

Governance Strawman for Mod Review Group 280

DESC and Expert Group Governance

The Governance of DESC will remain unchanged as a UNCC Sub-Committee.

The role of DESC will to provide a holistic overview of the work being conducted by the Expert Group and to endorse any recommendations from the Expert Group and act as a point of escalation in instances when the Expert Group is unable to make a recommendation as a result of a hung vote.

The Expert Group will sit as a specialist committee of DESC, reporting into DESC and taking guidance from DESC.

The role of the Expert Group will be to conduct the detailed analysis and develop the detailed methodologies required to support the Demand Estimation work required under the UNC, whilst taking guidance from DESC and ensuring any work and analysis undertaken would represent an economic and efficient utilisation of resources given the materiality of the issue being addressed.

The Expert Group will make recommendations to the DESC on the work undertaken, and in the instance of being unable to make a recommendation as a result of a hung vote will pass this to DESC along with the following information

An explanation of the issue DESC is being asked to take a decision on

An overview of the issues raised

A detailed explanation as to why the Expert Group was unable to make a recommendation

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Expert Group Constitution

Industry nominates a group of experts across Shipper and Transporter organisations. These experts will remain in place until they resign from the expert group, or their employing organisation informs the Joint Office that they are no longer their designated representative.

Nominations to join the expert group will be issued by the Joint Office on an annual basis, with sufficient lead time to ensure that members are in place to start at the beginning of the Gas Year.

As a minimum the expert group will be comprised of 1 Transporter representative and at least 2 Shipper representatives.

As a member of the expert group, the experts are expected to act in the best interests of the gas industry to ensure an optimal methodology is developed and so shall act independently of the interests of their employers. A nomination to the expert group will require written confirmation of their ability to stand as an independent expert from their employer. *[Note this is standard practice in CUSC and BSC and their nomination forms can be adapted to meet these requirements].*

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DESC Constitution

Membership of DESC should include one member from any interested Shipper and one member from each of the following if nominated:

National Grid Gas NTS
National Grid Distribution
Northern Gas Networks
Wales and West Utilities
Southern Gas Networks or Scotland Gas Networks

leedh6s 25/3/10 15:42

Comment: Note: My current interpretation of this wording is that it would be by Shipper Licence – so EDF Energy could have up to 2 reps (1 for Seeboard and 1 for EDF Energy Licence) whilst EON could have up to 8 and British Gas 1. Personally I am happy with this as it is a lot easier to draft than defining a company!!]

leedh6s 25/3/10 15:43

Comment: I've re-phrased as each Distribution network has a different structure – so NGD has 4 networks but only 1 Licence, Scotia has 2 networks and 2 Licences and WWU 1 network and 1 licence. This should work better.

Membership of DESC will be on an annual basis to commence from the start of the Gas Year. The Joint Office will issue an annual invitation to all Shippers and Transporters to nominate members to DESC with sufficient lead time so that members are in place for the start of the Gas Year.

DESC members will be able to appoint an alternate to take their place at DESC in instances when they are unable to attend.

In the event of a resignation from DESC by a member the Joint Office will issue an invitation to all Shippers and Transporters for a replacement member, based on the requirements above. In the event that more nominations are submitted then members who have resigned, then all nominations will be accepted, with the limitations as noted above continuing to apply.

Voting

The expert group and DESC will reach decisions by a simple majority vote.

Each member present at the meeting or their alternate will be entitled to 1 vote.

In the event of a hung vote then the decision will be passed to the next committee up along with:

- A description of the issue that a decision is required upon.
- The views of members both for and against
- The issues that have been raised

This will culminate in requiring a decision from the UNCC, where a hung vote will be deemed as a recommendation not to implement. *[This is in line with current UNC arrangements. This could be reviewed/amended but may be complex for this specific issue. Ultimately a UNC Mod could be raised to enact the change if required].*

Dispute Process

Where a member(s) is unhappy with the outcome of a decision then this will follow the Dispute Process contained within the UNC General Terms Section A “Dispute Resolution”. Such dispute will be referred to Expert Determination.

Expert Determination under Section A allows an appointed Expert to make a decision on the dispute that is binding on all parties. The Expert is appointed by each party to the dispute nominating 4 experts and endeavouring to agree who the expert should be.

The parties to the dispute will be (1) the disgruntled members(s) and (2) the other members of the relevant group.