

Representation - Draft Modification Report UNC 0674

Performance Assurance Techniques and Controls

Responses invited by: 5pm on 24 May 2021

To: enquiries@gasgovernance.co.uk

Please note submission of your representation confirms your consent for publication/circulation.

Representative:	Sally Hardman
Organisation:	Scotland Gas Networks and Southern Gas Networks
Date of Representation:	24 th May 2021
Support or oppose implementation?	Comments
Relevant Objective:	<p>d) Positive</p> <p>f) Negative</p>

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

SGN supports the intent of Modification 0674 to facilitate the implementation of a robust framework for the Performance Assurance Committee (PAC) to utilise and ultimately improve its duties in relation to the settlement of gas.

However, we have some concerns regarding the solution as proposed in the modification, specifically in relation to the status and autonomy of PAC as a UNC sub-committee and the transparency and accountability this provides the industry.

As written in the modification, there are conflicting references to the status of PAC, specifically in relation to its autonomy and sub-committee status under UNC. The proposer indicates that PAC will no longer be accountable to UNCC however on multiple occasions references its obligations as a sub-committee.

The modification uses the industry model set out for the committees under the Data Services Contract (DSC) which, although independent of UNCC, are constrained by UNC General Terms D. DSC Committees do not have the ability to unilaterally change those powers, and there is a degree of transparency through the publishing of meeting minutes

However, this modification proposes to provide full autonomy to PAC, removing its status as a UNC sub-committee and maintaining the closed status of the meetings and minutes. This is a deviation from the DSC model.

While SGN supports the intention that PAC is unfettered in its empowerment to act in the best interests of the industry, including placing Performance Assurance Techniques upon participants where required, it is not appropriate for a committee to be fully

autonomous from a governance structure and also maintain a closed status. In addition, we have highlighted our concerns with the legal text.

Implementation: *What lead-time do you wish to see prior to implementation and why?*

We support the proposed 3 months between Authority approval and implementation as this will provide sufficient period to communicate the changes to impacted industry parties.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

None identified at this time however could ultimately impact UNC party contracts with third parties.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

We do not believe the legal text in its present form delivers the intent of Business Rule 2a as it would implement an overarching obligation on UNC Panel and UNCC which may be contrary to parties other obligations.

In addition, the legal text does not reflect Business Rule 5e. Proceedings of PAC Committee meetings which states *“The meeting will be quorate where there are at least four Shipper User PAC Members and two Transporters (DNO and/or IGT) PAC Members present with a minimum of six PAC Members in attendance. For the avoidance of doubt Alternates do not count towards quoracy (as per Mod Panel)”*. The legal text reflects the Mod Panel rules as they stand which are contrary to Business Rule 5e.

Modification Panel Members have requested that the following questions / considerations are addressed:

Q1: Provide a view on whether respondents think it is appropriate to impact non-UNC parties with this proposal?

SGN believe that the UNC is unable to impose obligations on third parties who are not directly party or subject to UNC rules.

Q2: Consider impact of proposal for the overarching principle to apply to Modification Panel, UNCC, Sub Committees and Parties as set out in business rule 2a.

Based on our response in relation the Legal text SGN believes that Business Rule 2a. seeks to place the PAC obligation beyond that of UNC, specifically where these may satisfy a Licence obligation.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

Nothing to add.

Please provide below any additional analysis or information to support your representation

SGN believe that with further workgroup development the items highlighted within our response could be resolved.