

UNC Workgroup 0639R Minutes
Review of AUGÉ Framework and Arrangements
Wednesday 02 May 2018
at Lansdowne Gate, 65 New Road, Solihull B91 3DL

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Benjamin Martin*	(BM)	Stark
Chris Warner	(CWA)	Cadent
Clive Whitehand	(CWh)	DNV GL
Fiona Cottam	(FC)	Xoserve
Graham Wood*	(GW)	British Gas
Kirsty Dudley*	(KD)	E.ON
Mark Bellman	(MBe)	ScottishPower
Neil Cole	(NC)	Xoserve
Sallyann Blackett	(SB)	E.ON
Tony Perchard	(TP)	DNV GL
Steve Mullinganie	(SM)	Gazprom

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0639/020518>

1. Introduction and Status Review**1.1. Approval of Minutes (27 February 2018)**

The minutes of the previous meeting were approved.

2. Consideration of the Issues Log and Development of Resolution Options/Proposals

FC explained that the Issue Register was discussed in detail at the February meeting, and that it culminated in a list of items to 'tick off' within an updated version of the Framework document. *(please refer to discussions on item 4. below for more details)*

3. Consideration of the Changes Required in Relation to the AUG Timeline

When SM voiced his disappointment that the proposed timeline extends through to May in the AUG Year before matters are concluded, the Workgroup undertook an extensive debate during which it was agreed that the basic steps are sound and that a simple 'lift and shift' exercise looking to reduce the overall duration would suffice.

Some parties felt that raising issues sooner in the process benefits the industry especially those associated with the 'key' AUGÉ process trigger points. It was noted that if any initial issues could be visible before the AUGÉ commences work, that would be a clear step in the right direction – perhaps taking the form of an initial view on potential issues to be followed by a later (more) consolidated view. It was suggested that if industry parties could look to provide data it could potentially assist the AUGÉ to complete their analysis / assessment in a timely fashion.

FC agreed to look to include both an 'early engagement' step, or steps during the Summer and a 'reviewing' step circa November into the process timeline – parties are requested to provide views if possible.

It was also suggested that perhaps an industry rather than CDSP/AUGE bi-lateral 'kick off' meeting would be beneficial, although the trade off could be an increase in some potential risks and/or a trade off in data items included in the analysis. FC advised that care is needed as the earlier the process starts the less certainty in terms of data, and the earlier the potential 'cut off' date for the data sets becomes. SB advised that she would be concerned if earlier engagement compromises delivery of some of the data items, although she does recognise that this could be offset somewhat by a clearer understanding of what items could / could not be delivered and what would / would not be carried over to the following year.

It was noted that the timelines could be potentially streamlined further, by adoption of parallel process running, where appropriate.

In looking to identify a realistic timeline, it was agreed to look to adopt an early engagement step at the beginning of February, with the aim being to 'target' a UNCC discussion in June – FC provided a first stab at a proposed new timeline.

When MBe suggested that the early engagement meeting should look at the AUGs 1st draft, it was agreed that this meeting could also look to provide early identification of issues. It was proposed that the initial engagement meeting could consider items such as the following (*please note: this is not meant to be an exhaustive list at this time and as a consequence may expand in due course*):

- Overview of high level proposals;
- Overview of changes since the previous year;
- Industry issues, and
- Industry (global) change and new matters arising thereof.

Discussions then focused on how adoption of early engagement steps could / would potentially impact upon contractual arrangements – SM suggested that the real concern relates to where AUGE performance is poor. Furthermore, he believes that the Workgroup focus should be on developing the table and guidelines before looking to develop a process for managing a situation where things go wrong. FC noted that this relates to the lead time associated with getting to the 'Statement' stage. It was also suggested that monitoring of contractual aspects should really be a regular cyclic exercise.

It was noted that whilst guideline changes are governed via the UNCC, the tendering provisions are currently included within the Framework document.

FC pointed out to parties that the bulk of the AUGEs data is based on the Gas Year, but not the current Gas Year as that has not fully concluded by the time the process commences.

When asked, TP indicated that they do not have an issue with a January start date so long as the industry takes into account the potential impact of the Christmas holiday period – FC suggested, and the Workgroup agreed, to utilise the 1st working Monday in January as a starting date. The aim is to initiate the AUGE year at the April UNCC, followed by a review and report back at the June UNCC.

New Action 0501: CDSP (FC) to provide an updated timeline diagram inline with discussions and feedback in time for consideration at the June 2018 Workgroup meeting.

4. Review of Update Framework Document (*including CDSP (FC) and Gazprom (SM) comments / amendment suggestions*)

An onscreen review of the 'Framework for the Appointment of an Allocation of Unidentified Gas Expert' document (proposed version 8.1, created on 05 March 2018) which includes comments and amendments proposed by CDSP (FC) and Gazprom (SM) was undertaken by FC and the 'key' high level discussion points are captured, as follows:

Please note: that in terms of this high level summary, where there is a reference to 'comment noted' this can include consideration / discussion on suggested amendments, additions and deletions.

- Development of Rules para 1 – FC comment noted;
- Para 12.1 – FC comment and proposed amendments noted;
- Definition for “**The Committee**” – discussions centred on how the definition varies due to the scenario under which it is being used.

It was noted that perhaps a sub-committee (established by appointment to discharge the obligations – similar in nature to DESC / PAFA stakeholder engagement committee models perhaps) would be needed going forwards. It was noted that the challenge around arrangements of this type is who acts as the ‘contracting agent’. FC provided a brief overview of the current process involving UNCC appointment, signing of confidentiality agreements, aspects relating to Terms of Reference and financial details (although not all aspects of the financial information is provided).

It was noted that in simplistic terms all that is needed is a body that identifies what is required which then requests the CDSP (Xoserve) to set up and establish the AUGÉ contracts.

One suggestion put forward was to include a ‘stakeholder panel / committee’ within the Framework document wherever appropriate. When BF enquired how this interacts with the FGO provisions, it was acknowledged that procurement falls under the auspices of the DSC Contract Management Committee – FC believed that to commence any work, a Change Proposal would need to be raised and follow the appropriate DSC governance processes.

It was also suggested that reference to an AUGÉ Technical Workgroup should also be considered for inclusion in the Framework document. BF suggested that this could take the form of an ‘open’ meeting with feed into the UNCC (i.e. in order to ensure guidance is provided to the AUGÉ and issue identification can take place etc.).

- Para 3.1.1(f) – SM comment noted and agreement that clarity around what the UNCC delegates to the proposed technical workgroup would be beneficial.

It was noted that UNC TPD Section E provisions would need to be considered also and that a legal view might prove helpful.

New Action 0502: Reference to Framework document paragraphs 3.1.1 and 3.2 proposals/amendments - Cadent (CW) to await provision of an updated Framework document before seeking a legal view on the impact of UNC TPD Section E provisions (i.e. potential breach of obligations etc.) on proposals.

- Para 3.2 – SM comment noted;
- Para 3.2.3 – SM comment noted and this is now covered under para 4.1.10 provisions;
- Para 3.2.7 – FC comment noted;
- Para 3.2.10 – SM comment noted and consensus is to use ‘execute’ rather than ‘establish’;
- Para 3.3.1 – SM comment noted and statement to be moved to Section 5 as part of the generic terms for the AUGÉ;
- Para 4.1 – it was noted that this tidies up the timeline alignment requirements;
- Para 4.1.2(c) – FC and SM comments noted;
- Para 4.1.2(h) – SM comment noted;
- Para 4.1.3 – FC comment noted;
- Para 4.1.4 – SM comment noted;
- Para 4.1.5 – SM comment noted;

- Para 4.1.5(h) – it was suggested that this statement needs enhancing further to include potential conflict of interest aspects (i.e. process for identifying and managing conflicts etc.);
- Para 4.1.5 (i) & (j) – SM comment and additions noted;
- Para 4.1.6 – to be expanded to also include relevant individual bodies and experts and stakeholder selection panel;
- Para 4.1.7 – FC comment noted and acknowledgement that the date might change, so should we still specify.

Some parties suggested that stakeholder committee would be asked for a view in the event that the 'highest ranked' party fails to deliver, although it was noted that care is also needed to avoid exposing ourselves to procurement legislation compliance breaches.

- Para 4.1.8(b) – FC comment noted;
- Para 5.1.2 – FC and SM comments noted;
- Para 5.1.3 – SM comment noted;
- Para 5.1.4 – SM comment noted;
- Para 5.1.9 – SM comment noted;
- Para 5.1.10 – FC and BF comments noted;
- Para 5.1.11 – FC and SM comment noted;
- Para 5.1.12 – SM comment noted and acknowledgement that statement would be better placed under Section 7;
- Para 5.1.13 – SM comment noted;
- Para 6.1 – SM comment noted and acknowledgement that statement would be better placed under Section 7 (as an end of year provision perhaps);
- Para 6.3 – BF suggested that the confidentiality statement needs to be expanded at which point, FC agreed to consider the scenarios where some information might be published, but not all;
- Para 6.4 – SM comment noted and inline with proposals for para 6.3 references to 'consultation response' will be changed to 'written response', where appropriate;
- Para 6.5.1 – SM comment noted and statement may be removed, or moved to become para 7.1.12;
- Para 6.6 – SM comment noted

Before moving on to review Section 7, FC explained that she would look to add 'early engagement' aspects within this section in an update iteration of the document.

- Para 7 – SM comment noted in light of previous statement by FC;
- Para 7.1.2(a) – SM comment noted and text to be removed;
- Para 7.1.2(b) – SM comment noted;
- Para 7.1.2(e) – SM comment noted and new statement inserted;
- Para 7.1.3 – FC comment noted;
- Para 7.1.4 – FC and SM comments noted;
- Para 7.1.5 – FC and SM comment noted;
- Para 7.1.6 – SM comment noted;

It was suggested, and agreed that in order to avoid changing multiple dates, it might be preferable to reference a timetable included within a new appendix.

- Para 7.1.8 – SM comment noted;
- Paras 7.1.9 to 7.1.11 – it was noted that whilst it would ‘normally’ be expected to have an April UNCC meeting each year, should the need arise, an extraordinary UNCC meeting could be requested, if deemed necessary.

It was also noted that ‘discuss’ would be replaced by ‘present’;

- Para 7.1.12 – FC comments noted;
- Para 7.1.13 – FC comment noted and thereafter BF highlighted the UNC TPD Section E statement whereupon it was noted that the committee would be expected to act in accordance with the requirements (and provisions) of TPD Section E;
- Para 7.1.15 – SM comment noted and acknowledgement that statement can be interpreted differently by different parties and therefore more clarity required, especially as there is a lack of obligation on parties – needs to be expanded to include potential scenarios and to also include consultation with the UNCC aspects.

It was suggested that as this matter feels more like a breach of contract type of consideration, is para 7.1.15 really needed, as Code provisions already ‘cover off’ the requirements.

SB suggested a simple re-wording in order to reference the role of the UNCC in order to ensure that the Gas Transporters provide notification to the CDSP.

- Para 8 – consensus is that this paragraph can be removed in its entirety.

In noting all of the discussion points, FC advised that she would now collate the views and feedback in order to update the Framework document in time for consideration at the next Workgroup meeting.

New Action 0503: CDSP (FC) to update the Framework document inline with Workgroup discussions and feedback in time for consideration at the next Workgroup meeting.

5. Conclusion of Workgroup Report

Whilst specific consideration at the meeting was deferred it was noted that an ‘interim’ Workgroup Report would be presented to the 17 May 2018 Panel, requesting a minimum 3 month extension to the reporting period.

6. Review of Outstanding Actions

0101: CDSP (FC) to review the contract arrangements and investigate what can be shared. If the contract cannot be shared, investigate what could be provided in the form of a summary of the contract which might include a list of all the contract headings and key deliverables, termination clauses and provisions for transferring the service as a starting point.

Update: FC explained that work is underway and a draft document is being prepared for sharing (possibly via the UNCC) in due course. **Closed**

0201: Joint Office (CS) to update the issues log to capture key discussion points and decisions.

Update: When BF pointed out that a review of the issues log is on the agenda, it was agreed that the action could now be closed. **Closed**

0202: Xoserve (FC) to review the AUG timeline proposal and voting checkpoints and provide a track changed version (illustration) of the rule changes (UNC and/or Framework Document) to bring it into effect.

Update: When BF pointed out that a review of the AUG timeline is on the agenda, it was agreed that the action could now be closed. **Closed**

7. Next Steps

In summarising discussions, BF noted that the next steps would be to:

- Preparation of an 'interim' Workgroup Report;
- Request a (3 month) Workgroup Reporting extension to July/August at the 17 May 2018 Panel meeting;
- Consideration of Updated Framework Document;
- Approval of Amended AUG Timelines;
- Consideration of Contractual Impacts, and
- Consideration of Procurement Requirements.

8. Any Other Business

None.

9. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:30 Friday 08 June 2018	Joint Office, Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Standard Agenda items + <ul style="list-style-type: none"> • Consideration of Updated Framework Document; • Approval of Amended AUG Timelines; • Development of Workgroup Report • Consideration of Contractual Impacts, and • Consideration of Procurement Requirements.

Action Table (as at 02 May 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0101	31/01/18	2.2	To review the contract arrangements and investigate what can be shared. If the contract cannot be shared, investigate what could be provided in the form of a summary of the contract which might include a list of all the contract headings and key deliverables, termination clauses and provisions for transferring the service as a starting point.	CDSP (FC)	Update provided. Closed
0201	27/02/18	2.0	To update the issues log to capture key discussion points and decisions.	Joint Office (CS)	Update provided. Closed
0202	27/02/18	2.0	To review the AUG timeline proposal and voting checkpoints and provide a track changed version (illustration) of the rule changes (UNC and/or Framework Document) to bring it into effect.	Xoserve (FC)	Update provided. Closed
0501	02/05/18	3.	To provide an updated timeline diagram inline with discussions and feedback in time for consideration at the June 2018 Workgroup meeting.	CDSP (FC)	Pending
0502	02/05/18	4.	<i>Reference to Framework document paragraphs 3.1.1 and 3.2 proposals/amendments</i> - Cadent (CW) to await provision of an updated Framework document before seeking a legal view on the impact of UNC TPD Section E provisions (i.e. potential breach of obligations etc.) on proposals.	Cadent (CW)	Pending
0503	02/05/18	4.	To update the Framework document inline with Workgroup discussions and feedback in time for consideration at the next Workgroup meeting.	CDSP (FC)	Pending