

## Governance Workstream Minutes

Thursday 15 April 2010

350 Euston Road, London

### Attendees

Tim Davis (Chair)	TD	Joint Office
John Bradley (Secretary)	JBr	Joint Office
Alan Raper	AR	National Grid Distribution
Chris Wright	CW	British Gas
Gareth Evans	GE	WatersWye
Jenny Boothe	JBo	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
John Stewart	JS	RWE Npower
Phil Broom	PB	GDF Suez
Richard Hall	RHa	Consumer Focus
Ritchard Hewitt	RHe	National Grid NTS
Shelly Rouse	SR	Statoil
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

### 1.0 Introduction and Status Review

TD welcomed attendees to the meeting.

#### 1.1. Minutes from Previous Workstreams

The minutes of the Workstreams held on 18 March and 30 March 2010 were approved without amendment.

#### 1.2. Review of Actions

**GOV1047** Amend the draft guidelines document based on comments received for presentation to the Governance Workstream.

**Update:** ST advised that these were still in progress.

**Carried Forward**

**GOV1048** Provide a view on the possibility of adopting a process for a cost pass through mechanism for marginal User Pays charges.

**Update:** JBo advised that Ofgem is still considering the possibility of a pass through mechanism and will be making a Workstream presentation on this.

**Carried Forward**

**GOV1049** National Grid NTS to consider the comments received and amend UNC 0281.

**Update:** RH advised the amendments were still being considered, which he hoped would be complete prior to the next meeting.

**Carried Forward**

**GOV0150** WatersWye to present views on panel constitution and voting

**Update: In advance of the meeting,** GE had requested that this be carried forward.

**Carried Forward**

### 2.0 Modifications

#### 2.1. Review Proposal 0267 - Review of UNC Governance Arrangements

JBo was invited by the Workstream to summarise the major points from the recently published Final proposals document.

JBo outlined the revised process for Significant Code Review items under which the licensee would be required to raise any consequent Code Modifications. The licensee would not be required to support the Modification and any decision would be subject to the existing rules on Competition Commission Appeal. She then identified that use of system charges would fall under the remit of the Codes.

On the role of the Code Administrators, Ofgem are consulting on whether the Code of Practice is fit for purpose. In the context of self-governance, independent Panel Chairmanship and consumer representation have been addressed in the Final Proposals.

A licence drafting “page turning” session is booked for 23 April 2010. The licences will set the baseline for the change and become effective on 01 November 2010, allowing time for various Code Modifications to be implemented. Until then, the current licence arrangements will apply, including Pricing Methodology changes.

SL asked whether there were any thoughts of also incorporating the ACS change process in the UNC. The response was that neither Ofgem nor the Transporters were proposing any change to governance.

TD indicated that he had been preparing a mark-up of the current Modification Rules to conform with the Final Proposals and Code of Practice.

CW also identified that British Gas Trading intended raising a Governance Modification. This would address the balance of Shipper representation on the Modification Panel, notably identifying I&C and Domestic Shipper Representatives separately. Also this was likely to propose that the election process for Shipper Representatives be brought within the UNC, with the processes managed by the Joint Office. The pros and cons of raising piecemeal Modification Proposals, rather than a single one to implement the Final proposals, were discussed.

It was agreed that an additional Governance Workstream should be held on 07 May 2010 to consider the changes needed to the Modification Rules in order to comply with Ofgem’s Final Proposals, including the Code of practice.

TD then went through the Proposal 0267 issues matrix highlighting the areas that might usefully be discussed on 07 May. He drew the meeting’s attention to Ofgem’s revised definition of small parties, which would be based on those with limited resources. Also Ofgem would only be able to send back Modifications, not call them in. Detailed reasons for Panel decisions will have to be included within the Final Modification Reports – not just in the Panel minutes. These reasons will have to be based on the relevant objectives. In respect of the Chairman’s casting vote, ST noted that the licence drafting states “vote” not “casting vote” and suggested there was a potential contradiction there. JBo suggested that ST raise this as part of the licence consultation.

The Workstream then proceeded to discuss a number of issues raised in the matrix, including experience of alternative proposals in various codes. There will be a requirement for cost information to be included in all Modification reports – not just for User Pays Proposals and to include all costs, not just those of the Transporters/Code Administrators. Views on the practicality of this were expressed.

### **3.0 Topics**

None

### **4.0 Any Other Business**

None raised.

### **5.0 Next Meetings**

07 May 2010

20 May 2010, following the UNC Committee meeting.

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<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GOV1047	21/01/10	3.2.1	Amend the draft guidelines document based on comments received for presentation to the Governance Workstream.	National Grid NTS (RH)	Carried Forward
GOV1048	21/01/10	3.2.2	Provide a view on the possibility of adopting a process for a cost pass through mechanism for marginal User Pays charges.	Ofgem (JB)	Carried Forward
GOV1049	18/02/10	2.3	National Grid NTS to consider the comments received and amend UNC 0281.	National Grid NTS (RH)	Carried Forward
GOV1050	30/03/10	2.1	Present views on panel constitution and voting	Waters Wye (GE)	Carried Forward