

**UNC Workgroup 0565 Minutes**  
**Central Data Service Provider: General framework and obligations**  
**Wednesday 21 September 2016**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MiB)	Joint Office
Andrew Meaden	(AMe)	Dentons
Andy Miller	(AM)	Xoserve
Angela Love*	(AL)	Scottish Power
Azeem Khan	(AK)	RWE npower
Charles Wood	(CWo)	Dentons
Chris Warner	(Cwa)	National Grid Distribution
Colette Baldwin	(CB)	E.ON
Dave Turpin*	(DTu)	Xoserve
David Tennant*	(DT)	Dentons
Gethyn Howard*	(GH)	Brookfield Utilities
Sean McGoldrick	(SMc)	National Grid NTS
Sue Hilbourne	(SHi)	Scotia Gas Networks

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0565/210916>

The Workgroup Report is due to be presented at the UNC Modification Panel on 17 November 2016.

**1.0 Introduction and Status Review****1.1. Approval of Minutes (07 September 2016)**

The minutes of the previous meeting were approved on 20 September 2016.

**2.0 GTD****2.1. General Terms – Section D – CDSP and UK Link**

CWo provided an overview of the most recent round of changes to the document that includes evolved DSC aspects and thinking. He went on to explain that the expectation is that Section 3 would be rewritten (trimmed down) in the next draft of the document to better reflect DSC aspects now that a more informed view is available, whilst paragraph 1.2.2 would be amended once the final licence changes are known. A high level summary of the pertinent discussion points is provided below, as follows.

As far as paragraph 1.4.5 is concerned, this would be the subject of discussions at the forthcoming FGO Charging meeting scheduled for Friday 23 September, where the methodology requirements would be considered further.

Paragraph 1.5 seeks to satisfy the new licence objectives clause whilst at the same time addressing previous Workgroup concerns.

CWo explained that consideration of paragraph 2.4.4 remains ongoing with an update expected within the next draft of the document.

In considering DSC Committees requirements going forwards (as defined under paragraph 4 provisions), CWa confirmed that the expectation is that the current Energy Balancing Credit Committee Section 5 obligations would be carried over into the new world. It was also suggested that as far as paragraphs 4.2.4 and 4.2.5 are concerned, that the Joint Office would be chairing and administering the meetings.

In considering what might be expected to happen when a Voting Representative abstains from a vote, or is not present at the time of the vote (as defined under paragraph 4.3.3), CWo explained that under these circumstances, they are not counted as being part of the vote itself. When asked, BF confirmed that representatives would in essence be considered as voting against a matter should they abstain, as they would not be voting in favour.

Moving on to consider paragraph 4.5.3, it was recognised that 1 Business Day is insufficient and that perhaps a 3 Business Day provision aligns better with current Code provisions and practices. When it was suggested that there could be tensions between a representatives (personal / company) voting position and that of the constituents that they are supposed to represent, CWo indicated that he would give this matter some additional thought and may even consider removing the provision in the next draft of the document.

Discussions then focused on whether or not it would be feasible to provide Ofgem with a suitable vehicle for understanding what potential form and scope any Appeals may take, in order to assist them in making informed decisions on whether to uphold, or decline an appeal placed before them. CWa felt that Ofgem would not be expecting to be required to sit in judgment on system related appeals (i.e. UK Link File Format issues etc.), on the grounds that they do not possess the necessary technical skills sets or knowledge in order to make an informed decision.

Whilst views remained divided as to the benefit of providing a high-level appeals summary to Ofgem, it was acknowledged that from Ofgem's perspective, there is a possible benefit to be gained, especially when identifying any potential contentious areas. In short, the list could include anything related to the contract(s).

Whilst some parties remained concerned about what triggers may be perceived to invoke an appeal (i.e. materiality considerations etc.), the general consensus was to look to provide Ofgem with a (non prescriptive) high-level guide on potential appeal scenarios based around 3 key elements such as:

- Contractual – due process related areas for appeal;
- Commercial impacts – where following due process, an obligation and/or cost is placed upon a Party, and
- Multiple system solutions.

CWa agreed to provide feedback to Ofgem on the appeals related discussions undertaken at the meeting.

Moving on to consider paragraph 4.5.9 provisions, CWo advised that he believes that this provides an invaluable mechanism and would be looking to expand it to include a provision for where Ofgem does not wish to consider an appeal.

CWo advised that he expects to add a new definition within paragraph 5.1.2 to include a “**Trader User**” clause / statement.

In briefly considering paragraph 5.9.3 provisions (and 5.9.10), CWo indicated that this would be removed in the next draft of the document, as he believes the provisions are already covered under the UK Link Manual.

As far as Annex D-1 is concerned, there are no notable changes.

## **2.2. Annex D-2 – Committee Representatives**

Opening DT explained that this document naturally flows out from the main General Terms Section D discussions and looks to expand understanding around the committee representative’s role and scope.

In considering the definition of “Shipper User Group” in paragraph 1.1, CWo noted that the logic behind this is seeking to ensure that only one representative for each company is elected – it should be noted that in essence this is really only related to the representative appointments process for the six individuals.

Discussions focused on what might be expected to happen should no representatives step forward in a particular Shipper constituency, as witnessed on occasions within the SPAA nominations process. It was noted that whilst the drafting has anticipated such an instance, it may not have fully addressed the zero or single nomination concerns – perhaps a ‘default’ mechanism would be required.

CWo suggested that perhaps one option would be to run an election process (ignoring the classes per se) across the industry to look to address a potential vacant class seat scenario. It was felt that as Ofgem are keen to see smaller or new entrant parties better represented in industry decision making going forwards, they (Ofgem) may well proactively coax the smaller parties to become involved.

In explaining that it is not mandated that a representative needed to be a representative of an organisation from a certain class, CWo suggested that perhaps a simple industry wide nomination mechanism might suffice in order to ensure a more balanced Shipper representation – this would be considered for inclusion within a revised draft of the document in due course.

During a brief discussion on paragraph 2.1.2 (and paragraph 2.1.1), it was agreed to remove sub-paragraph (b).

In considering paragraph 2.2.4(a), CWo confirmed that this relates to two separate people, and not a single person holding both seats. During a brief discussion around the election process, it was concluded that it is probably best to stick with the proposals as drafted.

Moving on to consider the proposed representative (voting) splits as defined under paragraphs 2.3, 2.4 and 2.5, GH voiced his (and his iGT colleagues) concerns around the voting ratio whereby the GDN’s appear to have a 1 to 1 voting relationship. Whilst views remained largely divided on the matter, it was felt by the Proposer that the proposals are a pragmatic solution that seeks to reflect apportionment of Xoserve costs fairly across the industry – in short, whilst for example National Grid NTS carries the burden for circa 33% of Xoserve costs, the iGT’s only pick up in the region of 1.3% collectively. Furthermore, some parties also believe that as the iGTs have an interest in fewer of Xoserve key service areas, the voting ratio is reflective.

CWa indicated that he does not wish to see the iGT's voting rights marginalised and believes that it could revisit the matter at a later date. It was also suggested that based on cost apportionment it is the GDNs that are 'giving ground' and the proposals represent a fair and generous working solution.

As discussions moved on, GH voiced a second concern relating to the unanimous voting proposals, as he believes that these potentially restrict the iGTs based on their classification. Responding, CWo explained that this might be a misunderstanding, as a unanimous decision would only apply to instances where the committee is seeking to deviate from the normal change procedures – in short, the vast majority of decisions would be by majority vote. During a brief discussion around potential I&C only Shipper services (i.e. some aspects of the nominations / confirmations processes), CWo explained that it was never proposed that it would carry through the class definitions into the voting, as this is a different area. AL pointed out that from a UNC Panel Shipper member perspective, the number of licences held does not result in more than one vote. In continuing to challenge the voting proposals, GH suggested that perhaps a better understanding of the change management process might prove beneficial.

Moving on to consider paragraph 3.1.1 and the proposed 3 year Committee membership renewal process, some parties questioned the need for such a long window believing that an annual process would suffice. Whilst it was noted that there could be some development plan impacts associated with adoption of an annual re-appointments process, the consensus was to opt for an annual renewal. DT explained that based on the agreement to change to an annual process, the remainder of paragraph 3 would be tweaked in the next draft of the document.

In considering how the proposals for how parties would cease being a committee member (as defined under paragraph 4), DT explained that this would be amended to reflect the annual re-appointments process. However, he believes that further consideration of what to do where a Shipper (User) representative falls out of their previously nominated class is needed (i.e. should the nominee automatically retain their voting rights if they change companies etc.). CWo indicated that he would look to draft some additional wording around governing parties resignation triggers (i.e. where an individual moves class during the course of the year).

As far as the question of alternates is concerned, CWa suggested that all we need to do is 'mirror' current Modification Rules provisions as the only area of concern is related to how we make an alternate a representative.

The documents would now be updated to better reflect discussions for review at a subsequent meeting.

### **3.0 DSC Service Descriptions (pre-Nexus)**

CWo explained that the document has been based around Xoserve's Service Description table and links in with the FGO Charging Workgroup discussions.

CWo went on to advise that paragraph 3.3.1 provisions would be developed further within the next draft of the document. Additionally, paragraph 5.1.2 proposals have been developed around previous Workgroup discussions and associated business rules.

It was noted that as far as the further terms aspects (as defined under paragraph 6) consideration of the Agency Services Agreement aspects might prove beneficial.

### **4.0 Change Management procedures**

CWo explained that whilst this document reflects previous Workgroup discussions, further consideration of any Modification Rules impacts would be needed to ensue the governance structure is encompassing.

Discussions then focused (by exception) on the following key areas.

CB enquired whether or not as far as paragraph 2.1.4 provisions are concerned, whether any control mechanisms are envisaged in order to control the committee's ability to potentially incur costs. Responding, CWo advised that whilst this is one of several matters still under consideration, one possible option would / could be to adopt a process similar to the change management processes. However, this would be limited by the allowed budget. When asked, CWo confirmed that funding variance capping indications, would be the subject of discussions at the 23 September 2016 FGO Charging Workgroup meeting. DT then explained that the Monthly Change Management Report requirements would also undergo further consideration at the meeting.

CWo moved on to explain that aspects associated with paragraph 3.1.2 are still under consideration. Some parties voiced concern relating to the concept whereby Xoserve appears to be potentially able to challenge self-governance status – it was noted that one possible alternative solution to offset this concern would be to utilise the self-governance right to appeal mechanism.

BF explained that all industry Panels have been asked to consider and provide self-governance criteria along with explanations on how a modification would / could be assessed against these criteria. He reminded everyone that self-governance status for a modification can be tested at various stages throughout the life cycle of a modification. Furthermore, it could be envisaged that the CDSP could / would be allowed to submit formal consultation responses in the new world. When AM pointed out that the CDSP would be unable to appeal against self-governance status due to them / it not being a Code party, CWo suggested that this could be amended accordingly (i.e. set the CDSP as a non voting members or alternatively, provide them with the option to appeal.).

BF outlined the current self-governance test criteria (as defined within the Transporter licence) and advised that the UNC Panel are currently considering whether cost considerations should be included in the test criteria going forwards.

In explaining that Ofgem has previously stated that there are NO licence changes involved and that Panels would be expected to create their own self-governance test criteria, BF pointed parties towards the new (pre-modification) draft Wales & West Utilities modification being discussed at various Workgroups and that Panel approved self-governance criteria at its August meeting.

It was noted that paragraph 4.1.4 reflects charging methodology proposals and that paragraph 4.6.5 is based around the previous Rough Order of Magnitude discussions. DT provided a brief verbal update on the ROM process flow map progress and the associated timings (i.e. ROM and cost triggers etc.) aspects.

CWo explained that as far as paragraph 4.8.3 provisions are concerned, discussions suggest possibly splitting the proposals into ROM and Change proposal trigger processes – the wording within sub paragraphs (a) and (b) will be amended to better reflect discussions in the next draft of the document.

Moving on to consider paragraph 4.8.7 and especially sub paragraph (b), (c) and (d) statements, CWo suggested that (d) in particular picks up on previous discussions relating to business evaluations. BF suggested that one possible limiting factor is related to what the Panel could be expected to achieve / provide in the time available – it should be borne in mind that the Panel often accepts a less detailed cost estimate in order to enable the modification to progress at an acceptable rate through the process. Responding, DT suggested that perhaps what is needed is consideration around the provision of a cost estimate requests mechanism for Panel. CWo indicated that he would discuss the matter in more detail with DT and look to provide some additional wording around the rarity of such requests and the BER trigger(s).

It was noted that in future, cost discussions might be expected to become more involved once Shippers become party to the formal discussions.

CWo explained that paragraph 4.10.1 provides additional clarity around publication considerations. It was agreed to amend the window from 1 to 3 Business Days.

Paragraph 5.2.3 has been added in response to previous Workgroup discussions on Gemini requirements.

CWo explained that paragraph 7 relates to the previously discussed proposal around provision of a lower tier (class) of change proposal, other than a modification proposal.

## 5.0 Consideration of other Workplan Topics

BF explained that a revised Workplan had been discussed at the previous day's 0565 Workgroup meeting during which National Grid Distribution had requested that the proposed 30 September 2016 meeting is cancelled, and its agenda items added to the 03 October 2016 meeting instead – this approach had been agreed at the 20 September meeting.

CWa explained that the request had been made in order to allow NGD and Dentons to work towards being in a position to provide 'full' legal text for the end of October deadline.

## 6.0 Next Steps

BF summarised that work would continue on refining the GT Section D and Change Management Procedures documents along with development and provision of suitable legal text for consideration in due course.

## 7.0 Any Other Business

None raised.

## 8.0 Review of outstanding actions

**0565/0606:** National Grid Distribution (CWa) to provide further clarity for point 2.4.3 in the Cost of Change section, as to who is responsible for paying the additional costs for a cost estimate if a ROM is not sufficient.

**Update:** When AM confirmed that it is expected that the matter of who is responsible for paying the additional costs for a cost estimate if a ROM is not sufficient, would be dealt with by the committee going forwards, it was suggested that additional clarity around the change management and cost estimate aspects would be beneficial. CWo indicated that he would include these aspects within the legal text. **Closed**

**0565/0607:** Xoserve (AMi) to:-

- a) provide further clarity on the Change Order process for a cost estimate or a ROM is required, what is the trigger;
- b) At what point does a Change Order trigger an external cost estimate.

**Update: (a)** AM advised that the provision of a ROM is part of the cost base, and anything outside of this requirement (i.e. external costs) would require committee approval. **Closed**

**Update: (b)** As per (a). **Closed**

**0565/0608:** Xoserve (AMi) to provide clarity in relation to internal and external financial spend regarding the proposed Change Order process.

**Update:** Please refer to action 0607 above for details. **Closed**

**0565/0610:** Xoserve (AMi) to provide greater clarity and information concerning the costs in the Modification process.

**Update:** Please refer to action 0607 above for details. **Closed**

**0565/0801:** National Grid Distribution (CWa) to arrange a Data Protection Legal Review teleconference.

**Update:** Discussed and closed at the 20 September 2016 meeting. **Closed**

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**0565/0805:** National Grid Distribution (CWa) and National Grid NTS (SMc) to provide clarity on the cost estimate process to be used with the modification process, including the EQR process.

**Update:** It was agreed that this action had now been completed. **Closed**

**0565/0809:** National Grid Distribution (CWa) to amend the categories and confirm the position of the Shipper Classes in terms of the voting process, together with investigating iGT's concerns around Committee representation and produce an Annex for D2 and GD4.

**Update:** It was agreed that this action had now been completed. **Closed**

**0565/0901:** Xoserve to review and consider providing a draft or sample Business Continuity Plan as a DSC supporting document.

**Update:** Deferred until 29 September 2016 meeting. **Carried Forward**

**0565/0902:** All Gas Transporters to consider and provide clarity on the management of CDSP bad debt and whether this could be passed through to Shippers via transportation.

**Update:** Deferred until 29 September 2016 meeting. **Carried Forward**

**0565/0903:** GTs / Xoserve to establish what arrangements are in place for obtaining a credit rating / security limits and if this process can be utilised in the DSC.

**Update:** Discussed and closed at the 20 September 2016 meeting. **Closed**

**0565/0904:** All parties to consider and provide a view on the credit policy and should sanctions apply where there is a failure to pay for further discussion on 20 September 2016.

**Update:** Discussed and closed at the 20 September 2016 meeting. **Closed**

## 9.0 Diary Planning

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

Workgroup meetings will take place as follows:

Time/Date	Venue	Workgroup Programme
10:00 Friday 23 September 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	<b>FGO Workgroup – Charging</b> <ul style="list-style-type: none"> <li>• Second review of Charging Methodology</li> <li>• Working Capital</li> <li>• Surplus and Deficit</li> <li>• Budget and Charging Methodology Service Document Update</li> <li>• Outstanding Issues: Bad Debts, Margins and Repeals to revision of User Pays Charges</li> <li>• Financial Transition</li> <li>• Cost Allocation Model Update</li> </ul>
10:00 Thursday 29 September 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	FGO Workgroup and Workgroup 0565 <b>UNC Drafting (Pre-Nexus)</b> <ul style="list-style-type: none"> <li>- TPD Section G</li> <li>- TPD Section H</li> <li>- TPD Section M</li> <li>- Changes to other Sections (including changes to Modification Rules)</li> <li>- Transitional Arrangements</li> </ul>
10.00 Friday 30 September 2016	<b>CANCELLED</b>	<i>- Business transferred to 03 October meeting</i>
10:00 Monday 03 October 2016	Dentons, One Fleet Place, London EC4M 7RA	FGO Workgroup and Workgroup 0565 <b>DSC</b> <ul style="list-style-type: none"> <li>- Contract Management Arrangements</li> <li>- Third Party Services Policy</li> <li>- Transitional Arrangements (including financial transition)</li> <li>- Credit Policy</li> </ul>
10:00 Wednesday 05 October 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>• Review further draft of Services Descriptions pre- Nexus</li> <li>• Review further draft of Change Management Procedures</li> <li>• Review final version of Charging Methodology</li> </ul>



10:00 Wednesday 05 October 2016	Consort House, 6 Homer Road, Solihull B91 3QQ	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Review further draft of Services Descriptions pre- Nexus</li> <li>Review further draft of Change Management Procedures</li> <li>Review final version of Charging Methodology</li> </ul>
10:00 Friday 07 October 2016	<b>CANCELLED</b>	
10:00 Tuesday 11 October 2016	Elexon, 4 <sup>th</sup> Floor, 350 Euston Road, London NW1 3AW	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Review of UNC Legal Text</li> </ul>
10:00 Friday 14 October 2016	<b>CANCELLED</b>	
10:00 Monday 17 October 2016	Dentons, One Fleet Place, London EC4M 7RA	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Legal Review of DSC Documents</li> </ul>
10:00 Tuesday 18 October 2016	Dentons, One Fleet Place, London EC4M 7RA	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Legal Review of DSC Documents (continued)</li> </ul>
10:00 Wednesday 26 October 2016	Elexon, 4 <sup>th</sup> Floor, 350 Euston Road, London NW1 3AW	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Review draft Workgroup Report</li> </ul>
10:00 Tuesday 01 November 2016	Elexon, 4 <sup>th</sup> Floor, 350 Euston Road, London NW1 3AW	FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>Finalise Workgroup Report</li> </ul>

#### Workgroup 0565 (as of 21 September 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0565/0606	20/06/16	10.	National Grid Distribution (CWa) to provide further clarity for point 2.4.3 in the Cost of Change section, as to who is responsible for paying the additional costs for a cost estimate if a ROM is not sufficient.	National Grid Distribution (CWa)	Update provided. <b>Closed</b>

<b>0565/0607</b>	20/06/16	10.	Xoserve (AMi) to: a) Provide further clarity on the Change Order process for a cost estimate or a ROM is required, what is the trigger; b) At what point does a Change Order trigger an external cost estimate.	Xoserve (AMi)	Update provided. <b>a) Closed</b>  <b>b) Closed</b>
<b>0565/0608</b>	20/06/16	10.	Xoserve (AMi) to provide clarity in relation to internal and external financial spend regarding the proposed Change Order process.	Xoserve (AMi)	Update provided. <b>Closed</b>
<b>0565/0610</b>	20/06/16	10.	Xoserve (AMi) to provide greater clarity and information concerning the costs in the Modification process.	Xoserve (AMi)	Update provided. <b>Closed</b>
<b>0565/0801</b>	03/08/16	2.0	National Grid Distribution (CWa) to arrange a Data Protection Legal Review teleconference.	National Grid Distribution (CWa)	Update provided. <b>Closed</b>
<b>0565/0805</b>	23/08/16	3.0	National Grid Distribution (CWa) and National Grid NTS (SMc) to provide clarity on the cost estimate process to be used with the modification process, including the EQR process.	National Grid Distribution (CWa)	Update provided. <b>Closed</b>
<b>0565/0809</b>	23/08/16	5.0	National Grid Distribution (CWa) to amend the categories and confirm the position of the Shipper Classes in terms of the voting process, together with investigating iGTs' concerns around Committee representation and produce an Annex for D2 and GD4.	National Grid Distribution (CWa)	Update provided. <b>Closed</b>
<b>0565/0901</b>	07/09/16	2.0	Xoserve to review and consider providing a draft or sample Business Continuity Plan as a DSC supporting document.	Xoserve (AM/SG)	<b>Carried Forward</b> <i>(Due on 29 Sept 16)</i>
<b>0565/0902</b>	07/09/16	4.0	All Gas Transporters to consider and provide clarity on the management of CDSP bad debt and whether this could be passed through to Shippers	All GTs	<b>Carried Forward</b> <i>(Due on 29 Sept 16)</i>

<b>0565/0902</b>	07/09/16	4.0	All Gas Transporters to consider and provide clarity on the management of CDSP bad debt and whether this could be passed through to Shippers via transportation charges.	All GTs	<b>Carried Forward</b> <i>(Due on 29 Sept 16)</i>
<b>0565/0903</b>	07/09/16	4.0	GTs/Xoserve to establish what arrangements are in place for obtaining a credit rating / security limits and if this process can be utilised in the DSC.	GTs / Xoserve	Update provided. <b>Closed</b>
<b>0565/0904</b>	07/09/16	4.0	All parties to consider and provide a view on the credit	All	Update provided.