

Governance Workstream Minutes

Thursday 15 September 2005

10 Old Bailey, London

Attendees

Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Julian Majdanski	(JM)	Joint Office of Gas Transporters
John Bradley	(JB)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Gas DN
Beverley Grubb	(BG)	Scotia Gas Networks
Chris Warner	(CW)	National Grid Gas DN
Jonathan Dixon	(JD)	Ofgem
Keith Sanderson	(KS)	BGT
Liz Spierling	(LS)	WWU
Mick Curtis	(MC)	$e=mc^2$
Mike Young	(MY)	BGT
Robert Cameron Higgs	(RCH)	Northern Gas Networks
Ritchard Hewitt	(RH)	National Grid Gas NTS
Steve Ladle	(SL)	Total
Steve Mulinganie	(SM)	BP

1. Minutes from Previous Workstream

The minutes from 18 August 2005 were accepted.

2. Review of Actions

003Gov Appeals Process

Jon Dixon has been in touch with the Competition Commission and the response was discussed. The Proposer of Modification Proposal 040 'Variation of Proposals in the light of a Competition Commission Direction' had, in consequence, withdrawn this Proposal. **Action Closed**

4.2 Project Management. Ofgem had discussed the need for more "joined-up" thinking with a variety of governance regimes, and their associated consultation processes, in place. It had no specific proposals to bring to the meeting but was willing to carry the action over. TD pointed out that it can be helpful to arrange meetings under different governance arrangements to be held on the same day and location and this had been done. One recent topic that influenced the UNC was the NEC Safety Case where consultation was not conducted but the outcome gave rise to a UNC Modification Proposal. Other issues arose from the current credit Modification Proposals where implementation would imply change to the credit rules in place for each of the Transporters. The conclusion from the discussion was that it should be raised as a low priority topic to retain visibility.

Action: TD

The Joint Office were still working towards getting Modification Proposal details onto the web site

Action: TD

The Joint Office were expecting to issue a modification timeline within seven days

Action: TD

Sharif Islam action (insert from last minutes) was Carried Over

Action: SI

TD took an action to report back on the suggestion that the Joint Office should manage the Shrinkage Forum

Action: TD

3. Review of Modifications and Topics Log

3.1. Modifications

048 'Preparation of Legal Text for Users Modification Proposals. The Panel had decided that this Proposal should proceed to consultation.

040 'Variation of Proposals in the light of a Competition Commission Direction' This had been withdrawn by the Proposer.

039 'Removal of 9.5.5 of the Modification Rules' The Modification Panel had recommended implementation of this Proposal.

010 'Amendment to the Minimum Notice Required for UK Link Changes' Revised legal text, which had been agreed with the Proposer, had been submitted to Ofgem and a revised Final Modification Report submitted to the industry. The Panel had agreed that further consultation on this Proposal was not necessary.

004 'Changes to the Network Code to Facilitate the Sale of Gas Distribution Networks' The Proposer had indicated that they were minded to withdraw this Proposal.

003 'Review of the Modification Rules' The Proposer indicated that they are minded to withdraw this Proposal.

3.2. Topics Not Discussed in Detail

002Gov 'UK Link Modification Classes'

This Topic was discussed further on 8 September 2005. The consensus view was that there were no issues with the current wording of Section U of the Transportation Principal Document that were sufficient to justify the raising of a Modification Proposal at this time, in respect of Modification Classes. It was therefore agreed that this Topic should be closed.

003Gov 'Appeals Process'

Ofgem had received a response from the Competition Commission. This indicated that directions would refer to Ofgem's decision, any additional factors it must take into account etc. rather than an alteration of the Proposal itself. For this reason Modification Proposal 040 had been withdrawn by the Proposer. The Modification Panel had recommended implementation of Modification Proposal 039 'Removal of 9.5.5 of the Modification Rules'. It was agreed that when Ofgem had reached a decision on 039, this Topic should be closed.

4. 005Gov 'SME Roles and Responsibilities'

The feedback on the process adopted by the Joint Office for developing Workstream Reports was different. The Distribution Workstream was more positive than the Transmission Workstream. It was recognised that despite comments from the Transmission Workstream the process was valuable.

The degree of expertise of SMEs was raised. The present arrangements indicate expertise in report writing, although it was acknowledged that subject matter knowledge was beneficial.

JD said that the points of clarity that used to be provided by the Transporter were missed by Ofgem. Ofgem also saw a problem with the DMR where a Workstream Report was not produced. TD also felt that having legal text for debate was helpful. BG recognised this but stated that other documents were also relevant for the understanding of the Proposal. On the assumption that the Workstream Report was a good basis for the production of the DMR, TD asked whether the "sense check" prior to production should continue to be done by the SME or by the Joint Office. The other alternative was for the Workstream Report to be sent to the Panel for additional comments/amendments. JM suggested that the Joint Office could generate the DMR. The

consensus of the discussion was that involvement of the SME was not adding value at the DMR stage when a Workstream Report was produced.

Some attendees saw the value of summarising the representations in the FMR but other attendees did not. JD saw the value of interjecting into the report known facts to inform issues raised in the representations. This could be done in the Workstream – with Workstream attendees rather than SMEs providing any required expertise. TD asked how the Workstream might be informed regarding the outcome of consultation in order to reach a conclusion. This could be done by the SME or the Joint Office, possibly with the involvement of the Proposer. It was agreed that the Joint Office should work-up these thoughts as a model for presentation to the next meeting. **Action: TD**

007Gov 'Alternate Proposals'

There was a general discussion about areas of the Modification Rules which might benefit from review, and the priority for taking areas forward.

SL thought the Modification Rules surrounding alternate proposals were confusing. The ability to develop a Proposal or raise a new Proposal in the same area potentially made the requirement for raising a formal alternate redundant. TD saw merit in unified consulting on similar Proposals and pointed out that this was already envisaged by the Modification Rules.

It was suggested that the issue of not being able to vary a Proposal after representations needed addressing. RH agreed to consider this and bring proposals to the next meeting. **Action: RH**

SL also saw a need to improve the Urgent procedures. It was agreed that all would consider this and bring views to the next meeting. **Action: All**

BG felt that voting rules and Panel obligations should be clarified, notably in the context of a recommendation with respect to implementation. It was agreed that AR and BG would bring proposals to the next meeting. **Action: AR, BG**

AR believed a Modification Proposal could not be withdrawn after the DMR had been issued. JM had a different view. JM agreed to consider and clarify this for the next meeting. **Action: JM**

004Gov 'Panel Processes and Timing'

TD presented the slides that had been circulated with the minutes of the last meeting

5. Any Other Business

None.

6. Next Meeting

19 October 2005 following the UNCC meeting.

Agenda items to include:

1. Panel Recommendation Vote (AR/BG)
2. Alternative Consultation Process (TD)
3. Urgent Procedures (all)