One Fleet Street Place, London, EC4M 7RA	FGO Workgroup <ul style="list-style-type: none"> • Modification: Central Data Services Provider – Arrangements from implementation of Project Nexus • Overview of Draft Modification to address Quoracy area • Review of outstanding actions
10.30 Monday 16 January 2017	Dentons, One Fleet Street Place, London, EC4M 7RA	FGO Workgroup <ul style="list-style-type: none"> • Modification: Central Data Services Provider – Arrangements from implementation of Project Nexus • Review UNC Related Documents
10.30 Tuesday 31 January 2017	Dentons, One Fleet Street Place, London, EC4M 7RA	FGO Workgroup <ul style="list-style-type: none"> • TBC
10.30 07 February 2017	Dentons, One Fleet Street Place, London, EC4M 7RA	FGO Workgroup <ul style="list-style-type: none"> • TBC

Workgroup 0565 (as at 14 November 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0565/0908	29/09/16	2.0	CWa National Grid Distribution to investigate whether the CDSP would act as an agent for Transporter when receiving an update to the C&D Store from a meter installer.	National Grid Distribution (CWa)	Closed
0565/0909	29/09/16	2.0	CWa National Grid Distribution to reflect on the process regarding data flows and meter reading in reference to Modification 0455.	National Grid Distribution (CWa)	Closed
0565/0910	29/09/16	2.0	CWa National Grid Distribution to look at the UK Link User Agreement in relation to what it requires existing Trader Users to sign up to.	National Grid Distribution (CWa)	Closed
0565/0911	29/09/16	2.0	CWa to arrange for a draft UK Link User Agreement to be made available for review.	National Grid Distribution (CWa)	Closed
0565/0912	29/09/16	2.0	Shippers to provide feedback regarding if they want this retained as a Transporter function	All Shippers	Closed
0565/1001	03/10/16	2.0	Xoserve (MC) to publish the DSC Credit Rules by close of play on Friday 14 October 2016.	Xoserve (MC)	Closed
0565/1002	03/10/16	2.0	Xoserve (MC) to review the Credit Policy process, to provide clarity in respect of issuing the notice to the Transporters regarding a default.	Xoserve (MC)	Closed
0565/1003	03/10/16	2.0	National Grid Distribution (CWa) to discuss with MB the area of indebtedness and how this would be linked to the Charging Methodology in relation to contractual exposure.	National Grid Distribution (CWa)	Closed
0565/1004	11/10/16	3.0	National Grid Distribution (CWa) to provide clarity regarding Service Lines and Agency Functions to ensure there clear identification of responsibility.	National Grid Distribution (CWa)	Closed

0565/1005	11/10/16	3.0	National Grid Distribution (CWa) to add to the Issues Log that the UNC related or referenced documents need to be reviewed and updated based on the FGO regime.	National Grid Distribution (CWa)	Closed
0565/1006	11/10/16	3.0	National Grid Distribution (CWa) to confirm the procedure if a User obtained and published confidential or sensitive information that was provided to it in error.	National Grid Distribution (CWa)	Closed
0565/1007	11/10/16	3.0	Xoserve (AMi) to confirm if in the context of Performance Assurance if point 16.1.1 is a Direct Function and Agency Services.	Xoserve (AMi)	Closed
0565/1008	14/10/16	2.0	National Grid Distribution (CWa) to clarify relationship between UNCC and DESC and how their budget is set.	National Grid Distribution (CWa)	Closed
0565/1009	17/10/16	3.0	Xoserve (MC) and (SG) to review the fee of £500.00 for the late invoice payment administration fee, with the view to reducing this figure.	Xoserve (MC) & (SG)	Closed
0565/1010	17/10/16	3.0	Xoserve (MC) and (SG) to clarify the period of time allowed for an invoice dispute to be raised and whether the proposed 7 days could be extended.	Xoserve (MC) & (SG)	Closed
0565/1011	17/10/16	3.0	National Grid Distribution (CWa) and Xoserve (SG) to look at the categories of data and clarify the position of IPR and licencing.	National Grid Distribution (CWa) & Xoserve (SG)	Closed
0565/1012	17/10/16	3.0	National Grid Distribution (CWa) and Xoserve (SG) to confirm the wording regarding <i>Data Security and Protection</i> was 'future proofed' where possible.	National Grid Distribution (CWa) & Xoserve (SG)	Closed
0565/1013	17/10/16	3.0	National Grid Distribution (CWa) to investigate including an injunction clause into the Data Security and Protection section of the DSC Terms and Conditions.	National Grid Distribution (CWa)	Closed
0565/1014	17/10/16	3.0	National Grid Distribution (CWa) to confirm the rights and obligations against the DSC and how data quality issues should be reported to the PAC.	National Grid Distribution (CWa)	Closed

0565/1015	17/10/16	3.0	National Grid Distribution (CWa) to investigate the indemnity issue, and the default reference in point DSC 12.5 (a) (ii) together with the liability under a contract under the CDSP and amend the wording to provide clarity.	National Grid Distribution (CWa)	Closed
0565/1016	17/10/16	5.0	Xoserve (SG) to investigate what is the current reporting and frequency of reports presently produced for Business Continuity exercises.	Xoserve (SG)	Closed
0565/1017	17/10/16	5.0	Xoserve (SG) to amend the wording DSC Contract Management Point 4.1.5. within the Contract Management Committee section, to read 'as soon as practicable' when considering the provision of audit reports.	Xoserve (SG)	Closed
0565/1018	18/10/16	2.0	National Grid Distribution (CWa) to clarify if the National Grid NTS Annual Customer Class Infrastructure Charge Base, as determined in 7.2.3, is based on the first calculation of the ACCICB or the adjusted ACCICB.	National Grid Distribution (CWa)	Closed
0565/1019	18/10/16	3.0	National Grid Distribution (CWa/CWo) to meet with SG/CP discuss suitable wording for sections 3.2.4 and 3.5.2 of the DSC Transitional Arrangements Document.	National Grid Distribution (CWa/CWo)	Closed
0565/1020	18/10/16	3.0	National Grid Distribution (CWa) to clarify ASA termination provisions that would survive and what DSC arrangements/termination agreements will take their place.	National Grid Distribution (CWa)	Closed
0565/1021	18/10/16	3.0	National Grid Distribution (CWa/CWo) to consider if any changes need to be made to section 6.1.5 of the DSC Transitional Arrangements document, when taking into account any incidental costs from any third party liability claims.	National Grid Distribution (CWa/CWo)	Closed
0565/1022	18/10/16	3.0	National Grid Distribution (CWa) to clarify how any post implementation Nexus costs are ring-fenced to Transporters.	National Grid Distribution (CWa)	Closed
0565/1023	18/10/16	4.0	National Grid Distribution (CWa) to update wording to clarify that the Priority Principles in section 4.5 of the Change Management Procedures are not a	National Grid Distribution	Closed

			hierarchy.	(CWA)	
0565/1024	18/10/16	4.0	Xoserve (DTu) to determine the notice periods to be provided in section 5.3 of the DSC Change Management Procedures.	Xoserve (DTu)	Closed
0565/1025	26/10/16	2.0	National Grid Distribution (CWA) to re-word section 1.3 CDSP Services clause in relation to Shipper input.	National Grid Distribution	Closed
FGO1101	14/11/16	3.0	National Grid Distribution (CWA) to produce an updated 'Amendments/Corrections Sheet' stating which documents had subsequently now been changed, clearly stating from which sections, for circulation via the Joint Office.	National Grid Distribution (CWA)	Pending
FGO1102	14/11/16	5.0	Xoserve (AMi) to consider how to make Trader User Agreement text available to form part of the 0565 consultation. (<i>This action was raised following the closure of actions 0565/0910 & 0565/0911</i>).	Xoserve (AMi)	Pending