

UNC Workgroup 0448 Minutes
Aligning UNC with Licence Conditions relating to European legislative change
Thursday 15 August 2013
Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amanda Rooney	(AR)	Ofgem
Andrew Green	(AG)	Total Gas & Power
Chris Hill	(CH)	Consumer Focus
Chris Warner	(CWa)	National
Chris Wright	(CWr)	Centrica
Erika Melen	(EM)	Scotia Gas Networks
Ewan Thorburn	(ET)	Ofgem
Joanna Ferguson	(JF)	Northern Gas Networks
John Edwards	(JE)	Wales & West Utilities
Phil Broom	(PM)	GDF Suez
Richard Fairholme*	(RF)	E.ON UK
Ritchard Hewitt	(RH)	National Grid NTS
Sean McGoldrick	(SM)	National Grid NTS

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0448/150813

The Workgroup Report is due to the Panel on 17 October 2013.

1.0 Review of Minutes and Action (18 July 2013)

The minutes were accepted and the outstanding action was reviewed.

0501: Ofgem to explain how it thinks the modification/legal text would work in practice.

Update: ET noted that the text was still under development and asked for this action to be carried forward. **Carried forward**

2.0 Discussion

The focus of today's meeting was to review the European Driven Change Process flow diagram and consider any changes that might be required to the scale and scope of the proposed roles/actions, which would then inform the further development of the legal text.

SM outlined the process flow and various comments and suggestions were noted for consideration.

It was suggested that what was to be considered as an 'EU modification' would require very clear definition. SM indicated that such a modification would be specifically related to the EU 3rd Energy Package.

Panel's role, if any, in determining the status of any such modification was discussed at some length. The modification contains the Proposer's view on whether the modification should be treated as having EU status. Licence Conditions specify that Ofgem initially designates the formal status. What would then be the Panel's role? Would it be unnecessary?

AG questioned why this type of modification should be treated any differently to any other modification. RH responded that the difference lies in the expanded powers that Ofgem was able to exercise over this particular category of modification and its route, and the fact that Ofgem itself can directly raise any such modification. It can also direct that any such designated modification may not be withdrawn.

The Panel's initial assessment of the modification may therefore be considered superfluous, unless Ofgem believe it to be a valuable and valued contribution. It was suggested that this might have similarities to the 'urgent' process, where Ofgem can request a view from the Panel. CWr believed that the Panel should be able to scrutinise and examine the modification to ensure that firstly it did not seek to go beyond its EU requirements, and secondly to assess and identify if there might a better and more efficient and cost effective way in which to accomplish the aims set out; often there was more than one potential solution to a problem. Not being able to raise alternatives sounded like it would have more of a relationship to SCRs.

An independent Panel assessment might provide an important safeguard and allay any potential industry concerns. Some criteria should be used against which Panel may make its own assessment. Assuming this assessment to be made, then an information/view feedback loop would be necessary to announce that it had met any set status criteria and whether it was initially believed to be an efficient solution. Following discussion it was suggested that this might from a practical perspective follow what had been agreed for self-governance modifications, in that Ofgem accepted what was captured in the Panel Minutes rather than seeking and accepting submission of individual statements. RH believed the legal text could be framed to give sufficient flexibility to enable the Panel perform an assessment and express its views to the wider audience.

SM continued with his explanation of the proposed process. CWr raised questions regarding the setting of timetables for modification progression. This may be driven by Ofgem's assessment and interpretation of what the EU change required to be done, and by when.

Concerns were raised that Ofgem was specifically directing the Panel to do something – does this power exist? Is this the first time that Panel will be subject to this? JF suggested that it might depend on how the legal text is constructed (the Authority cannot direct the Panel, but can direct the process to be followed).

Consideration should be given to retaining and maintaining Panel's independence.

BF observed there might be an assumption that Ofgem would undertake to publish some acceptable criteria for their assessment of whether a proposed modification might be then formally designated EU modification (rather like that already provided for the assessment of Urgency).

RH confirmed that an EU modification could not also attract the status of Urgent or Self-Governance, but that it could be related to a SCR and could also be User Pays.

CWr then referred to powers and actions that may be demonstrated under the Gas Act in the interests of Security of Supply. There was brief discussion on how changes could be forced through by various bodies without recourse to the usual processes.

Next Steps

RH confirmed that the process flow diagram would be revised to include checkpoints, and that the legal text would be revised to take account of today's discussions and the suggested changes to the process flow.

3.0 Review of Legal Text

A draft of the legal text (based on the flow diagram) had been provided as a late paper and it was recognised that not all parties had had the opportunity to review it. This was superseded by today's discussions.

4.0 Workgroup Report

It was noted that the Workgroup's report was due for submission to the October Panel.

The Workgroup agreed it was happy to consider items or additional meeting arrangements at reasonably short notice, but the more notice the better.

5.0 Diary Planning

The next Workgroup meeting will take place on Thursday 19 September 2013, following the UNCC meeting at the Energy Networks Association, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Action Table – Workgroup 0448

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0448/0501	02/05/13	2.0	Ofgem to explain how it thinks the modification/legal text would work in practice.	Ofgem (CC/ET)	Carried forward