

Representation received by Email

UNC Independent Panel Chair

Date: 10 February 2014

Organisation:

Julie Cox, Energy UK

Abstract:

- 1) What criteria do you consider to constitute an independent Chair?

Energy UK considers that an independent panel chair would be one nominated by an industry body that is more representative of the industry than the Joint Governance Arrangements Committee which is exclusively gas transporters. The process to be followed should be consulted upon and be more transparent to stakeholders.

The individual should act impartially and consistently, encourage open debate whilst not guiding the Panel towards any particular decision. We believe the appointment should be for a fixed term, to provide a review point, although reappointment should not be ruled out. Industry knowledge would also be desirable so that the chair is able to challenge views put forward at Panel meetings to ensure the outcomes are robust. Whilst not wishing to exclude potential candidates our initial view is that an independent chair should not be employed by any of the parties with an interest in the UNC and outcomes of modifications to it. This would include; Gas transporters, both transmission and distribution, Ofgem, registered shippers and suppliers.

- 2) Do you consider that the Joint Office Chief Executive, appointed from a Gas Transporter business, fulfils the Transporter's Licence obligation to appoint an independent chair, and why?

Subsequent to the Code Governance Review that led to the introduction of a licence condition upon Gas Transporters which requires the UNC panel to have an independent chairperson it is difficult to see how the Joint Office Chief Executive, an employee of National Grid, meets this criteria. Although we acknowledge that a track record of performance by any Panel chair can only be established once in post.

- 3) Do you have any views on the *process* of appointing the Independent Chair in this way?

A number of industry codes have already established a range of processes, with various degrees of complexity, for appointing an independent panel chair,

including; The Electricity Connection and Use of System Code¹ (CUSC), Balancing and Settlement Code² (BSC), The Distribution Connection and Use of System Agreement (DCUSA) and Master Registration Agreement (MRA). The Smart Energy Code³ (SEC) is also set to adopt the principle of an independent chair and process to appoint the chair. We consider these arrangements would be a good place to start when considering new processes for appointing an independent panel chair for the UNC, with the CUSC arrangements potentially being most suitable. We would suggest that these approaches are considered by the Joint Governance Arrangements Committee and then a further industry consultation is held on potential approaches.

- 4) Are there any further examples or evidence you can provide to support the points made?

See the links provided for details of the processes adopted or to be adopted by other industry codes.

¹<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Panel-information/Meetings/2011/>

²http://www.elexon.co.uk/wp-content/uploads/2012/09/211_09_Process_for_Nominating_the_BSC_Panel_Chairman_v1.0.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276181/Annex_6_-_Combined_SEC2_and_SEC3_Clean_.pdf