

**UNC Workgroup 0843  
Establishing the Independent Shrinkage Charge and the Independent  
Shrinkage Expert**

**09:30 Wednesday 23 April 2024**

**via Microsoft Teams**

<b>Attendees</b>		
Rebecca Hailes (Chair)	(RHa)	Joint Office
Ben Mulcahy (Secretary)	(BM)	Joint Office
David Morley (Proposer)	(DMo)	OVO Energy
Andy Clasper	(AC)	Cadent
Charlotte Gilbert	(CG)	BU UK
Colin Wainwright	(CW)	SGN
David Mitchell	(DMi)	SGN
Edward Allard	(EA)	Cadent
Ellie Rogers	(ER)	Xoserve (CDSP)
Josie Lewis	(JL)	Xoserve (CDSP)
Louise Hellyer	(LH)	Total Energies
Matt Marshall	(MM)	Cadent Gas
Oorlagh Chapman	(OC)	Centrica
Paul O'Toole	(PO)	NGN
Tom Stuart	(TSt)	Wales & West Utilities
Tracey Saunders	(TS)	NGN
Susan Helders	(SH)	NGN

*This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.*

*Please note these minutes do not replicate/include detailed content provided, therefore it is recommended that the published material is reviewed in conjunction with these minutes. Copies of all papers are available at: <https://www.gasgovernance.co.uk/0843/030424>.*

*The Workgroup Report is due to be presented at the UNC Modification Panel by 18 July 2024.*

## 1. Introduction and Status Review

Rebecca Hailes (RHa) welcomed everyone to the meeting. The meeting was quorate.

### 1.1 Approval of Minutes (06 March 2024)

The minutes from the 03 April 2024 meeting were approved.

### 1.2 Approval of Late Papers

Whilst the Legal Text (LT) for the Modification was provided after the late papers date, it was acknowledged that the period between the last Workgroup and this was short, and it was appreciated the provider was able to submit it for review. The LT was to be the main focus of this meeting and was thus accepted.

### 1.3 Review of Outstanding Actions

**0401:** DMo to review Flowchart documentation from June 2023 to ascertain if it requires updating to be consistent with the current Modification version and present at the next meeting.

**Update:** David Morley (DMo) did not feel he had agreed to this action, stating that the Flowchart had been intended for DNs when it was produced rather than an ongoing commitment for the Modification.

RHa disagreed, stating that this Action had been decided appropriate as the Flowchart was inherently helpful to any party reviewing the Modification and its proposed mechanisms, which were complex, especially for those of the wider industry who were not a party to this Workgroup.

It was later agreed in the meeting that the objectives of this action could be combined into **Action 0404**, and on this basis, Action 0401 was closed.

#### Action Closed

**0402:** DMo to confirm if precedent exists in UNC TPD Section E text confirming liability for AUG role did not sit with CDSP.

#### Update:

DMo advised he had reviewed the Code to this end and had found within TPD Section E Clause 1.14.1 the statement that:-

*“Direct Functions of the CDSP to support implementation of Section E are appointing the AUG Expert and managing the AUG Expert Contract.”*

Accordingly, DMo concluded that the precedent did indeed exist.

Ellie Rogers (ER) reflected that initially there had been some concern that the language used in the Business Rules (BRs) suggested some form of CDSP liability, but subsequent Workgroup discussion had reassured her that the matter was no longer a concern from the CDSP perspective.

DMo acknowledged the comment, agreeing that the aspect in question had been concerning the scenario in which the CDSP was unable to discharge its obligations, which was a different discussion that he felt had been covered elsewhere.

#### Action: Closed

**0403:** DMo to provide direction as to what shrinkage charge should apply if a Disapproval is issued where no previous ISC had been applied.

#### Update:

DMo explained that this action related to previous discussions which sought to clarify what should happen if the ISC for a particular year was disapproved and no previous year ISC was in place. He stated that in such a scenario the intention was that the ISC would be zero, which was reflected in the Legal Text.

RHa acknowledged that this was what was intended and asked David Mitchell (DMi), who was the Legal Text provider if this was in the Legal Text. DMi committed to ensuring it was. During Legal Text review later in the meeting it was confirmed that the Legal Text meets this intent.

**Action: Closed**

**0404** DMo and RHa to consider adding a single-page diagram of the ISC creation time cycle.

**Update:**

RHa described to the Workgroup the timetable provided to the Uniform Network Code Committee (UNCC) for the Allocation of Unidentified Gas Expert (AUGE) for disapproval consideration. She added that this timetable was very helpful in reviewing the AUGE, and asked if she could prevail upon the CDSP to provide an editable copy template from which an ISC timetable could be produced.

ER confirmed that there was a version used within the CDSP and committed to ascertaining if that format would work for this process, asking the Workgroup to leave it with her to get an MS Office version.

RHa thanked ER before asking DMo if he was prepared to complete this document once the template discussed was available.

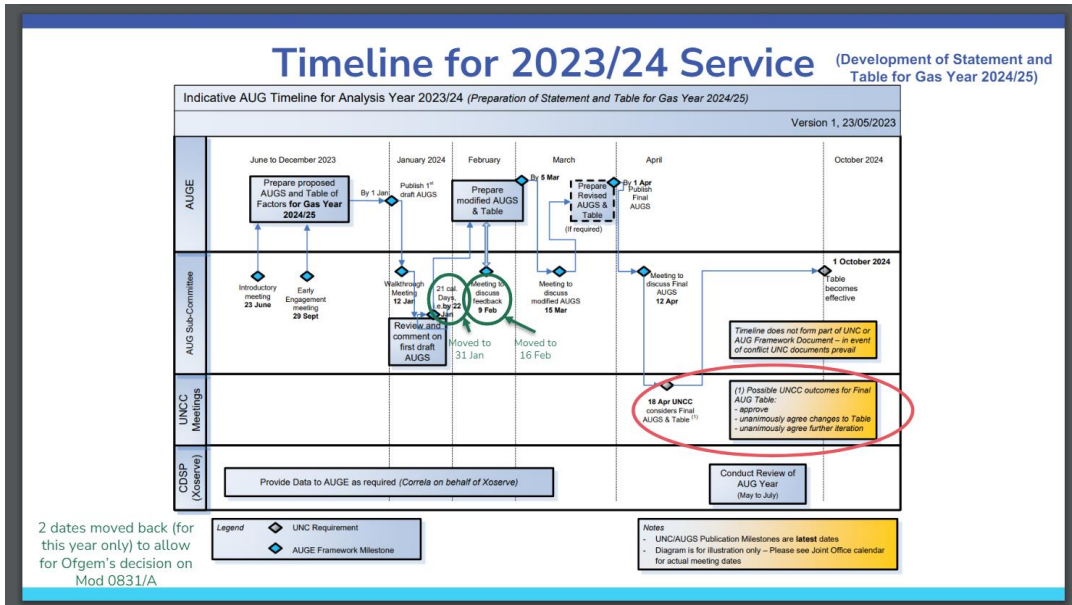
DMo confirmed that he would on the basis that **Action 0401** was closed as its intent was also effectively covered by this Action.

TS asked the Workgroup for some clarification concerning the existing flowcharts from June 20-23, noting that they did not show timelines and when previously requested the response had been that they existed in other documentation. She asked that since the documentation was being revisited now, having timelines or even callouts within them would be a great help, especially as it would aid DNs in their scrutiny to ensure there are no conflicts with their Ofgem licence requirements.

RHa acknowledged the commentary, adding that it would be highly undesirable for the Modification to be sent back from Panel or the Authority because such conflicts were not recognised.

TS observed that comparing the two current documents sometimes proved awkward, especially with some of the later language differences that had developed with the Modification's development.

RHa shared a view of the AUGE timeline for 2023/2024 highlighting the timings given and swim lane format whilst recognising that it was a very simplified and high-level view. See below:



The above diagram is slide 5 in the presentation entitled: [“246.6 a\) Consideration of AUG Statement & Table for Gas Year 2024/25 \(updated - 18 April 2024\)”](https://www.gasgovernance.co.uk/UNCC/180424) located here: <https://www.gasgovernance.co.uk/UNCC/180424>

DmO questioned if the only rationale underlining the requirement for this document was to assist the DNOs in ensuring there were no adverse impacts.

RHa clarified that the document would assist everyone reviewing the Modification, especially as what it proposed is a very complicated process. Whilst recognising that TS was specifically concerned about Licence impact, RHa explained that such a document would help all industry parties to ensure they understood, highlighting that as the Proposer, DMo might otherwise need to address questions in the consultation about aspects that were already clear to Workgroup or those at the Modification Panel, adding that it would help smooth the path to getting this Modification Proposal through the process.

DMo agreed with this logic.

**Action Deferred**

**0405** – DMI to provide first draft of the Legal Text

**Update:**

This has been provided, for which RHa thanked DMI.

**Action Closed**

**2. Amended Modification**

RHa asked DMO if there were any amendments to the Modification since the last Workgroup on 03 April 2023.

DMO confirmed that he had provided v13 after the meeting, which was published on the JO website on 08 April 2023. A view of the Marked Changes copy of the document was shared with the Workgroup.

DMO directed the view to the changes made in Section 5. Solution. RHa noted the presence of greyed-out comments which DMO confirmed related to amendments made for previous versions which had been retained as context for the current text, which RHa agreed was helpful though suggested they be removed from the final version when it was produced.

DMO discussed the change to Business Rule (BR) 6.1 which confirmed where Authority disapproval was executed the previous year's implemented ISC would apply, whilst acknowledging it may not exist.

It was noted that the amendment to BR 10.5 was a typo and needed reversing.

The amendment to BR 12.1 was a result of the previous Workgroup discussion that DMO explained highlighted that it was not certain that the ISE may need to access data controlled by the Data Permissions Matrix, so the word 'may' had replaced 'will' in this context. ER confirmed this also.

**3. Framework Overview**

DMO also advised of changes to Appendix 2, *Framework for the Appointment and Operation of an Independent Shrinkage Expert* in that Section 7 had been removed and marked as '[not used]' as it effectively repeated UNCC Committee governance that was already in existence.

Similarly, DMO advised clause 9.2 had been removed as it was directing the Authority, which he recognised was inappropriate in line with previous Workgroup discussions.

**4. Rough Order of Magnitude (ROM)**

There was no commentary on this item in the meeting.

**5. Consideration of IGT Impacts**

There was no commentary on this item in the meeting.

## 6. Legal Text Update

The Workgroup reviewed two copies of the Legal Text (LT), one the original copy from LT provider DMi (SGN), the other a copy that the Proposer, DMo, had reviewed and added commentary to. Both documents are published and available for review at [www.gasgovernance.co.uk/0843/230424](http://www.gasgovernance.co.uk/0843/230424)

In presenting the original LT DMi drew the Workgroup's attention to the comments added by the lawyers drafting the text as these detailed questions and requests for clarification that needed to be considered, as well as highlighting the BRs the clauses related to.

In the Proposer response copy, DMo had added some comments of his own in response to the Lawyer's questions, and these were also referred to in the discussion.

*However, it should be noted that in adding the Proposer responses, the Lawyer's questions have been renumbered in contrast to the original LT document, where these questions are referred to in this document, the second reference is included in brackets after the first.*

DMi noted the initial Lawyer question as to whether the Modification was introducing a new type of UNC charge or a requirement to purchase additional shrinkage.

TS disagreed that this was the case as shrinkage was already purchased under the existing Licences and the costs proposed to be charged under this Modification required a change in Licence, adding her own question as to whether this raised a query as to whether the Modification needed to include the Relevant Charging Methodology Objectives section.

RHa acknowledged TS's question, though was not certain there was anything specific that would not have already been registered under the existing entries for Relevant Objectives, advising that the section was generally only employed when there are changes to UNC Section Y.

DMo also noted the LT did not include changes to Section Y.

ER shared that, in considering the lawyer's question she understood why it seemed not to be a new charge but highlighted that the solution included a new component to the shrinkage process, with a charge from the ISC added as part of the systems solution.

DMi confirmed this commentary answered the question from the lawyer, when RHa asked if this clarified matters.

DMi moved on to the LT changes in TPD Section E, again noting the lawyer's commentary questioning how IGTs would look to purchase the gas under the requirements of this Modification, and whether this would necessitate changes to the IGTAD.

RHa added that currently IGT Shrinkage gas was considered zero and that this Modification did not look to change that, and whilst the phrasing was not quite right, she did agree with the comment.

In response to DMo's comment that he did not think the changes should be made in 7.3, RHa asked DMi for a rationale as to why they were.

DMi thought it was likely due to the lawyer believing it was attributed to shrinkage which earlier discussion suggested that this may not be the case and is instead a new charge.

TS asked if this was predicated on the mechanism within the Modification that, subject to Licence change, negative changes could be implemented.

RHa asked DMi to present the lawyer's comment Dentons3 (Dentons5), which he did, noting

that it related to BR10 and BR11 and some uncertainty as to what was being reconciled in 7.3.1(c).

DMo shared that, to his recollection, Clause 7.3.1 was about reconciling shrinkage values, and this was why, to his mind, the changes should not be made here. He added that in his response comments the answers to the questions posed was for both, no, and that after the Formula Year concludes the ISE will observe Shrinkage model error to see if the GDNs and IGTs provided figures are more or less than observed and issue a Reconciliation Statement. DMO continued that the lawyer needed to look to BR10.1 through to BR10.3 which did not appear to be described in the legal text.

DMo continued that the reconciliation that was described in 7.3.1(c) required the ISE to wait for the current process to conclude to then produce its own figure and suggested this be described in clause 7.6.

DMi acknowledged the commentary and committed to taking it back to the lawyer, asking for confirmation that this was reflected in the Modification's BRs, adding that he wanted to ensure a cohesive answer to the question raised and be certain that the questions added in the LT were not driving the solution.

DMo confirmed that the responses to the LT questions were reflected in the BRs to which DMi shared his subsequent surprise that the lawyer had then taken the route he had.

RHa shared a view of BR10 and stated that she thought the lawyer's questions were raising questions for clarification and so was not too worried about them, adding that the BRs were complicated but were reasonably clear. She went on to ask DMi if the lawyer required more clarity on the BRs or needed to better understand the Modification Proposal.

DMi replied that it could be a bit of both, and he would need to put the Workgroup and Proposer's commentary back to the lawyer and ascertain if they were sufficient. RHa concurred that this seemed a sensible step and suggested that a follow-up offline meeting between DMi, DMO and the lawyer was worth considering if more discussion was required.

RHa asked if there was sufficient commentary in answer to the lawyer's question Denton4 (Dentons7) which DMi confirmed he thought was the case.

DMi presented the proposed LT changes for Section H with Clause 2.6.1 presenting a calculation for Unidentified Gas (UIG) to be reduced by the sum of the Daily IS LDZ Quantity for the Formula Year in which such Day falls (DISLQ) and the aggregate of the Daily IS IGTS Quantity for the Formula Year in which such Day falls for each IGTS connected to the LDZ (DISIQ).

RHa asked if DMO was content that DISLQ and DISIQ were correct. DMO expressed concern that the lawyer had replaced the acronyms within the Modification Proposal with new ones in the LT as it made the text much harder to interpret.

RHa acknowledged the concern, noting that the fact that there was no reference to shrinkage model error suggested that the lawyer had not quite grasped the concept, which DMO concurred with.

ER postulated that this might be due to how quickly the lawyer had to provide the LT, adding that she still needed to understand how shrinkage was taken into account as part of the LDZ Daily Quantity Offtaken (LDQO), stating that within the current process, UIG needs to account for Shrinkage, which would be where these additional factors are being included, adding that she would ask the Subject Matter Experts (SMEs) within the CDSP to ensure it is reviewed.

**New Action 0405:** CDSP (ER) to confirm how Shrinkage is currently removed from UIG and

if the LDQO approach proposed in the LT works correctly

DMo suggested that the brackets shown in the proposed calculation in Section N Clause 2.6.1 were superfluous, which the Workgroup then discussed, agreeing that they were required as two separate components were being deducted.

RHa asked DMi to talk through Lawyer comment Dentons7(Dentons13) which was in reference to applying LDZ and relevant IGTS deductions at the LDZ level which DMi noted that DMO had confirmed to be correct in the Proposer response copy of the LT.

Moving to the text for 2.6.2 in Section N, DMi noted that the new text updated and added to the existing formula present in this clause. RHa asked what Forecasting Unidentified Gas (FUIG) did and why it was necessary to alter its formula for this Modification.

ER replied that she assumed that FUIG was what was forecast for each day and then reconciled at the end of the day, adding that she did not know the technicalities well enough to describe the process more thoroughly.

DMi asked if this was something that needed to be confirmed by Fiona Cottam (FC). ER confirmed that it would be reviewed by the CDSP SMEs, which included FC.

DMi also asked ER if this could be considered in accordance with the Rough Order of Magnitude (ROM) that the CDSP had produced, and any system works considered necessary.

ER confirmed that the ROM had been produced but was unsure of this aspect from a UIG perspective. She confirmed that the CDSP believed the ROM aligned with the BRs, though if there was anything different in the LT they would need to flag it, confirming that this was what the SMEs were reviewing.

DMo commented that the ROM did a before and after check of the definitions used.

DMi continued the review of the LT, noting the inclusion of the newly defined term Independent Shrinkage LDZ Quantity (ISLQ) and shared comment Dentons8 [Dentions16] which asked if it was required to say that this was the quantity which the ISE estimated to be the LDZ shrinkage, and noting that DMO had answered in the response document that this was correct and that the definition needed to be expanded to include this detail.

DMi paused to ask if this was LDZ Shrinkage or the Model error, to which DMO confirmed that it was the ISE view which was subtracted from the DN view to get the Shrinkage error figure. He added that the LT was difficult to read and referred to his comment DM15 in the response copy of the LT where he asked why the Annual IS LDZ quantity and the Annual IS GTS Quantity (which were referred to in the LT as GDN ISC and IGT ISC) were not included in this clause and suggested to include all definitions in one location for clarity.

RHa agreed that it was very confusing that the LT had introduced new terms and acronyms for concepts introduced in the Modification. DMO agreed, stating that he had to read the LT through several times to understand it.

Taking this onboard RHa suggested an explanatory table be created in which it was detailed where each BR was enacted in the LT and maps where each BR definition links to the definitions in the LT. She asked DMi if this could be produced.

DMi was agreeable to the idea, though noted that such tables were normally produced once the LT was finalised.

RHa acknowledged this but explained that due to the complexities encountered in reviewing the LT it was needed early even though it will need changing as the text evolved.



**New Action 0407:** DMi to provide an explanatory table detailing where each BR is enacted in the LT and maps each BR definition to its corresponding LT definition

DMi asked to clarify that as the ISLQ was established to be a quantity and not a charge, if this conflicted with the Modification title.

ER suggested that both were required. RHa agreed noting that the CDSP would be required to put a charge into Gemini. ER assented with this comment, adding that an additional amount did need to be added into the system.

RHa paused to note that ER had used the term amount and not quantity, presuming that this was referring to the amount of gas that would need to be purchased. ER confirmed this to be correct and that what the CDSP would do is add an amount due to Model error.

RHa summarised that the concept was a charge, but the actual number was a quantity. DMO commented that he had called it a charge, but he had not gone back to check for a defined term. RHa stated that she thought it was fine and in the LT it was clearly a charge.

TS queried using the word charge as it was not a defined term and thus always followed its context. RHa responded that she thought it acceptable to discuss quantities in the LT.

ER asked if definitions were missing, in response to which DMO highlighted that later clause 5.4.2 had more definitions and that it would be helpful to have all the definitions in one place, observing that some of the acronyms produced in the LT are very similar to one another making them harder to distinguish between.

As DMi resumed talking through the LT, RHa noted the empty square brackets in 5.1.1.c and asked if this was to be populated with a reference to the Framework, which led DMO to ask if the Framework needed a different name. DMi confirmed that the existing Framework name would be used.

ER pre-empted her next comment by expressing her appreciation of the benefit of using much of the existing AUGE text as a template but wished to highlight Section E's detailing of the terms of the ISE contract, which just stated that these would be set, compared to the AUGE which does not mention them out in any way. She did not know if these needed to be there but suggested the Framework did not need to lay out the contract terms. DMO agreed.

RHa asked if there was a need for minimum terms to be set.

ER confirmed that she understood why this had been done as it had pulled across from the AUGE terms, but she was not sure if it was relevant. She committed to checking the Framework and feedback to DMO and DMi with the results.

RHa added that the LT did talk about the procedures in 5.1.1(c) and that the ISE was to be given a lot of free rein. ER confirmed that it did not give a step-by-step process dictating how to create the IS Model, as such would reduce the IS Expert to effectively being an administrator. She added that her concerns were mainly with 5.1.1 (c)(iii) and 5.1.1 (c)(iv) and she would look further into these.

RHa asked if the Workgroup were happy with the procedures described. DMO suggested the use of the word 'the' in 'the procedures' implied they were specifically defined and suggested this be removed.

RHa asked about square brackets in 5.1.1 (e), which DMi assumed would refer to the Framework document. RHa suggested this was not obvious. She also noted that 5.1.1 (c) (vi) had an opening square bracket but no closing one and that 5.1.1 (f) and 5.1.1(g) had empty square brackets.

DMi confirmed he would ask the lawyer about these.

DMo commented that he had added text into the brackets in his response copy of the LT as suggestions to the lawyer, which RHa commented looked correct but advised best practice would probably best to point the Lawyer to the BR where these terms existed. DMO confirmed the terms he had provided were detailed in the Modification Proposal's Glossary under 17.1 and 17.2.

In reading 5.1.1 (h) RHa questioned the syntax of 'accordance by' and if Formula Years should be plural as she thought it should be for one year. She also questioned if the reference to the IS Model was correct and if it should be referring to the Methodology instead.

DMo commented that he did not think it needed to refer to the Methodology, as it was the Model that produced the quantities and that multiple possible methodologies could produce the Model.

As the Workgroup reviewed 5.1.1 (j) DMO commented that reconciliation was referred to elsewhere, which led RHa to ask if this meant the term was defined twice. DMO clarified that other clauses referred to Reconciliation Statements elsewhere but if this was a new definition entitled 'IS Reconciliation Statement' it was probably fine.

DMi read clause 5.1.2 which specified that the IS Document was a UNC Related Document and that the lawyer's question Dentons10(Dentons20) asked for this to be confirmed, noting that DMO had confirmed that this was correct in his response document.

In reading Clause 5.13 DMO asked why there was no reference to the ISC Subcommittee and if it was needed in the LT or if detailing it in the Framework was sufficient.

ER responded that she was not sure if the AUGE Subcommittee was referenced in Section E, though noted the distinction that whilst the UNCC had the vires to issue ultimate disapproval at the end of the AUGE process whereas for the ISC the UNCC is not so empowered and were instead the escalation point for some considerations, with the subcommittee being where the more detail aspects were managed.

DMo scanned the LT and commented that he could not see mention of the IS Subcommittee.

RHa advised that the UNCC can set up subcommittees at any point they deem and noted that the UNCC functions are referred to in clause 5.1.4, so it may be a good place to put text stating that the UNCC may establish any subcommittee for this purpose. RHa asked DMO if she recalled correctly that he had written Terms of Reference (ToRs) for the subcommittee. DMO confirmed they existed in appendix 3, with nothing in the LT.

RHa commented that if a document in the Modification was not referred to in the LT it would not hold any weight.

DMi asked to clarify why the subcommittee and ToR would need to be in the LT so that he could explain the issue to the drafting lawyer, asking if they were in the BRs.

RHa noted they were in the Further Solution Notes 10.4 and 10.7, and DMO added they were referenced in BR13. Recognising this RHa asked where in the LT BR13 is enacted, as she could see 5.1.3 had the lawyer's note Dentions11 (Dentons22) made this connection but that 5.1.3 made no mention of the subcommittee. DMi agreed to discuss this with the Lawyer.

As the Workgroup reviewed LT clause 5.2.1, DMO highlighted that he had created new clauses 5.2.1(c) and 5.2.1(e) in his response copy between the subclauses that had originally been 5.2.1 (b) and 5.2.1 (c) as he believed these statements were required.

In reviewing them RHa noted that DMO was implying the LT had missed crucial elements, which

DMi agreed appeared to be the case and he would pick up on with the lawyer.

RHa added that references to the relevant BRs in these added subclauses would be useful and best practice to provide as the rationale for the additional text. DMo confirmed it would be BR2.2 as the existing lawyer comments already mentioned BR 1 and BR2

DMo questioned 5.2.1 (e) in the original LT (5.2.1 (g) in his response document due to his added subclauses) in that the IS Annual Statement should not just go to the Authority and should be disseminated to other parties as well, though he couldn't recall which BR stipulated this, adding the CDSP at least should be included.

RHa noted that BR6 stated that the ISE would provide the details to the Authority and that DMO may need to update the BRs as he was correct that it could not only go to the Authority. She suggested reviewing the AUGE process again as a reference, whilst recognising in this process it was the Authority with the right to Disapprove, whereas it was the UNCC in the AUGE process.

TS noted that step 12 of the timeline table in the Framework mentions that the Statement should be provided to the Authority and the Joint Office for publication who would in turn notify the CDSP, suggesting that there appeared to be some confusion between the Framework and the LT with references to Section B in the Framework. She explained that she had looked at both simultaneously to understand and assumed the lawyer had not looked at the Framework and was only working from BRs.

DMo commented that this might have answered the question, in that if it is in the Framework these things were requirements that the CDSP had to ensure were in their contract. TS asked if the Framework was a UNC Relevant Document, which RHa confirmed was a requirement of BR 2.1.

RHa noted that 5.2.2 (d) should state 'one or more bidders' rather than the current typo of 'one of more bidders' and that the text did not refer to the Stakeholder Engagement Panel, asking if this was more a customer contracting practical process that did not need to be included in the LT, whilst adding that she was unsure if it was covered in the BRs.

DMo suggested the Stakeholder Engagement Panel was perhaps part of the CDSP's process rather than needing to be in LT, asking if the CDSP knew of a legal underpinning for it.

ER stated that she thought it was probably covered in the procurement requirements and that the CDSP would certainly convene a Stakeholder Evaluation Panel anyway and suggested it would probably not be specified in the LT to allow the flexibility that was defined in the Framework, where the requirements would be easier to manage as a UNC Relevant Document. RHa responded that if ER was happy with this structure, it was probably fine.

ER committed to rechecking the Framework but did not think there was an issue with the Stakeholder Evaluation Panel not being specified in Code. DMo also confirmed he was satisfied it was in the Framework.

ER remarked that she imagined that clause 5.2.3 of the LT was trying to pick up on the recently added BRs addressing the potential worst-case scenario in which it proved that the CDSP struggled to procure a suitable ISE. She agreed that the text seemed appropriate in that scenario, as detailed in BR1 but asked if any specificity beyond that would be helpful.

DMi asked if ER was looking to call out what would happen next.

ER responded that it might be useful to call out that if a candidate is not available the CDSP will defer to the UNCC for guidance, but beyond that, she did not think there was a need for further stipulations in the LT.

DMo stated that 5.2.3 did not fully reflect the BRs and if such was agreed in the BRs maybe the LT needed to be closer to the BRs.

ER agreed, noting the obligations specified if the CDSP did not have a candidate initially, but questioned if this text still worked should the scenario prove the case in 5 years' time, for which the LT was not sufficient.

DMo suggested sending the text back to the lawyer as it was not yet explicit enough and if they felt it was sufficient, asking for an explanation of their rationale. DMi agreed to do so.

Reviewing 5.3 of the LT, RHa asked where the tasks listed sat in the activity priority list for the CDSP. ER replied that should this Modification be implemented the CDSP would need to schedule the ISE activities alongside similar managed contracts such as the AUGE and PAFA and ensure it is managed and re-tendered and the like, commenting that she did not think it should be called out as more or less important than these others. She advised that the ROM did not feature such details as these would be in the later Detailed Design under the DSC.

RHa commented that the requirement on CDSP for a review feedback session also did not seem to be mentioned in the LT, to which ER replied that she believed it was in the Framework.

RHa asked how it would be ensured that the CDSP manage the contract actively to ensure the third party is doing what it should. ER responded that this had been discussed before and the conclusions had been that such obligations would be contractual and delivered under a DSC service line rather than obligations in the UNC. If it proved that a third party did not deliver the levers and triggers would all be in the commercial contract under the DSC, rather than the UNC.

RHa asked if this meant the ISC contract would come under the DSC, to which ER confirmed it would be a direct code Service Line and stipulated through the DSC accordingly.

Once the Workgroup had reviewed the LT to the end of 5.3.2, ER stated that whilst she knew the text mirrored what was in the AUGE text she intended to share it with the CDSP Procurement and Legal teams just to ensure nothing had changed for such terms since and would feedback the results to DMi and DMo.

DMi, mindful of the ongoing work on the LT, asked ER how long this would take. To which ER responded that she was hopeful that it would be sometime during the week commencing 29 April 2024.

RHa compared BR4 to LT clause 5.3.4 and asked DMo if was happy the clause was accurate. DMo noted he had not called it out in his response document, so he thought it worked.

ER shared her concern that 5.3.4 stipulated that any type of amendment to the ISE Expert Contract required Committee approval, and stated she thought this needed to go back to the lawyer as it seemed quite restrictive in that everything, including tweaks etc, on the CDSP commercial would need to be shared with the Committee and approved.

DMo agreed, stating that BR4 was only stipulating such approval where more funds were requested for additional work.

At this point, the Workgroup needed to conclude for time considerations.

## **7. Development of Workgroup Report**

This item will be covered in later Workgroups.

**8. Next Steps**

RHa confirmed that the LT review would be resumed in the next meeting.

**9. Any Other Business**

No other business was raised in the meeting.

**10. Diary Planning**

0843 Meetings are listed at: <https://www.gasgovernance.co.uk/0843>

Further details of planned meetings are available at: [www.gasgovernance.co.uk/events-calendar/month](http://www.gasgovernance.co.uk/events-calendar/month)

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
13:00 Wednesday 05 June 2024	5 pm 27 May 2024	Microsoft Teams	<ul style="list-style-type: none"> <li>Continuation of the Legal Text Review</li> <li>Development of Workgroup Report</li> </ul>

Workgroup 0843 Action Table						
Action Ref	Meeting Date	Minute Ref	Action	Reporting Month	Owner	Status Update
0101	25/01/2024	2.0	RHa to investigate references regarding what happens if UNCC approval has not been obtained.	March	RHa	Closed
0401	03/04/2024	2.0	DMo to review Flowchart documentation from June 2023 to ascertain if it requires updating to be consistent with the current Modification version and present at next meeting.	May	DMo	Closed
0402	03/04/2024	2.0	DMo to confirm if precedent exists in UNC TPD Section E text confirming liability for AUGE role did not sit with CDSP.	May	DMo	Closed

<b>Workgroup 0843 Action Table</b>						
<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Reporting Month</b>	<b>Owner</b>	<b>Status Update</b>
0403	03/04/2024	2.0	DMo to provide direction as to what shrinkage charge should apply if a Disapproval is issued where no previous ISC had been applied.	May	DMo	<b>Closed</b>
0404	03/04/2024	3.0	DMo and RHa to consider adding a single-page diagram of the ISC creation time cycle.	June	DMo & RHa	<b>Pending</b>
0405	03/04/2024	6.0	DMi to provide first draft of the Legal Text	May	DMi	<b>Closed</b>
0406	23/04/2024	6.0	CDSP (ER) to confirm how Shrinkage is currently removed from UIG and if the LDQO approach proposed in the LT works correctly	June	CDSP (ER)	<b>Pending</b>
0407	23/04/2024	6.0	DMi to provide an explanatory table detailing where each BR is enacted in the LT and maps each BR definition to its corresponding LT definition.	June	DMi	<b>Pending</b>