













UNC Modification	At what stage is this document in the process?
<h1>UNC 0656: Changes to Modification Panel arrangements</h1>	<div> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>The purpose of the Modification is to make two changes to the panel arrangements. Firstly concerning Panel Members and how they represent a constituency and secondly Panel Members arrangements in relation to Alternates</p>	
	<p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> considered a material change and not subject to self-governance assessed by a Workgroup <p>This Modification will be presented by the Proposer to the Panel on 17 May 2018. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact: NA</p>
	<p>Medium Impact: All Code Parties</p>
	<p>Low Impact: NA</p>

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Timetable		 0121 288 2107
The Proposer recommends the following timetable:		Proposer: Steve Mulinganie Gazprom
Initial consideration by Workgroup	TBC	 enquiries@gasgovernance.co.uk
Workgroup Report presented to Panel	21 June 2018	 steve.mulinganie@gazprom-energy.com
Draft Modification Report issued for consultation	21 June 2018	 0751 799 8178
Consultation Close-out for representations	12 July 2018	Transporter: Cadent
Final Modification Report available for Panel	16 July 2018	 Chris.Warner@cadentgas.com
Modification Panel decision	19 July 2018 (at short notice)	 01926 653541
		Systems Provider: Xoserve
		 UKLink@xoserve.com

1 Summary

The Purpose of this Modification is to address two areas related to the operation of the Modification Panel.

Conflict of Interest

Firstly the purpose of the proposal is to put in place arrangements to avoid a conflict of interest arising in relation to Panel Members. The Proposal seeks to ensure that a Panel Member representing a particular constituency cannot, whilst acting as a Panel Member for that constituency, be employed by, work for or otherwise act for a party who are part of another constituency e.g. a Transporter Panel representative cannot be employed by, work for or otherwise act for a Shipper and vice versa.

Alternate arrangements

Secondly this Modification also proposes that a Panel Member may appoint an Alternate for meeting attendance and that any such appointed Alternate will have the same powers as the Panel Member which for the avoidance of doubt includes the right to appoint another Alternate.

What

Conflict of Interest

Historically voting Panel Members have been nominated to represent a specific constituency which has been related to their employment by a consistency company/organisation e.g.

Transporters directly nominate Transporter Members (AiGT nominate a Member);

Shippers nominate into a Shipper elections process;

Citizens Advice nominate a domestic Consumer Representative;

Ofgem nominate an I&C Consumer Representative.

In the event of a change in Members arrangements they have resigned from their position as a Panel Member and either a new nominee takes over the role of Panel Member or a new election is undertaken to put in place a suitable candidate.

Alternate arrangements

A Panel Member should always try and attend meetings in person but where this is not possible they may appoint an Alternate representative, and any Alternate should have the same powers as the Member, including the right to appoint another alternate should this be required.

Why

Conflict of Interest

Historically Panel Members have been nominated by the companies they work for to represent the relevant constituency and in the event of a material change in circumstances e.g. change in employment the assumption is they would resign from their position as a Panel Member.

Conflict of Interest (continued)

The current rules, therefore, do not adequately address a potential risk of conflict if a Panel Member is representing a particular constituency but may be employed by, work for or otherwise act for a party who are part of another constituency on a day to day or adhoc basis.

Alternate arrangements

Currently a Panel Member may delegate authority to an Alternate, however that Alternate does not currently have the powers to appoint another Alternate should this be required, for example in the case of unforeseen circumstances such as sickness

How

Conflict of Interest

The Proposal seeks to clarify that a Panel Member representing a particular constituency cannot, whilst acting as a Panel representative for a particular constituency, be employed by, work for or otherwise act for a party who are part of another constituency.

Example: A Transporter Panel Member cannot be employed by, work for or otherwise act for a Shipper etc.

In the event of such a conflict being identified the relevant Panel Member shall forthwith cease to be a relevant Panel Member and either the nominated Alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member.

Conflict of Interest Business Rules

1. As part of the Election process all nominee's must warrant that in seeking to become the Panel Member for a relevant constituency they are not and will not whilst acting as a Panel Member be employed by, work for or otherwise act for a party who are part of another constituency
2. Panel Members will be required to notify the Chair via the Code Administrator of any changes in their arrangements forthwith and if so conflicted will forthwith cease to be a relevant Panel Member and either the nominated Alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member

Any potential conflicts of interest may be raised with the Panel Chair via the Joint Office of Gas Transporters. The Panel Chair will investigate any claim and determine if in their reasonable opinion a conflict of interest exists. For the avoidance of doubt the Panel Chair may utilise a suitably skilled independent third party to undertake the investigation. If a conflict is identified the Panel Member will forthwith cease to be a relevant Panel Member and either the nominated Alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member.

Alternate arrangements

Further to the above, a Panel Member may delegate authority to an Alternate and that Alternate should have the powers to appoint another Alternate should this be required, for example in the case of unforeseen circumstances such as sickness.

Alternates Business Rules

1. A Panel Member may delegate by appointing an Alternate, and any Alternate will have the same powers as a Panel Member including the right to appoint another Alternate.

2 Governance

Justification for Self-Governance, Authority Direction or Urgency

This Modification proposes a material change to the Modification Rules concerning Panel Membership and the use of Alternates, Panel Chair, the Code Administrator and Membership nominations and therefore requires Authority Direction.

Requested Next Steps

This Modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup

3 Why Change?

Conflict of Interest

Historically Panel Members have been nominated by the companies they work for to represent the relevant constituency and in the event of a material change in circumstances e.g. change in employment the assumption is they would resign from their position as a Panel Member.

The current rules, therefore, do not adequately address a potential risk of conflict if a Panel Member is representing a particular constituency but may be employed by, work for or otherwise act for a party who are part of another constituency on a day to day or adhoc basis.

Alternate arrangements

Currently a Panel Member may delegate authority to an Alternate, however that alternate does not currently have the powers to appoint another Alternate should this be required, for example in the case of unforeseen circumstances such as sickness

4 Code Specific Matters

Reference Documents

UNC General Modification Rules.

Joint Office UNC Election Process.

Knowledge/Skills

None specific.

5 Solution

Conflict of Interest

This Proposal seeks to clarify that a Panel Member representing a particular constituency cannot, whilst acting as a Panel representative for a particular constituency, be employed by, work for or otherwise act for a party who are part of another constituency.

Example: A Transporter Panel Member cannot be employed by, work for or otherwise act for a Shipper etc.

In the event of such a conflict being identified the relevant Panel Member shall forthwith cease to be a relevant Panel Member and either the nominated alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member.

Conflict of Interest Business Rules

1. As part of the Election process all nominee's must warrant that in seeking to become the Panel Member for a relevant constituency they are not and will not whilst acting as a Panel Member be employed by, work for or otherwise act for a party who are part of another constituency
2. Panel Members will be required to notify the Panel Chair via the Code Administrator of any changes in their arrangements forthwith and if so conflicted will forthwith cease to be a relevant Panel Member and either the nominated Alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member
3. Any potential conflicts of interest may be raised with the Panel Chair via the Code Administrator. The Panel Chair will investigate any claim and determine if in their reasonable opinion a conflict of interest exists. For the avoidance of doubt the Panel Chair may utilise a suitably skilled independent third party to undertake the investigation. If a conflict is identified the Panel Member will forthwith cease to be a relevant Panel Member and either the nominated Alternate, so long as they are not conflicted, will be appointed the relevant Panel Member or else an Urgent Election will be undertaken to replace the relevant Panel Member.

Alternate arrangements

Further to the above, a Panel Member may delegate authority to an Alternate and that Alternate should have the powers to appoint another Alternate should this be required, for example in the case of unforeseen circumstances such as sickness.

Alternates Business Rules

1. A Panel Member may delegate by appointing an Alternate, and any Alternate will have the same powers as a Panel Member including the right to appoint another Alternate.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

None identified

Cross Code Impacts

There may be an indirect impact on the AiGT selection/nomination process.

EU Code Impacts

None identified

Central Systems Impacts

None identified

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions	None

of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	
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We believe this Modification Proposal better facilitates relevant objective (f) as it puts in place appropriate assurances to avoid any risk of a conflict of interest in relation to the transparent operation of Panel, as well as clarifying the arrangements for Alternates to ensure appropriate representation at meetings and maintaining the effectiveness of Panel.

8 Implementation

No implementation timescales are proposed. However, this Modification could be implemented immediately following direction from the Authority.

9 Legal Text

Text Commentary

To be provided.

Text

To be provided.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this Modification Proposal to a Workgroup for assessment.