

Governance Workgroup Minutes

Thursday 17 October 2013

ENA, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Abid Sheikh	(AS)	Ofgem
Alan Raper	(ARa)	National Grid Distribution
Amanda Rooney	(ARo)	Ofgem
Andrew Green	(AG)	Total
Chris Warner	(CWA)	National Grid Distribution
Chris Wright	(CWr)	Centrica
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	WatersWye
Hilary Chapman	(HC)	Xoserve
Joanna Ferguson	(JF)	Northern Gas Networks
Les Jenkins	(LJ)	National Grid NTS
Phil Broom	(PM)	GDF Suez
Richard Fairholme	(RF)	E.ON UK
Ritchard Hewitt	(RH)	National Grid NTS
Rob Johnson	(RJ)	WINGAS
Sean McGoldrick	(SMc)	National Grid NTS
Steve Edwards	(SE)	Wales & West Utilities
Steve Mulinganie	(SM)	Gazprom

1.0 Introduction and Status Review

- 1.1 The minutes from the previous meeting were approved.
- 1.2 There were no outstanding actions to review.

2.0 Workgroups

2.1 Modification 0448 - Aligning UNC with Licence Conditions relating to European legislative change and Alternative Modification Proposals

The minutes are available at: www.gasgovernance.co.uk/0448/171013

2.2 Modification 0462 - Introducing Fast Track Self Governance into the Uniform Network Code

The minutes are available at: www.gasgovernance.co.uk/0462/171013

3.0 Issues

3.1 ISS 0034 - Review Group 0334 – Action Plan

Pending the outcome of the Xoserve review, there were no further updates.

3.2 ISS 0053 Options for the provision of legal text

SM provided a presentation explaining regarding the provision of legal text and the sort of changes Gazprom were thinking of proposing. In particular, they wished to address the quality, consistency and timing of legal text and the provision of a plain English summary, which clearly explains how the business rules have been converted into legal text.

RH asked if the option of central provision of text would still allow proposers to provide their own text. SM confirmed it would not prevent this. PB asked how consents would be addressed, would it be through central provision SM confirmed it would, though it would be hoped there would be fewer reasons to do so.

CWa was concerned about the current costs for the provision of text - numerous versions of text are discarded as modifications are updated or are not implemented. SM agreed that waste and inefficiency should be added to the issues to be discussed.

CWa wanted all proposers to understand that there is a consequence to them raising modifications and that text should be considered in a similar way to systems changes – users should pay for the work involved. GE suggested that in a similar way where proposers can approach Xoserve for a view on the potential impacts of a modification, it would be useful to be able to approach lawyers in advance to get a view of the work involved to draft the text for a modification and the level of detail required in the business rules. If very difficult, this may dissuade the raising of modifications. SM was concerned about placing the cost of legal resources on the proposer, as there were very few modifications which impact one proposer.

SE suggested that the Solution should be the amended legal text and not just the idea. PB was concerned that this may be too early in the process, as it may prevent parties bringing good ideas or issues to the table where they may be seeking ways or views on how to resolve the problem. GE was also concerned that text driving a proposal may exclude smaller participants as they may not be able to afford the legal resources required to draft the necessary text.

JF would like to see the business rules separated between i) what is required for legal obligations and ii) operational guidelines so that it would inform the lawyer what they needed to focus on.

SE was concerned that the text is not always the problem and the solution is not clear enough to drive the production of text. GE agreed in part, but felt that the production of text and how each transporter approached its production is inconsistent.

SE asked if would be worth reviewing the current costs of the provision of text so that parties understand the scale. SM agreed that it would be worth knowing the typical spend on legal costs each year. GE clarified that legal representative does not mean an expensive external lawyer, the person should be of the required knowledge and ability for the task they were undertaking

Options being considered by SM are – i) transfer responsibility to a central provider and associated guidelines or ii) develop guidelines and existing text provision – he favored option ii) at this stage. SE asked if the options need to be modifications or whether a voluntary code would work, together with clarification of the existing rules as necessary. ARa asked if heads of terms could be developed first to inform the discussion.

TD felt that a guidelines based approach could work for typical modifications but a standard approach may not be efficient for the extremes e.g. major work activities such as Project Nexus or those where no text is required e.g. changes to the CSEP NExA.

ARa agreed with a number of the points raised in the presentation. However, he was concerned that the Transporters were receiving undue criticism for issues outside of their control because modifications have not been sufficiently developed.

ARo explained the DCUSA process where the Workstream chair manages the provision of text and discusses the questions raised by the Workstream directly with the lawyer. GE felt it should be possible for the proposer to talk directly with the lawyer. ARa was concerned there may be a conflict of interest as the proposer is not the client in these circumstances.

SMc suggested that the review might include the option of the Joint Office and legal resources being incorporated into Xoserve so that all the activities are held under one roof – this would be similar to the way BSC operate. SMc was not in favour of developing guidelines as he felt that the strategic intent would not be satisfied when the world was going to change at some point in the near future following conclusion of the FGO. SM was still in favour of continuing with the guidelines, believing the work would not be put aside should Xoserve be developed along the Elexon model. EM thought it would be useful to agree funding as it might inform a preferred option.

Additional issues for further discussion:

Waste and inefficiency;
Separation of business rules by legal obligations and process requirements;
Cost of provision – current and future;
Heads of terms;
FGO review.

ACTION GOV/1001: SM to draft example guidelines and a meeting would be arranged to discuss them once they were available.

ACTION GOV1002: ARa to provide a user pays style option for the provision of text.

4.0 Any Other Business

None raised

Diary Planning for Workgroup

The next meetings are planned for Thursday 31 October 2013, at the ENA (London); and Thursday 21 November 2013, at the ENA (London), following the UNC Committee meeting.

Action Table – Governance Workgroup

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
GOV/1001	17/10/13	3.2	Draft example guidelines and a meeting would arranged to discuss them once they were available	Gazprom (SM)	Pending
GOV/1002	17/10/13	3.2	Provide a user pays style option for the provision of text	National Grid Distribution (ARa)	Pending