

UNC Workgroup 0495 Minutes
Introduction of a Change Board for the UNC
Tuesday 26 August 2014
at 31 Homer Road, Solihull, B91 3LT

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Ian Hollington (Secretary)	(BF)	Joint Office
Alex Ross-Shaw	(ARs)	Northern Gas Networks
Amanda Rooney*	(ARo)	Ofgem
Andrew Margan	(AMa)	British Gas
Chris Warner	(CWA)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Erika Melen	(EM)	Scotia Gas Networks
Lorna Lewin	(LL)	DONG Energy
Martin Baker	(MB)	Xoserve
Steve Mulinganie*	(SM)	Gazprom

* by teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0495/260814

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2015.

1.0 Review of Minutes and Actions

1.1. Minutes

The minutes of the previous meeting were accepted

1.2. Actions

0501: CB to seek a legal view what constitutes a Panel based on the SI, GT Licence and UNC.

Update: CB provided the view that the SI simply referred to 'Panel' and that some Licence changes might be required in due course to align with the proposal as it developed. This was discussed and LJ asked the attendees to take it away for further consideration. Please refer to new action 0801. **Closed**

Action 0801: All to consider the proposal to re-structure the UNC Panel.

0502: AR to provide a legal view on the delegation of Panel responsibilities to the change board and its impact on the SI.

Update: ARo confirmed that Ofgem had no objections to CB's proposal but questioned the process for recording the voting as a simple "yes/no" answer would not provide a view of the spread of the votes. **Closed**

0503: CB to consider renaming Panel and change board to see if the roles can fit with the legal requirements.

Update: The amended proposal identified the 'The Panel' and 'The Modification Panel' to meet the requirement. **Closed**

0504: CB to demonstrate how this modification furthers the Relevant Objectives when it proposes to remove them.

Update: CB confirmed that removal of the Relevant Objectives section was an error and it is to remain, as could be seen in the amended proposal. The methodology within the modification for this is still to be demonstrated and discussed. Please see new action 0801 b). **Closed**

Action 0801 b): CB to demonstrate the methodology within the modification for accommodating the Relevant Objectives section.

0505: GE to provide a mechanism to allow the Consumer representative to provide a view without the need to vote.

Update: CB confirmed that it was intended to allow the Consumer representative to vote. **Closed**

0506: CB agreed to consider these questions and amend the modification if required.

- (i) How does the election process work for Panel;
- (ii) How are representatives nominated for membership of Panel/change board;
- (iii) Quality of reports, how can they be safeguarded;
- (iv) Clearly demonstrate what is wrong now.

Update: CB's presentation covered items 0506 items (i) and (ii). Item (iii) was discussed and agreed to be the responsibility of the workgroups Item (iv) is still to be demonstrated and discussed. Please see new action 0801 c). **Closed**

Action 0801 c): CB to demonstrate the fault in the existing process that this modification seeks to rectify.

0507: CB to consider if the workgroup should vote on a modification to go to consultation or is it a consensus view. Set out the process for the preferred method

Update: CB provided the view that the workgroup should decide if a modification was ready to go to consultation. She believed that this would streamline the process and reduce time by removing the need for a modification to have to wait for the next panel meeting. The merits of this were discussed along with concerns over consistency with other codes, quality control and the process for dealing with urgent modifications.

SM voiced an opinion that in the majority of cases modifications could be processed to standard timescales unless it was necessary for the workgroup to decide to shorten them. LJ agreed, suggesting that quality controls could be imposed by the use of a set quality criteria that a modification would have to meet before being issued for consultation – see action 0802. **Closed**

Action 0802: CB, with JO support, to propose a 'quality checklist' designed to ensure Workgroup and/or Draft Modification Reports are fit for publication.

0508: CB to review UNCC impacts such as membership and its role going forward

Update: It was agreed to carry forward the action. **Carried Forward**

0509: CB - should implementation voting be based on commercial drivers, relevant objectives or a combination of factors.

Update: CB confirmed and all agreed that voting should be based on the relevant objectives and that any commercial drivers will become apparent. **Closed**

0510: The following are to provide an update on the operation of the following codes: CB – SPAA; JF – SEC; AM – MRA.

Update: EM confirmed that JF had provided a flow chart as requested. This was discussed briefly and CW commented that by following this, the process would be visible to the panel but not the output.

AMa presented a diagram which described the hierarchy between the workgroup, the decision making panel and the board(s) that ensure due process is being adhered to whilst also offering a route of appeal. This led onto a discussion on consistency with other codes currently in operation. **Closed**

0511: MB to provide an overview of registered parties, traders, shippers and what the likely voting numbers would be.

Update: MB went through an analysis of the above organisations and their vote allocation commenting that a rise in the number of traders was expected.

AR noted that Ofgem were concerned that a vote can become skewed if a large number of abstentions caused a small number of votes to be cast. This led to a general discussion on: whether there was any evidence that the proposed system was not working elsewhere; following a quorum rule; the use of a virtual committee, and why organisations were not voting. It was felt that a lack of engagement could undermine the solution being proposed.

CB considered these points and summed up this discussion by saying that the intention of the modification was to allow the industry to express its views on a subject rather than these being decided by an intermediary third party.

AMa noted that, with a physical panel, changes could be accommodated by discussion and compromise which would be difficult if decisions were being made by a virtual committee. In answer to SM's question CB confirmed that any vote would be open to an appeal.

In response to AMa's question the workgroup discussed the advantages and disadvantages of a comment box rather than just the option to vote yes or no. AR confirmed that Ofgem found industry comments to be very useful and LJ asked CB to consider the formal response to a consultation being taken as the vote as this would allow comments to be noted without an additional step in the process. **Closed**

2.0 Discussion

The Chair noted that the papers had been delivered very late and the proposer apologised for the late delivery. Workgroup members agreed to discuss the documents .

CB outlined the main functions of the proposed three bodies.

The Panel: carried out the executive role, including the responsibility for requesting legal text.

The Modification Panel: carried out the decision making role.

The Workgroup: carried out the development role.

LJ asked about the process for dealing with urgent modifications and CB agreed to consider updating the proposal to include this aspect in the remit for the Modification Panel after taking advice from Ofgem.

CB went on to describe the Panel and Modification Panel Representation, explaining the voting rights of the various members together with the election process. Selection of the Independent Supplier Representative was discussed and it was agreed to consider this further in due course, noting that the MEUC might not be the most appropriate body. CW advised that large and small gas transporters needed to be grouped separately as they have differing interests in the Network Code.

There were general concerns raised over the definition of large and small Shippers. CB advised at this stage she only intended identifying the different groups involved and this is to be considered further as the proposal develops.

CB moved on to discussing voting eligibility and MB asked about tracking parties exiting Code. CB agreed to clarify the wording of the document to take account of this. SM raised the subject of weighting to create a fair voting system and CB answered that she did not favour its use as it can make the process complicated.

CB asked everyone to consider the proposal and provide her with feedback and any suggestions for a fair but uncomplicated voting system prior to the next meeting.

Action 0803: All parties to review the proposal on voting eligibility and feedback comments to CB in advance of the next meeting.

CB discussed her view on constituency voting which was for a simple majority decision and a discussion took place on the introduction of a “no interest” vote. The workgroup went on to discuss the use of voting thresholds. All parties were asked to share their views on this with CB before the next meeting took place.

Action 0804: All parties to provide their views on voting thresholds to CB prior to the next meeting.

CB recapped that the main changes in the modification document were concerned with the make up of the modification board and panel.

3.0 Any Other Business

None.

4.0 Diary Planning

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

The next meeting will take place within the Governance Workgroup on:

Wednesday 08 October 2014 at 10:30, 31 Homer Road, Solihull B91 3LT

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	23/05/14	2.0	CB to seek a legal view what constitutes a Panel based on the SI, GT Licence and UNC.	EON UK (CB)	Closed See New Action 0801 a)
0502	23/05/14	2.0	AR to provide a legal view on the delegation of Panel responsibilities to the change board and its impact on the SI.	Ofgem (AR)	Closed
0503	23/05/14	2.0	CB to consider renaming Panel and change board to see if the roles can fit with the legal requirements.	EON UK (CB)	Closed
0504	23/05/14	2.0	CB to demonstrate how this modification furthers the Relevant Objectives when it proposes to remove them.	EON UK (CB)	Closed See New Action 0801 b)
0505	23/05/14	2.0	GE to provide a mechanism to allow the Consumer representative to provide a view without the need to vote.	WatersWye (GE)	Closed
0506	23/05/14	2.0	<p>CB agreed to consider these questions and amend the modification if required.</p> <ol style="list-style-type: none"> 1. How does the election process work for Panel; 2. How are representatives nominated for membership of Panel/change board; 3. Quality of reports, how can they be safeguarded; 4. Clearly demonstrate what is wrong now. 	EON UK (CB)	Closed See New Action 0801 c)
0507	23/05/14	2.0	CB to consider if the workgroup should vote on a modification to go to consultation or is it a consensus view. Set out the process for the preferred method	EON UK (CB)	Closed
0508	23/05/14	2.0	CB to review UNCC impacts such as membership and its role going forward	EON UK (CB)	Carried Forward

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0509	23/05/14	2.0	CB should implementation voting be based on commercial drivers, relevant objectives or a combination of factors.	EON UK (CB)	Closed
0510	23/05/14	2.0	The following are to provide an update on the operation of the following codes: CB – SPAA; JF – SEC; AM – MRA.	EON UK (CB) NGN (JF) British Gas (AM)	Closed
0511	23/05/14	2.0	MB to provide an overview of registered parties, traders, shippers and what the likely voting numbers would be.	Xoserve (MB)	Closed
0801	26/08/2014	1.2	Consequential actions from the previous meeting: a) All to consider the proposal to re- structure the UNC Panel b) CB to demonstrate the methodology within the modification for managing the Relevant Objectives section c) CB to demonstrate the fault in the existing process that this modification seeks to rectify	All CB CB	Pending Pending Pending
0802	26/08/2014	1.2	CB, with JO support, to propose a 'quality checklist' designed to ensure Workgroup and/or Draft Modification Reports are fit for publication.	CB	Pending
0803	26/08/2014	2.0	All parties to review the proposal on voting eligibility and feedback comments to CB in advance of the next meeting	All	Pending
0804	26/08/2014	2.0	All parties to provide their views on a quorum and threshold voting to CB prior to the next meeting	All	Pending