

**UNC Workgroup 0676R Minutes
Review of Gas Transporter Joint Office Arrangements**

Wednesday 22 December 2020

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Rebecca Hailes (Chair)	(RH)	Joint Office
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office
Andy Clasper	(AC)	Cadent
Guv Dosanjh	(GD)	Cadent
Mike Berrisford	(MB)	Joint Office
Tracey Saunders	(TS)	NGN
Steve Mulinganie	(SM)	Gazprom
Hilary Chapman	(DM)	SGN
Kirsty Dudley*	(KD)	EON
Phil Lucas	(PL)	National Grid
Liam Gallagher	(LG)	BUUK
Rebecca Cailes	(RC)	BUUK
Oorlagh Chapman*	(OC)	Centrica
Liam King*	(LK)	Ofgem
Richard Pomroy	(RP)	Wales & West Utilities
Anne Jackson*	(AJ)	IGT-UNC Panel Chair (PM)
Paul Roche*	(PR)	IGT-UNC Representative (AM)
Penny Garner	(PG)	Joint Office
Loraine O'Shaughnessy	(LOS)	Joint Office
Bob Fletcher	(BF)	Joint Office

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0676/220120>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 February 2020.

1. Introduction and Status Review

1.1. Approval of Minutes (02 December 2019)

The minutes of the previous meeting were approved.

2. Review of Outstanding Actions

Action 0703: All parties to provide any additional feedback to the Joint Office in relation to what topics should be covered during the Joint Office Engagement Day and/or the Joint Office annual report.

Update: No feedback has yet been received and suggestions would be welcomed on this.
Carried Forward.

Action 0704: Joint Office (PG) to further enhance the Critical Friend process for use by the Joint Office and Proposers.

Update: Penny Garner (PG) advised the Workgroup that this is still a work in progress and is currently being developed by considering different views and suggestions. This includes suggestions made at the January UNC Modification Panel. The work should be completed by next month and rolled out to the industry. The Critical Friend process will also be sent to CACOP for views.

Rebecca Hailes (RH) cautioned the Workgroup to remember that the Critical Friend process is essentially a guidance process as the Joint Office cannot compel proposers of new Modifications to make the suggested changes. An example was provided of a Modification on which the Proposer had been advised the timescales were not suitable, but the suggestion was not taken onboard, however Panel did not agree with the Proposer and decided on a longer timeline. The Workgroup took note of this. **Carried forward.**

Action 0705: Transporters and GTs to consider what could be provided in relation to Legal Text consideration and costs; segregated by level of expertise; junior or senior Lawyer, Paralegal, etc.

Update: PG informed the Workgroup that work was underway to understand costs from GTs for legal text provision. The GTs will be providing information on how legal text is provided for each organisation. PG suggested a two-month period to update the Workgroup on the legal text cost and the process. The Joint Office on behalf of JGAC will be the conduit for receiving this information.

Kirsty Dudley (KD) asked if the Joint Office will tie in this work with IGTs as well. PG confirmed that as the Joint Office does not administer the IGT-UNC she does not have this information and would need to discuss this with Anne Jackson (AJ) or Paul Rocke (PR). PR confirmed he would be happy to have a discussion around this.

Carried Forward.

UNC and IGT-UNC

SM suggested that while there should be a further review on whether the two separate administration arrangements for GTs and IGTs should be changed. The Workgroup was informed by KD the IGTs had done some work in December 2018 which looked at a number of things, including surveys etc. which could inform this work and this information is in the public domain. Please see: (see: <https://www.igt-unc.co.uk/wp-content/uploads/2018/11/RG004-WG-report.pdf>)

RH noted that this was not a short term goal. Loraine O'Shaughnessy (LOS) said there were potentially some CACOP issues as well that would need to be addressed.

New Action 0101: PG and AJ/PR to consider way forward to address current separation of administration arrangements and governance between UNC and IGT-UNC and to put forward short and long term solutions.

Guv Dosanjh (GD) asked whether this topic should sit under the Governance Workgroup rather than the Workgroup for Modification 0676R. RH confirmed that it could be reviewed under Modification 0676 if the Terms of Reference (ToR) for Modification is amended to broaden its scope.

New Action 0102: Joint Office (RH/MBJ) to broaden the scope of Modification 0676R and amend the ToR and SM to submit an updated Modification.

There was some discussion as to whether a licence change was also required to change any funding requirements and Ofgem was asked to give some direction on this. However, Liam King (LK) advised the Workgroup that Ofgem would not get involved in this at present and wait for the industry to approach them with details of suggested changes.

Action 1101: Joint Office to review the timeline; location and order of Panel and Workgroup Meetings and Committees.

Update: The Workgroup was advised by RH that this was currently being progressed by the Joint Office at present.

SM suggested holding meetings on consecutive days to allow attendees to attend more than one meeting without additional travel. PG stated that once the Joint Office's new office was up and running, it will be possible to hold more than one meeting at the same time and it would also remove the need to hold most meetings outside Birmingham, therefore cutting down on hotel and travel costs.

PG further informed the Workgroup that on looking at data recorded it appears much of the late papers published by Joint Office are related to the DSC Committees. A comment was made that late papers should not always be accepted. RH confirmed that the UNC rules allowed five days before a meeting for papers to be submitted. However, if a Workgroup or Committee felt they needed different timescales, they can potentially agree amongst the Workgroup or Committee to amend the paper submission rules for that meeting or for a particular piece of data each month. PG indicated that she would be receptive to any suggestions as long as they were pragmatic. SM suggested that a distinction be made between papers for information/discussion and those for approval. He suggested is those for approval which should be given the full amount of time for review prior to the meeting.

New Action 0103: Joint Office (RH) to review rules around late paper submission and Workgroup Managers to review timelines for Management Information for each of them for later papers. Key differentiation could be in papers for information and papers for decision.

There were some further comments from the Workgroup suggesting that the Joint Office events diary should give a more holistic view of meetings in the industry. KD suggested that the SPAA meeting dates should be included in the calendar and SM suggested adding the REC meeting dates. KD suggested, CACOP could also include all the industry wide meetings and PR took this on board to be added to the next CACOP meeting agenda. The Workgroup was informed by PG that the Joint Office can look at adding other meetings to its events diary, however it was highly unlikely that any other meetings besides SPAA and REC could be added to it.

New Action 0104: Joint Office (RH) to review adding additional industry meetings to its events diary.

Carried Forward.

Action 1102: Gas Transporters to consider an appropriate proposal for Option 1 – improvement to the current process for improved legal text provision.

Update: Guv Dosanjh (GD) provided a number of options for review. The Workgroup reviewed these proposals as per below:

- *Amend the Modification Template (Summary section) to require the Proposer to state the section(s) of code impacted:* The general view from the Workgroup was that not all Proposers could do this, but pragmatically it can be done. SM asked for clarity on wording of the proposal and whether it should read 'require' or 'request'? PG clarified that the Joint Office cannot 'require' Proposers to fill in the template. Mandating it makes them have to do it, which some Proposers (e.g. new entrants to market or small organisations) may not be able to do. RH stated that the Joint Office would review this. KD suggested approaching CACOP to review best practice in this area

New Action 0105: Joint Office (RH) will provide some suggestions for the Workgroup to review.

- *Proposer to ensure the Solution section of the Modification Template only contains clearly defined business rules that will result in contractual changes to the UNC or associated information pertinent to the required changes:* SM queried whether the solution section is the same as business rules section and was advised that usually the Business Rules is a sub-section of the Solution section. As this action is about improving the status quo, SM suggested parties having an obligation to set out business rules clearly. It was suggested by Hilary Chapman (HC) that adding a description along with business rules could work well. Someone asked whether the template could include a subheading for business rules under the solution section. RH advised the Workgroup that the solution section should include a description put in by the Proposer and then a sub-heading business rules which can be translated into legal text.

New Action 0106: Joint Office (RH) will review contents of Solutions section including sub heading for Business Rules.

Richard Pomroy (RP) queried whether the Modification template should also include DSC Service lines where appropriate. SM concurred with this point and added that a Modification Request should identify any changes to the DSC service lines as a matter of course. Bob Fletcher (BF) commented that there could be implementation issues for DSC changes. For example, if a Modification has a related DSC Change Proposal, having changes to the DSC service line in that Modification makes sense. However, if there is no DSC change linked to the Modification it can be problematic.

New Action 0107: Joint Office (RH) to consider whether a change or new code service is required and how this can be reflected.

- *Action on the Workgroup to review/consider the relevant section(s) of code, prior to legal text drafting and write the business rules in a way that is consistent with the existing text. This is likely to reduce queries from the legal text provider to the proposer:* The general view of the Workgroup was that it was not the job of a Workgroup to draft business rules for a Modification. RP mentioned that if business rules are structured on code, it would be easy, however this is not always the case. In some cases, as HC mentioned, the Proposer leaves the development of the business rules to the Workgroup or to the legal text provider. The Workgroup agreed that the Proposer of the Modification should be able to explain what the Modification's objectives or purpose was. It should be set out in plain English and the Proposer should not wait for the legal text provider to draw out questions for Workgroup to review.
RH stated that this was related to first option reviewed, i.e. if a Proposer fills in which part of the code impacted, they will be able to consider sections of code impacting business rules at the time of drafting the Modification.
SM said that not having a centralised point for receiving legal advice may have an impact on this and this also costs time and money and causes duplication in work. While RH accepted there were both pros and cons to this proposal, the challenge on this is it that it requires the Proposer to hold quite a lot of knowledge and expertise around code and legal information. PG clarified that it is not the Joint Office's role to provide either.
Whilst the responsibility of providing legal text is on Transporters, the problem is when they try to interpret the Modification and its requirements without adequate legal support or industry knowledge. SM stated there needs to be consistency across the board and the general view was that early engagement and a close relationship between Transporters and Proposers is required.

New Action 0108: Joint Office (MB) to review this option and options on how to implement this item.

PG wanted to understand any risks and GD asked for clarification of best practice.

- *For complex Modifications, Gas Transporters may procure the services of external legal text providers:* KD had some queries on the status quo and issues faced by Shippers when Transporters did not provide the legal text. RP advised that Transporters have responsibility for providing the legal text within 15 days. During this time, they do not have to provide the text and work out the details of the text. KD suggested that the back and forth between a Transporter and Proposer for a Modification needs to be before the formal request for legal text is made and there needs to be pragmatism and a change in approach. The Workgroup agreed in general that this proposal was beneficial and accepted it.

Closed.

Action 1103: All to review the Workgroup Report and provide suggested updates.

Update: The Workgroup reviewed the draft Workgroup Report and updated it.

Closed.

RH asked SM why the Report included a voting arrangement alternatives table. SM clarified the context of this was to stop transporters voting on matters on which they have no interest. It was agreed that the Workgroup had no particular views on this table and the Workgroup participants concluded that there was no need to address this issue any further. Generally, it was agreed that the Workgroup would use the REC as a model going forward for similar arrangements. The Workgroup also reviewed options as well as status quo discussion (as per Action 1102 above) around legal text provision. The options table in the report was updated and the proposals table was turned into 'actions required if to be delivered'. It was agreed that the Workgroup needed to see costs of the legal text provision.

New Action 0109: JGAC/other parties to bring proposal regarding the budget/cost of provision of legal text.

Further discussions around the Workgroup Report centred the following topics:

- RP asked if it would be possible to review the IGT-UNC/UNC topic out of this report and for it to be looked at separately.
- Clarity was sought on who can raise Modifications. However, RH and PG confirmed that the Joint Office cannot raise Modification at present, and for them to do so they would have to become a Code Manager, and not remain a Code Administrator.
- Changes to the Joint Office's current governance model was discussed and it was agreed that any changes might need a licence change. PG advised the Workgroup to wait until the BEIS/Ofgem Governance Review response was published before considering this topic any further.
- PG was asked how much the Joint Office costs compared with other Code Administrators or Code Managers. RH said she would raise the question with Ofgem.

New Action 0110: Joint Office (RH) to liaise with Jon Dixon at Ofgem regarding the cost of operating the Joint Office compared with other Code Administrators or Code Managers.

- Transporters confirmed that 100% of their allowed revenue was passed through to Shippers. As the Joint Office's costs are reflected in allowed revenue which is determined at the start of each price control, 100% of Joint Offices revenues were then passed through to Shippers. SM wanted to ascertain whether it had ever been the case that 100% of Joint Office's costs had not been recovered.

New Action 0111: GTs to compare assumptions about Joint Office costs in GD1 allowances to actual cost incurred over price control period.

- PG confirmed that when budget changes have been required, they have been confirmed with suitable budgetary scrutiny by JGAC. JGAC will next meet on 06 February and PG agreed to provide an update once they have reviewed governance models and operational/finance strategy for the Joint Office.

Action 1104: Joint Office to request an extension at UNC Panel to March 2020 for this Request Modification 0676R.

Update: Workgroup requested that Panel consider extending this Modification to report to the July 2020 Panel.

Carried Forward

3. Development of the Request Workgroup Report

RH informed the Workgroup that she would be updating it in line with the above.

4. Review of IGT Governance and administration arrangements

Not reviewed except under Action 0705.

5. Next Steps

RH confirmed the next steps:

- Review of action updates
- Review of new draft of Workgroup Report

6. Any Other Business

None.

7. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10.30 Monday 02 March 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	<ul style="list-style-type: none"> 0708S Workgroup focusing on Legal Text review
10.30 Monday 09 March 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard 0676R Workgroup Agenda including: <ul style="list-style-type: none"> Review of action updates Review of new draft of Workgroup Report

Action Table (as at 02 December 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0703	30/07/19	2.0	All parties to provide any additional feedback to the Joint Office in relation to what topics should be covered during the Joint Office Engagement Day and/or the Joint Office annual report	ALL	Carried Forward
0704	30/07/19	4.0	Joint Office (PG) to further enhance the Critical Friend process for use by the Joint Office and Proposers.	Joint Office (PG)	Carried Forward
0705	30/07/19	5.0	Transporters and GT's to consider what could be provided in relation to Legal Text consideration and costs; segregated by level of expertise; junior or senior Lawyer, Paralegal, etc.	Transporters/GT's	Carried Forward
1101	04/11/19	2.0	Joint Office to review the timeline; location and order of Panel and Workgroup Meetings and Committees	Joint Office PG; RH	Carried Forward
1102	04/11/19	2.0	Gas Transporters to consider an appropriate proposal for Option 1 – improvement to the current process for improved legal text provision	GTs	Closed
1103	04/11/19	2.0	All to review the Workgroup Report and provide suggested updates	All	Closed
1104	04/11/19	2.0	Joint Office to request an extension at UNC Panel to March 2020 for this Request Modification 0676R.	Joint Office RH	Carried Forward
1105	04/11/19	2.0	Joint Office to publish v2.3 of the Workgroup Report	Joint Office RH	Closed
0101	22/01/20	2.0	PG and AJ/PR to consider way forward to address current separation of administration arrangements and governance between UNC and IGT-UNC and to put forward short and long term solutions.	Joint Office PG and AJ/PR	Pending
0102	22/01/20	2.0	Joint Office (RH/MBJ) to broaden the scope of Modification 0676R and amend the ToR and SM to submit an updated Modification.	Joint Office (RH/MBJ)	Pending
0103	22/01/20	2.0	Joint Office (RH) to review rules around late paper submission and Workgroup Managers to review timelines for Management Information for each of them for later papers. Key differentiation could be in papers for information and papers for decision.	Joint Office (RH)	Pending
0104	22/01/20	2.0	Joint Office (RH) to review adding additional industry meetings to its events diary.	Joint Office (RH)	Pending

Action Table (as at 02 December 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0105	22/01/20	2.0	Joint Office (RH) will provide some suggestions for the Workgroup to review.	Joint Office (RH)	Pending
0106	22/01/20	2.0	Joint Office (RH) will review contents of Solutions section including sub heading for Business Rules.	Joint Office (RH)	Pending
0107	22/01/20	2.0	Joint Office (RH) to consider whether a change or new code service is required and how this can be reflected.	Joint Office (RH)	Pending
0108	22/01/20	2.0	Joint Office (MB) to review this option and options on how to implement this item.	Joint Office (MB)	Pending
0109	22/01/20	2.0	JGAC/other parties to bring proposal regarding the budget/cost of provision of legal text.	JGAC or any other parties	Pending
0110	22/01/20	2.0	Joint Office (RH) to liaise with Jon Dixon at Ofgem regarding the cost of operating the Joint Office compared with other Code Administrators or Code Managers.	Joint Office (RH)	Pending
0111	22/01/20	2.0	GTs to compare assumptions about Joint Office costs in GD1 allowances to actual cost incurred over price control period.	Gas Transporters	Pending