

JOINT GOVERNANCE ARRANGEMENTS COMMITTEE
MINUTES OF THE 22nd MEETING HELD ON FRIDAY 08 February 2013

Attendees:

Representatives: A Musgrave (AM, Chair) (Scotia Gas Networks), A Raper (AR) (National Grid Distribution), R Hewitt (RH) (National Grid NTS), S Parker (SP) (Northern Gas Networks) and S Edwards (SE) (Wales & West Utilities).

Joint Office: T Davis (TD) and B Fletcher (BF)

Also in attendance: S McGoldrick (SM) (National Grid NTS)

22.1 Minutes of last meeting and actions arising

The minutes of the previous meeting were approved.

Action JGAC 1602: WWU legal to produce a formal version of the revised JGAA for subsequent submission to Ofgem. **Update:** TD confirmed the revised JGAA had been approved by WWU and is ready to be submitted to Ofgem, subject to any further potential changes being identified during the course of the meeting. Representatives requested that the JGAA be circulated for final review with a week allowed for any additional comments.

Complete

New Action JGAC 02/01: TD to circulate the revised JGAA, allowing one week for any final comments

Action JGAC 2101: Circulate a word version of the ECQ methodology documents to allow others to record comments **Update:** RH confirmed the document was circulated and approved. The revised methodology was also approved by the UNCC and is now live.

Complete

Action JGAC 2102: Review the ECQ methodology and provide comments and/or approval of the document by email **Update:** See JGAC 2102. **Complete**

22.2 Joint Office Customer Survey

TD presented the results of the annual customer satisfaction survey, with all the responses received and the comments made being provided to JGAC. The number of responses was lower than in the previous year. However, all were either satisfied or very satisfied with the assistance provided by the Joint Office. Feedback where improvement or change was suggested focussed mainly on navigation of the web site, though no specific suggestions were forthcoming. Action had been taken to address a number of the points raised, such as including Outstanding Actions on the bottom of each agenda.

AM asked if replies were made to those who provided contact details. TD advised that any party providing feedback that could usefully be acknowledged or addressed received an individual reply.

AM asked if a survey is held every year and TD clarified that the Code Administration Code of Practice requires an annual survey by each Code Administrator.

Members accepted the report and thanked the Joint office for its efforts in delivering 100% customer satisfaction.

22.3 Joint Office Budget

TD explained the proposed 2013/14 budget, which was driven by standard National Grid assumptions regarding changes in staff costs in particular. The 2012/13 outturn was expected to be below budget, mainly due to the continued success in using the Joint Office meeting room in Solihull, which avoids the cost of external meeting rooms and travel. In response to SE, TD indicated £510k was a realistic expectation of the 2012/13 outcome?

RH advised that the introduction of European Codes is likely to impact workload in 2013/14 with substantial development and assessment of modifications to be expected. He felt this would put upward pressure on budgets and resources. TD was confident the budget would be sufficient to meet these considerations, arguing that there is a significant amount of change within the industry at present, and introducing European issues would be expected to displace potential work in other areas.

AM asked about for clarification of IS expenditure and potential replacement of infrastructure. TD explained that Joint Office equipment is, currently, reliable and not in need of replacement or upgrade. However, all laptops are approaching 4 years old and some issues might reasonably be expected to develop. By way of an example, the back up device in the JO office had just been replaced due to equipment failure, albeit that the cost (£200) is not particularly significant. Support with website development is also required to ensure the system remains secure and fit for purpose. This will require the employment of developers for short periods of time. It was agreed that the JO be authorised to spend up to £5k on IS, as outlined, should that prove necessary.

SE asked if the budget for next year could be more stretching than that proposed. Against the background of the RIIO outcome and the costs savings that all networks were looking to deliver, it was difficult to justify a budget of £544k for next year given a spend of £510k this year. SE therefore suggested a Budget of £522k, with maximum expenditure of £544k and a stretch target of £503k.

TD explained the assumptions behind the costs, but believed the lower Budget was reasonable and all in the JO would do their best to operate within it.

SP supported SE's view and added that building in contingencies for additional staff, as previously agreed, was no longer needed given that the Joint Office has run with five staff for two years, demonstrating that this is sufficient to meet the demands faced.

It was unanimously agreed that the budget be set at £522k, and TD agreed to circulate an amended budget reflecting the agreement reached.

Action JGAC 02/02: TD to circulate the agreed budget.

22.4 AOB

SP asked if all was clear regarding the proposed sharing mechanism for Project Nexus legal costs. AR advised that the intention is to use the sharing mechanism used for sharing JO costs, but this will be set out in a short form sharing agreement rather than coming under the JGAA. The proposed sharing agreement would be circulated for review soon. He confirmed this is not a JO issue, although JGAC is a convenient opportunity to discuss the implications and governance requirements.

AM asked if there was a view on final costs for Project Nexus legal services and what

cost controls were being put in place. AR explained that there were still a number of issues to resolve to finalise Nexus requirements and that it would be difficult to finalise the costs at this stage.

SP was happy with the approach but was not prepared to commit to any additional expenditure over that which was agreed. SE and AM were of a similar view and encouraged AR to provide an update on cost predictions as soon as possible.

22.5 Date of Next Meeting

10:00, 13 September 2013, by teleconference.

Action Summary 08 February 2013

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
JGAC 16/02	20/10/10	16.4	Produce a formal version of the revised JGAA for subsequent submission to Ofgem	WWU legal	Completed
JGAC 21/01	07/09/12	21.5	Circulate a word version of the ECQ methodology documents to allow others to record comments	NG NTS (RH)	Completed
JGAC 21/02	07/09/12	21.5	Review the ECQ methodology and provide comments and/or approval of the document by email	All	Completed
JGAC 02/01	08/02/13	22.3	Circulate the revised JGAA, allowing one week for any final comments	Joint Office (TD)	Provided alongside these minutes
JGAC 02/02	08/02/13	22.3	Circulate the agreed budget	Joint Office (TD)	Provided alongside these minutes