

**UNC Workgroup 0506 0506A Minutes
Gas Performance Assurance Framework and Governance
Arrangements**

Tuesday 25 August 2015

Elxon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Margan	(AMa)	British Gas
Andy Miller	(AMi)	Xoserve
Angela Love	(AL)	ScottishPower
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
David Mitchell	(DM)	Scotia Gas Networks
Edward Hunter	(EH)	RWE npower
Jonathan Kiddle	(JK)	EDF Energy
Leigh Chapman*	(LC)	First Utility
Lorna Lewin	(LL)	DONG Energy
Mark Jones	(MJ)	SSE
Rachel Hinsley	(RH)	Xoserve
Richard Pomroy	(RP)	Wales & West Utilities

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0506/250815>

The Workgroup Report is due to be presented at the UNC Modification Panel by **15 October 2015**

1.0 Review of Minutes and Actions

1.1. Minutes (04 August 2015)

AL requested some changes to the minutes, which were reviewed and accepted. The minutes of the previous meeting were then approved, and will be revised and republished.

1.2. Actions

0506 0504: *Reference the Options paper discussion document on contracting model -* ScottishPower (AL) to look to canvass Shipper views on the most suitable option for the contracting model.

Update: Having had further discussions at Energy UK, AL confirmed that she would keep with the existing model. **Closed**

0506 0601: SSE (MJ), Xoserve (AMi) and ScottishPower (AL) to liaise offline and prepare a one page 'up front' clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.

Update: AMi confirmed that once the modifications are stabilised then this will be produced. **Carried forward**

2.0 Consideration of Modifications 0506 and 0506A

BF reported that an interim Workgroup report had been submitted to the August UNC Modification Panel. Panel Members had accepted the recommendation within the Workgroup Report that Modifications 0506 and 0506A be returned to Workgroup for further assessment, with a report presented to the October Panel.

2.1. Consider Amended Modification(s)

Modification 0506

AL had provided a change-marked draft for consideration, and explained the revisions made to the Solution section. CW observed that a change to the iGT Code would probably be needed to address any downstream changes. It was clarified that any performance assurance measures to be applied to iGTs would require a separate iGT code modification to be raised. AMa observed that it might be easier to do this once Nexus changes have been implemented. AL confirmed that ScottishPower was not intending to raise an iGT modification at this time.

The proposed changes to the User Pays section were then explained and reviewed. AL had looked at other modifications to assist in formulating her view and in particular those specifically associated with Nexus. A discussion ensued. Noting that Performance Assurance was not set as part of the Nexus Business Requirements or allowed funding for system replacement and challenged whether the association was appropriate, in the DNs' view the modification is seen as User Pays (using Xoserve services). AL pointed out that the DNs were not limited to using Xoserve as the provider of the services as they could use the ENA, for example. CW believed that for various economic and efficient reasons the DNs were most likely to favour the use of Xoserve services, whilst recognising that as a consequence this may preclude Xoserve from tendering to provide the service. RP suggested the consideration of User Pays could be split into three aspects (the procurement event, the PAFA service, and the provision of data) one of which was transitory, and two enduring. These elements may require splitting out, with separate clarification in terms of their different User Pays treatments.

RP observed that if the modification was deemed to be not User Pays and therefore assumed to be entirely to the benefit of the DNs, then it should be questioned why it is very prescriptive to the point of telling the DNs how to improve their businesses or who should provide services. The DNs would not raise a modification requiring the Shippers to employ a third party to force improvements to their businesses. It would seem perverse to do this. The AUG process was briefly discussed, as an example of external procurement. Reference was also made to Modification 0229 as this modification established the AUG framework and was 100% User Pays to Shippers. RP reiterated, if this Modification 0506 was purely for the benefit of DNs, why were Shippers involved?

CW commented that the modification needed to clearly articulate the perceived benefits to each of the various parties and to make clear how any services are appropriately funded; aspects should be separated if necessary. DN obligations were discussed. It was considered likely that the DNs would approach the Transporter Agency (in their view both experienced and successful) to run a tender exercise. CB observed that any appropriate and competent party could be approached to perform this activity, and it should not be limited in this respect. RP explained that the DNs would look at which party is best placed to most efficiently and effectively discharge their obligations under Code, and as a consequence of this it was recognised that Xoserve may not then tender for provision of service if it were used procure the service. AMi explained the tendering process; comparisons were made with the AUG process. CW indicated the DNs would be likely to approach Xoserve as the successful tried and tested route, noting that a proper funding mechanism also exists.

It was concluded that the arguments for/against User Pays treatment should be made very clear in the Workgroup report.

It should also be clear as to what elements are excluded, what aspects are to be treated as User Pays and how these are to be funded/apportioned, and include cost estimates for tender process and data services provision.

It was noted that Xoserve would not want to be excluded from the tender process but that provision of information may militate against this.

The relevant objectives were then briefly considered. AL indicated she was still considering what the effects might be, if any, in respect of relevant objectives (a) and (c), and had yet to establish a view. It was suggested this be discussed at the next meeting.

Modification 0506A

MJ confirmed that no changes to Modification 0506A were planned.

2.2. Consider Associated Documents

None provided for consideration.

3.0 Development of Workgroup Report

3.1. Consideration of Business Rules

For Modification 0506, see discussion at 2.1, above.

3.2. Consideration of User Pays

For Modification 0506, See discussion at 2.1, above.

3.3. Consideration of Relevant Objectives

For Modification 0506, See discussion at 2.1, above.

3.4. Consideration of Legal Text

At its August meeting the UNC Modification Panel formally requested the provision of legal text for Modifications 0506 and 0506A.

Modification 0506

RP will review the legal text once the changes to Modification 0506 have been established and will revise if appropriate. References to 'Transporter Agency' will be checked and removed/replaced (with 'Transporters') as necessary, depending on the obligations to be covered.

AL indicated she would also check on and consider potential revisions for any documents that would become part of Code through implementation of this modification.

4.0 Next Steps

BF summarised the next steps:

- AL to provide a revised Modification 0506 for publication
- RP to provide legal text for Modifications 0506 and 0506A for review by the Workgroup
- Review of the Relevant Objectives
- Review of the User Pays aspects/treatment.

At the next meeting it will be the intention to complete the Workgroup's report.

5.0 Diary Planning

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

Workgroup meetings are scheduled to take place as follows:

Time/Date	Venue	Workgroup Programme
10:30, Wednesday 09 September 2015	31 Homer Road, Solihull B91 3LT	<ul style="list-style-type: none"> Review User Pays aspects/treatment Review Relevant Objectives Review legal text Complete Workgroup Report
10:30, Thursday 01 October 2015	Room LG8, Energy UK, Charles House, 5-11 Regent Street, London SW1Y 4LR	<i>The Workgroup Report is due for submission to the UNC Modification Panel on 15 October 2015.</i>

Action Table (25 August 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0506 0504	05/05/15	2.2	<i>Reference the Options paper discussion document on contracting model - ScottishPower (AL) to look to canvas Shipper views on the most suitable option for the contracting model.</i>	ScottishPower (AL)	Closed
0506 0601	16/06/15	4.2	To liaise offline and prepare a one page 'up front' clarification summary document (identifying the various supporting documentation interactions) for inclusion in the Workgroup Report solution section.	SSE (MJ), Xoserve (AMi) and ScottishPower (AL)	Carried forward