

## Appointment Process for an Independent Panel Chair 2017

### 1. Background

In 2014 the large gas Transporters' (Transporters) Joint Governance Arrangements Committee (JGAC) appointed the first Independent Chairperson for the UNC Modification Panel (Panel). In 2016, after consultation with the Panel and following ratification by the JGAC, an extension of the Chair's initial term to the end of December 2017 was approved by Ofgem.

The documentation relating to both of these appointments can be seen on the JO website: <http://www.gasgovernance.co.uk/IndependentChair>

For this 2017 appointment process for the next Independent Chairperson, to be in role from January 2018 for a period of at least two years, broadly similar arrangements to that used initially in 2014 will be utilised. UNC parties were consulted on the proposals, and several minor revisions to the Role Description and Candidate Attributes made (see "Panel Chair Appointment Process JGAC Response" published alongside this document).

An Advisory Panel as described in this document will now proceed to select a nominee and make a recommendation to the JGAC no later than mid-July 2017.

#### **Important Note:**

The UNC Modification Panel Chair also acts as the UNC Committee (UNCC) Chair. All references in this document to 'Panel Chair' should be interpreted as referring to both the Modification Panel and the UNCC.

## 2. Appointment Process

The JGAC agreed that the same overall process to that used in 2014 should be used, including:

- (i) the use of a Selection Adviser;
- (ii) the creation of an Advisory Panel to assist the JGAC in its recommendation to the Authority;
- (iii) the Candidate Attributes and Role Description for the Panel Chairperson, and
- (iv) the appointment timeline.

## 3. Selection Adviser

A Selection Adviser is an efficient use of relevant expertise and is more time-efficient than an open advertisement. They will be engaged to draw up a list of candidates and to support the general process.

The Selection Adviser will use the Candidate Attributes (section 5) and the UNC Panel Chairperson Role Description (Section 6) to draw up their list of potential candidates (a long-list).

The Selection Adviser will then discuss the list of candidates with the Advisory Panel (see below) for short-listing purposes.

## 4. Advisory Panel

An Advisory Panel will oversee the appointment process and support JGAC in making a recommendation to Ofgem.

The Advisory Panel will comprise the following members:

- Shippers – one representative (Andrew Green, Total Gas and Power)
- Transporters – one representative (Chris Logue, National Grid NTS)
- Joint Office – one representative (Les Jenkins, Chief Executive)

The Advisory Panel will undertake the following activities:

- Consider the long-list and agree a short-list of Panel Chairperson candidates for interview.
- Conduct structured interviews
- Select a preferred candidate.
- Coordinate with, and report to, JGAC (as necessary) the progress of the appointment process
- Make a recommendation to JGAC of the preferred candidate.

## 5. Candidate Attributes

This table articulates the desired attributes for an independent Panel Chair candidate.

Attribute	Considerations	Preferred Attribute
<b>Not Employed</b>	<b>Pros:</b> Greater availability and flexibility to attend meetings, including "urgent" meetings, at short notice, read papers, attend briefings with the Code Administrator etc. <b>Cons:</b> May be "out of the loop" in terms of current knowledge on industry or commercial matters.	No clear preference: candidate-specific consideration
<b>Employed</b>	<b>Pros:</b> Greater awareness of current issues and commercial practice. <b>Cons:</b> Less availability and flexibility to attend meetings at short notice. Potential for conflict of interest, depending on current employment.	No clear preference: candidate-specific consideration, providing independence is assured
<b>Seniority</b>	<b>Pros:</b> Brings wider knowledge and experience to the position. Adds gravitas to the position. <b>Cons:</b> The more senior the candidate, whether employed or retired, the more their availability and flexibility is likely to be restricted, due to existing diary commitments. Fee charged likely to be higher the more senior the candidate.	Senior level candidate is preferred- such as Non-Executive Director or senior line management role.
<b>Public Sector</b>	<b>Pros:</b> Independent of market participants. <b>Cons:</b> More likely to lack relevant technical and/or commercial experience of issues which matter to the industry.	No clear preference: candidate-specific consideration
<b>Private Sector</b>	<b>Pros:</b> More likely to have relevant technical and/or commercial experience of issues which matter to the industry. <b>Cons:</b> Potential for conflict of interest, depending on current or previous employment.	No clear preference: candidate-specific consideration
<b>Academic</b>	<b>Pros:</b> Independent of market participants. Likely to have relevant technical expertise. <b>Cons:</b> May lack practical application of specialist theory. Potential for conflict of interest, depending on funding they / their employer receives from external bodies (such as energy companies) for research etc.	Not preferred due to lack of practical experience.
<b>Based in UK</b>	<b>Pros:</b> Better availability for meetings. Lower travel expenses. Potentially greater relevant UK experience. <b>Cons:</b> May lack a wider non-UK perspective, which will become increasingly relevant with European Third Package.	Either UK-based or EU, but with a cap on travel expenses.
<b>Based overseas</b>	<b>Pros:</b> Potentially brings a wider understanding of how similar matters are dealt with overseas (e.g. European network codes). <b>Cons:</b> Potential lack of experience and knowledge of UK market and commercial operations. Higher travel expenses. Less flexibility and availability.	Not suitable
<b>Has relevant technical or commercial experience</b>	<b>Pros:</b> Greater understanding of issues raised and discussed, enabling better facilitation of the meeting. Able to recall experience of previous events or changes that are relevant to matters at hand. <b>Cons:</b> May become overly involved in debate at meeting and step outside the role of chairing the meeting.	No clear preference: candidate-specific consideration providing independence is assured

## 6. Role Description

- **Initial term:** two years, subject to possible renewal for a further term of two years, following Panel consultation and approval by Ofgem.
- **Independent Status:** the successful candidate must provide assurances that they will not act on behalf of any organisation on any matter related to the UK gas industry which may bring them into conflict with the role.
- **Estimated time commitment:** approximately 2 days per month, comprising 1 day's attendance at Panel meetings and 1 day to read the Panel papers, liaise with the Code Administrator and review/approve the minutes. In addition to this, the Chairperson will need to be available to deal with urgent/short notice and/or non-standard modifications and ad-hoc meetings. The Chairperson may be requested, via the Joint Office, to hold confidential discussions with parties; this will be at the Chairperson's discretion and in accordance with the broader requirements for independence.
- **Meeting dates:** Panel meetings are normally held on the third Thursday of every month. They normally begin at 10.30 am and last approximately 3 - 4 hours.
- **Venue:** Panel meetings are held in London, normally at Elexon, Euston Road, NW1. Urgent meetings may be face-to-face or by teleconference.
- **Terms:** National Grid Gas Distribution, on behalf of the Transporters, will appoint the successful candidate on non-employed Specialist terms (as a private limited company) although it should be noted that Ofgem must approve any proposed appointment as the Chairperson.
- **Deputy Chair:** In the event of short-term absence or unavailability of the Panel Chair, the responsibilities assigned to him/her will automatically pass to the Deputy Chair. The JO Chief Executive will assume the enduring role of Deputy Chair.

## KEY RESPONSIBILITIES

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The Chairperson is responsible for leading the Panel. As such, he/she will play a pivotal role in creating the right conditions for overall Panel and individual effectiveness. Supported by the Code Administrator (JO), the Chairperson will be responsible for:

- developing sufficient knowledge and understanding of UNC provisions and processes to undertake the role of Panel Chairperson
- agreeing meeting agendas with the JO
- chairing monthly and additional ad hoc meetings of Panel
- ensuring the right level of formality at Panel meetings
- encouraging active engagement by all Panel members
- upholding principles of good governance
- ensuring that Panel meeting minutes are accurate
- ad hoc liaison with Ofgem and the JO
- ensuring that Panel implements the outcomes of Ofgem's Code Governance review, including interactions with the Strategic Direction and Consultative Board.

## KEY CHARACTERISTICS AND EXPERIENCE

- The Chair must exhibit qualities of objectivity, impartiality and fairness. It is essential that he/she should be demonstrably independent. Accordingly, he/she should not have been recently employed by, and/or be sufficiently independent of, a Transporter, Ofgem, or any other gas industry party with a material interest in the gas industry.
- Strong chairmanship skills and experience are a key requirement for this role. A strong track record of chairing decision-making committees and creating consensus through balanced discussion between multiple and diverse stakeholders is vital.
- Experience of working with - or in - the energy industry or another regulated industry would be an advantage, but the ability to quickly “get to the nub of the issue”, without being clouded by preconceived ideas is more important.
- Strength of character and gravitas to provide exceptional leadership and discipline amongst Panel members.
- A clear outlook, consistently sound judgment, and a proven track record of handling difficult issues with authority and confidence.
- A fluent communicator.

## 7. Appointment Timeline

Action	Responsibility	When
Industry Consultation on proposed appointment process	JGAC/JO	February
Appointment process finalised	JGAC	March
Advisory Panel – Shipper representative appointed	Modification Panel	March
Selection Agency appointed	JO	April
Identify and long-list candidates	Selection Agency	May - June
Shortlist candidates and Interview	Advisory Panel	June - July
Consider/ratify appointment	JGAC	July
Recommendation of preferred candidate to Ofgem	JGAC	July
Ofgem Approval of Candidate	Ofgem	September
Contract placed	JO	October
Handover (inc. shadowing at Panel)	JO/Chairperson	Nov - Dec
Panel Chair in place – first meeting	JO	January 2018