

Governance Workstream Minutes

Thursday 17 November 2005

350 Euston Road, London

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Alan Raper	(AR)	National Grid UKD
Beverley Grubb	(BG)	Scotia Gas Networks
Christiane Sykes	(CS)	E.ON
Chris Warner	(CW)	National Grid UKD
John Bradley	(JB)	Joint Office
Jonathan Dixon	(JD)	Ofgem
Julian Majdanski	(JM)	Joint Office
Mick Curtis	(MC)	$e=mc^2$
Mike Young	(MY)	BGT
Robert Cameron Higgs	(RCH)	Northern Gas Networks
Ritchard Hewitt	(RH)	National Grid NTS
Stephanie Gott	(SG)	Gemserv
Steve Ladle	(SL)	Total

1. Minutes from Previous Workstream

2. Review of Actions

Code Update Action; Input is being sought from the Transporter's legal department. Revised target by end of November, for all changes up to 01/10/05. The Joint Office intends to update the website versions as soon as is practical following the issue of implementation notices, with updates to hard copies likely to be issued once per quarter. The initial hard copy update will reflect the consent required to change references to "Transco", and so is expected to be a complete reprint.

Variation of a Modification Proposal TD pointed out that the draft proposal being circulated addressed some of the issues. RH therefore suggested that the action be closed. This was agreed
Action Closed

Clarification of Voting Rules BG and AR had discussed this and asked to carry this action forward. This was agreed
Action Carried Forward

The Presenters of the Governance Modification Proposals had in some cases revised their Proposals. Discussion of the Proposals is summarised below.
Action Closed

3. Review of Modifications and Topics Log

No comments other than detailed below.

4. Modifications

4.1. Governance Modification Proposals Referred by Panel

CW gave a presentation of National Grid UKD's views on these proposals. SL suggested that legal text at a single point within the UNC was preferable to the "Transco Network Code Modification 0730" approach where specific text was included at each point the procedure was referenced. CW highlighted the potential for Ofgem or UNC Workstreams to be sidelined by these Proposals. MY suggested that where agreement was obtained there would be no particular issue. It was only where agreement was not obtained that reference to Ofgem or applying another approach to resolution would be required.

0053 'Extending established Uniform Network Code governance arrangements to include the Network Code Operations Reporting Manual referenced in Section V9.4'

CW pointed out that in Modification Proposal 0053 it was indicated that the UNC Committee could block a change. The words used were “in the event of the failure by the UNC Committee to come to a decision then the change should be subject to the UNC modification procedures unless the UNC Committee decides otherwise”. SL said that was not the intention to block any reasonable change and, in any event, any UNC Party could raise a Modification Proposal. TD suggested that:

- a. This was to prevent automatically activating the modification procedures if a minority of the UNC Committee disagreed with a UNC Committee decision on a procedure.
- b. Implementation of this Proposal would not affect existing rights of appeal to Ofgem.
- c. The second bullet in the Proposal could include the words “unless the modification procedures were followed” in order to provide clarity.

SL confirmed these understandings. CW responded that he was now more content with these aspects of the wording.

0055 ‘Extending established Unified Network Code governance arrangements to include the System Management Principles’

It was agreed that no further development should be conducted pending the issue of an Ofgem view on whether this proposal should proceed

0056 ‘Extending established Uniform Network Code governance arrangements to include the Code Credit Rules referenced in section V3.1.2’

CW suggested this Proposal would be unnecessary if Ofgem implemented a number of Modification Proposals which would move all but procedural aspects of the Credit Rules into the UNC. After discussion he conceded that implementation would not be a problem, but was of little value.

0057 ‘Extending established Unified Network Code governance arrangements to include the Incremental Entry Capacity Release Methodology Statement (IECR)’

It was agreed that no further development should be conducted pending the issue of an Ofgem view on whether this Proposal should proceed.

0059 ‘Extending established Uniform Network Code governance arrangements to include the Network Code Validation Rules document referenced in Section M1.5.3’

CW pointed out that the Proposal appeared to sweep away the existing three months notice provision. CS pointed out that if this were a system change, there would be provisions that replace this as Modification Proposal 0010 has been implemented. CS indicated that the intention was to replace the governance provisions prior to the giving of notice, not to change the notice requirements. CS would confirm this and consider clarifying the Proposal to remove any doubt..

Action CS

0063 ‘Extending established Uniform Network Code governance arrangements to include the GRE Invoice Query Incentive Scheme Methodology document referenced in Section S4.6’

The only UKD concern specific to this Proposal related to the liability issues. MY suggested that this was another matter where the only issue would be when agreement was not obtained. AR pointed out that this particular methodology was unusual as the UNC referred to a version issued in 2003 and this aspect would need to be resolved. The Proposer agreed to consider this aspect.

Action MY

0064 ‘Extending established Uniform Network Code governance arrangements to include the CSEP Ancillary Agreement document referenced in Section J 5.9’

CW had no specific issues to raise on this, but noted that the UNC provided that this agreement could only be modified by following the Modification Procedures – as such, the Proposal weakened governance.

In summary, CW suggested that a review be conducted of the range of ancillary documents and this should address the ability to propose a change by a non UNC Committee member. Shipper members suggested that shippers do have access to UNC Committee members. CW would consider raising a Review Proposal but did not wish to be committed to doing so. SL responded that he had not discarded the possibility of raising a review proposal.

SL agreed to include the words “unless the modification procedures were followed”.

TD suggested that wording be included in all the Proposals to be clear where it was proposed to retain the current notice periods etc. for procedures.

In terms of the challenge regarding the Proposal that a potential change would be subject to the Modification procedures unless the UNC Committee decided otherwise, SL was unwilling to allow a single party to require that modification processes be followed if the UNC did not vote in favour of a change in procedures, particularly as all UNC parties retain the right of raising a UNC Modification Proposal. MY suggested that having a “high hurdle” was not a bad thing as a proposal that had merits would be accepted by the UNC Committee. It was also pointed out that even in a 5/5 vote situation the UNC Committee would not be able to prevent the modification processes being followed.

TD then drew the Workstream’s attention to the need to produce Workstream reports. On the aspect of better facilitating the Code Relevant Objectives, he suggested that the Proposers’ comments could be used. Likewise, the advantages could be adopted. On disadvantages, the concerns already expressed by National Grid UKD could be incorporated. This was agreed, with no suggestions of additions or qualifications. The Joint Office would, therefore, produce the Workstream Reports and circulate them on the Panel email circulation list. **Action JM**

MC suggested that the reports should be backed up with flow diagrams to improve clarity. TD stated that any flow diagrams submitted as part of the revised Proposals would be included.

5. Topics

005Gov ‘SME Roles and Responsibilities’

TD summarised a draft proposal with accompanying legal text which had been circulated, although he pointed out that the changes had not been made by a lawyer. In addition, some opportunities had been taken to tidy-up various parts of the Modification Rules. For example, the wording for appointing Transporter Representatives and User Representatives had been aligned. The concept of “made available” rather than “dispatched” had been introduced to prevent unnecessary material being sent by email where material was already available.

The ability to vary Modification Proposals would apply up to the Modification Panel Recommendation. RH was concerned at the lack of restrictions on this but TD suggested that the Panel itself could prevent major changes by deferring a decision or deciding to go to re-consultation. RH suggested that the text could be amended to only allow variation in response to a representation. SL stated his preference for TD’s suggestion – that the Panel control such activities and not require “change in response to...” wording.

TD recognised that the text was not consistent with implementation of Modification Proposal 0048.

RH queried whether three Business Days was sufficient time for writing the draft Final Modification Report. TD suggested that this would be sufficient but the report would not attempt to summarise all the representations – merely highlight any new issues. TD clarified that the format of this report is determined within the GT licences so will not be changed. The change would be the detail in which representations were summarised.

SL pointed out that the proposal gave the impression that normally the Panel would refer the draft Final Modification Report to a Workstream. TD acknowledged the potential benefits of changing the order of the paragraphs to give the opposite impression, but emphasised that when lawyers produced actual text it could achieve the intent through very different wording.

CS expressed a concern that the Panel may use these rules to defer a decision indefinitely. TD responded that each deferral would require a Panel Majority and would be highlighted by the requirement to place Proposals on the Panel agenda.

TD summarised that it was now up to a UNC party to raise a Modification Proposal if this activity were to progress. In the meantime, comments on the draft produced should be sent to the Joint Office. **Action All**

004Gov 'Panel Processes and Timing'

SL suggested, on the basis of the previous discussion that the Topic list should show 004Gov as a lower priority than 005 Gov. This was agreed.

001Gov 'Section U: Operation of UK Link Committee'

It was agreed that this could be closed once the timetable for UK Link changes had been agreed following the implementation of Modification Proposal 0010.

6. Any Other Business

None

7. Next Meeting

15 December 2005 following the UNC Committee meeting. No specific business was indicated.