

**UNC Workgroup 0379 Minutes
Provision for an AQ Review Audit
Monday 05 December 2011
at 31 Homer Road, Solihull B91 3LT**

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Jennings	(AJe)	Xoserve
Anne Jackson	(Aja)	SSE
Chris Warner	(CW)	National Grid Distribution
David Addison	(DA)	Xoserve
Ed Hunter	(EH)	RWE npower
Erika Melén	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waterswye
Graham Wood	(GW)	British Gas
Karen Kennedy	(KK)	Scottish Power
Linda Whitcroft	(LW)	Xoserve
Lorna Lewin	(LL)	Shell
Mark Jones	(MJ)	SSE
Steve Mulinganie	(SM)	Gazprom

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0379/051211>

1. Review of Minutes and Actions**1.1 Minutes**

The minutes of the previous meeting were accepted.

1.2 Actions

No outstanding actions to review.

2. Discussion**0379A Business Rules**

The marked up amendments within the Business Rules were considered.

The scope of the audit and Business Rules 10 and 11 were discussed. It was suggested that the obligation would be with the Transporter and that the Joint Office would operate on behalf of the Transporters.

It was understood that Parties would nominate up to three auditors each and the UNC Committee would review and either accept or reject the nominations. Some members were concerned whether the UNCC had sufficient knowledge to make such judgements. The Shipper would then select and contract with an auditor on the UNCC approved list.

The selection process of the auditors was considered and the restriction of not using an organisation already employed by the Shipper. The test for independence if a Shipper is nominating three auditors when they can then choose one of the auditors

nominated was challenged – it was agreed they should be able to select one of their nominations if they have no current arrangements with the auditor.

GE was concerned about the UNCC approval process and the limits of not using an organisation already employed for other purposes. AR challenged the conflict issue when auditors can be bound to act independently. GE believed the present proposal around the appointment was over complicated and believed there were two simpler solutions for the Shipper to either appoint the auditor to do external controlled process and provide a report, or have a requirement to have an external audit undertaken. GE expressed any list of auditors would restrain competition.

The process of having a list of nominated auditors for the Shipper to choose from rather than simply appointing an auditor and presenting the findings to the UNC Committee was considered.

LW pointed out that Modification 0379A is about ensuring a minimum of 85% amendments are achieved as the modification is about improving the performance of the AQ Review process. Whereas 0379 is an audit to provide assurance that the AQ Review process has not been misused. GW believed that although technically alternate modifications, both modifications could be implemented.

LW enquired how the costs for the first year grace period would be funded. KK agreed to clarify the arrangements for these costs within the business rules.

GW highlighted that as long as an 85% performance level is achieved, a Shipper may appear compliant irrespective of the percentage of AQ reductions or increases. LW explained that any spurious changes requested, would be rejected by Xoserve, the AQ would remain the same and that these would be excluded from the performance measure.

KK agreed to reconsider the Business rules and guidelines following discussions. BF requested that these are incorporated within the modification solution to drive the legal text.

0379A Reporting Suite

The 0379A reporting suite was considered.

LW clarified the dates for the different processes and suggested that new entrants and new connections should be reported from 01 October.

MJ highlighted that the year reference was superfluous.

Legal Text

It was noted that the Legal Text for both modifications was required for consideration and completion of the Workgroup Report.

Action 1201: Wales & West Utilities to provide 0379 and 0379A Legal Text for consideration on 22 December 2011.

GW explained British Gas had not been in a position to provide a set of business rules for consideration. BF pointed out the business rules were required for the completion of the legal text and would aid completion of the Workgroup Report.

It was agreed that the Panel be requested to extend the reporting date to March 2012.

3. Any Other Business

None raised.

4. Diary Planning for Workgroup

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

The next meeting of the Workgroup will take place within the business proceedings of the Distribution Workgroup, on Thursday 22 December 2011, at 31 Homer Road, Solihull, B91 3LT.

Workgroup - Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1201	05/12/11	2.0	Wales & West Utilities to provide 0379 and 0379A Legal Text for consideration on 22 December 2011.	Wales & West Utilities (ST)	Pending