

Minutes Review Group 0334
Post Implementation Review of Central Systems Funding and
Governance Arrangements

Tuesday 09 March 2011

at National Grid, 31 Homer Road, Solihull.

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Andy Miller	(AM)	Xoserve
Gareth Evans	(GE)	Waters Wye
Graham Frankland	(GF)	Xoserve
Joel Martin	(JM)	Scotia Gas Networks
Jon Dixon*	(JD)	Ofgem
Jonathan Wisdom	(JW)	RWE npower
Martin Brandt	(MB)	SSE
Sean M ^c Goldrick	(SMc)	National Grid NTS
Simon Trivella	(ST)	Wales & West Utilities
Tim Davis	(TD)	Joint Office
Tom Connolly	(TC)	Scottish Power

* *by teleconference*

1. Introduction

1.1. Minutes from the previous meeting

The minutes of the previous meeting were approved.

1.2. Review of Action from the previous meeting

RG0334 011: Xoserve (GF) to prepare a Non Code overview presentation for consideration at the next meeting.

Update: Complete. **Closed**

RG0334 012: Transporters to provide suggestions on how best to manage aspects of the Non Code processes going forward.

Update: Transporters provided comments during the Xoserve presentation (see below). **Closed**

RG0334 013: Joint Office (BF) to provide a link to the examples provided in a previous WWU presentation on this matter whilst capturing the salient points within the draft review group report.

Update: Complete. **Closed**

RG0334 014: Joint Office (MiB) to add an agenda item for consideration of the Codes of Practice impacts at the next meeting.

Update: Complete. **Closed**

RG0334 015: All parties to identify any additional and specific issues/concerns that they may wish to be included within the draft review group report, in time for consideration at the next meeting.

Update: All comments received have been incorporated, but it was agreed that further comments would be welcome. **Carried Forward**

2. Review Group Discussions

All materials for this meeting are available at www.gasgovernance.co.uk/0334/090311.

2.1. Review of Non-Code Services

GF presented on behalf of Xoserve, explaining the existing process and the background to its development. Thoughts were also provided on what is working well and not so well under this framework.

MB sought confirmation as to how many parties had not yet signed the contract for non-code services, and GF confirmed that a significant number of parties had not signed. However, non-signatories continued to use and pay for the services, and it is likely that deemed contracts now exist. MB remained concerned that the number of non-signatories could exceed signatories participating in User Pays discussions.

JD was asked whether Ofgem had a view on the arrangements for these non-code services being brought back within the scope of the UNC. While JD could see the advantages of avoiding dual governance, he did not see a move into the UNC as necessarily appropriate. While reconsidering the process in terms of its effectiveness and value for money was merited, leaving services that are not transportation related outside the UNC felt appropriate.

ST suggested that non-code User Pays services might be appropriately governed through the UNC. Looking at the services currently funded through this route, it was not clear that they are significantly different to other services or offer significant choice for Shippers, and almost all are provided exclusively for Shippers. IAD had been moved to SPAA and it would not seem immediately appropriate for that to be returned to the UNC. However, issues remained around SPAA and its signatories. These could be overcome by including the service within the UNC and it should be possible for a wide range of parties to access the services rather than simply Shippers – for example, as recognised third parties.

JD remained concerned to avoid any retrograde step and to ensure that the foundations remained in place to deal with potential future changes to industry structures. For example, it was envisaged that Xoserve could provide services through this route to non-code parties, and there may be additional or different service providers in future who could adopt the existing governance route. GF added that Xoserve does provide services to non-code parties although not through this process.

While having sympathy with JD, GE supported ST's suggestion that these services might be best if governed through the UNC rather than the existing non-code services contract. This would seem to be the most efficient approach, and was potentially supported by the introduction of self-governance which is likely to cover the kind of issues being raised regarding non-code user pays services.

MB emphasised that governance and change needs to be joined up such that costs are considered at the same time as the service – at times changes were discussed, such as in the UK Link Committee, without knowing what the cost implications are.

There was consensus that returning non-code services to the UNC was the best option at present. The Transporters anticipate taking this forward given that the Review Group concludes this is appropriate.

ST suggested future governance of the ACS should also be considered in the context of both code and non-code user-pays services. It was agreed that the Transporters and/or their agent would provide a brief overview of the ACS and its change process for the next meeting. JD acknowledged that there is an issue that modifications and the ACS are not signed off together, and the change process is less transparent than the UNC modification process. Making funding a fundamental part of the decision itself would seem beneficial. A change of governance would also be consistent with the move of charging methodology governance from the Licence to the UNC.

Action RG0334 016: Transporters to present an overview of the ACS and its change process

2.2. Wider Ranging Changes

GE asked whether there was sufficient detail in these areas within the Report. JD responded that additional development of the options would be required if they were to be taken forward. This could be through the Report being finalised and left with Ofgem to take the issues forward. However, JD also offered to provide Ofgem feedback on the options raised, both incremental and fundamental, prior to the meeting planned for 30 March.

Action RG0334 017: Ofgem to provide feedback on the incremental and fundamental options identified in the draft Report

2.3. Draft report

BF presented and amended the draft Review Group Report on screen, in-line with the discussions.

It was agreed that recommendations should include:

- The previously agreed incremental changes;
- The move of non-code user pays services to the UNC; and
- Allowing some user pays costs to be rolled-up and added to transportation allowed revenue.

3. AOB

None.

4. Diary Planning for Review Group

The Review Group agreed that the next meeting should be held by teleconference or at the ENA, depending on the material provided in advance.

ACTION LOG – Review Group 0334

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0334 011	16/02/11	2.2	Prepare a Non Code overview presentation for consideration at the next meeting.	Xoserve (GF)	Closed.
RG0334 012	16/02/11	2.2	Provide suggestions on how best to manage aspects of the Non Code processes going forward.	Transporters	Closed.
RG0334 013	16/02/11	2.2	Provide a link to the examples provided in a previous WWU presentation on this matter whilst capturing the salient points within the draft review group report.	Joint Office (BF)	Closed.
RG0334 014	16/02/11	2.2	Add an agenda item for consideration of the Codes of Practice impacts at the next meeting.	Joint Office (MiB)	Closed.
RG0334 015	16/02/11	2.2	Identify any additional and specific issues/concerns that they may wish to be included within the draft review group report, in time for consideration at the next meeting.	All	Update due at next meeting.
RG0334 016	16/03/11	2.1	Present an overview of the ACS and its change process	Transporters	Due at next meeting.
RG0334 017	16/03/11	2.2	Provide feedback on the incremental and fundamental options identified in the draft Report	Ofgem (JD)	Due at next meeting.