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**UNC Workgroup 0565 Minutes**  
**Central Data Service Provider: General framework and obligations**  
**Monday 25 July 2016**  
**at Dentons, One Fleet Place, London, EC4M 7RA**

**Attendees**

|                            |       |                      |
|----------------------------|-------|----------------------|
| Andrew Margan              | (AMa) | British Gas          |
| Andrew Meaden              | (AM)  | Dentons              |
| Andy Low*                  | (AL)  | Indigo Pipelines     |
| Andy Miller                | (AMi) | Xoserve              |
| Angela Love                | (AL)  | ScottishPower        |
| Azeem Khan                 | (AK)  | npower               |
| Bob Fletcher (Chair)       | (BF)  | Joint Office         |
| Caroline Powell            | (CP)  | British Gas          |
| Charles Ruffell            | (CR)  | RWE                  |
| Charles Wood               | (CWo) | Dentons              |
| Colette Baldwin            | (CB)  | E.ON                 |
| David Tennant              | (DT)  | Dentons              |
| Gethyn Howard              | (GH)  | Brookfield Utilities |
| Hussein Valimanhomed       | (HV)  | E.ON                 |
| Jawwad Irshad              | (JI)  | Scotia Gas Networks  |
| Karen Visgarda (Secretary) | (KV)  | Joint Office         |
| Kish Nundloll              | (KN)  | ES pipelines         |
| Michael Walls              | (MW)  | ES pipelines         |
| Mike Leonard*              | (ML)  | Ofgem                |
| Milly Nyeko                | (MN)  | Ofgem                |
| Sean McGoldrick            | (SMc) | National Grid NTS    |
| Steve Mullinganie          | (SM)  | Gazprom              |
| Sue Hilbourne              | (SH)  | Scotia Gas Networks  |

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0565/250716>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 October 2016.

**1.0 Introduction and Status Review**

**1.1. Approval of Minutes (13 July & 25 July 2016)**

The minutes of the previous meetings will be reviewed and approved on 03 August 2016. (Legal Text walkthrough on 25 July 2016, did not allow sufficient time)

**2.0 Introduction and summary of UNC/DSC framework**

SH provided a brief overview of the main aims of the meeting in terms of reviewing a number of sections of legal text for the UNC aspects of Modification 0565.

In addition, SH presented a schematic, which sets out the relationships and structure for the UNC, DSC and the CDSP. She recommended that parties review this structure and keep it in mind when review the documents being presented.

### 3.0 UNC legal text walkthrough:

CWo explained that there was now a new section being included in the General Terms, section D. This new section sets the framework for the DSC and had created the structure and parties for the DSC governance, which were the conditions, previously set out in TPD Section U. He explained the previous contractual obligations were between the Transporters and Shippers and in the future, these would be between the CDSP and all parties.

CWo explained that he would move through each part of 'Section D' explaining the main areas for consideration and allowing for discussion in the Workgroup.

CB proposed that the modification made mention of the DSC being a Code Reference document and wanted to understand the legal status of the DSC in terms of governance and making changes. CWo stated the DSC is not ancillary agreement to UNC, however it is referenced and it would have its own governance/change structure. The DSC could not be included in the UNC, as Xoserve/CDSP were not a Code party.

#### 3.1. General Terms Section D (includes residual parts of Section U)

CWo provided a detailed overview of 'Section D' walking through each section of the document and providing greater explanation and clarity, where needed.

SMu expressed concerns in relation to point 1.4.1, in particular paragraph b) (as below):-

##### 1.4.1 Agreement to engage the CDSP and be party to DSC

*Point 1.4.4 b) Each Party undertakes that it will act and exercise its rights and powers in relation to the CDSP (including its powers under the CDSP Articles of Association and its rights and powers under the DSC):*

*b) so as to enable the Transporters to comply with the CDSP Licence Condition.*

CWo said he had not been involved in the Corporate Governance aspects, and he explained in relation to this point, that all the control would be shared, so all parties would commit to the control of the CDSP.

SMu said that there would be no shared control as shareholders were appointed for the benefit of Xoserve and not to represent Shippers. However, Transporters were shareholders and could influence the CDSP directly. CP agreed with SMu and said she too had concerns from an Individual Corporate perspective. CWo said he would investigate this area with the Corporate Governance Group to provide more detail.

General discussion took place surrounding point 1.4.6. (as below) and CP proposed that this section needed more clarity regarding the Transitional Documentation and it needed to be explained in greater depth detailing what other documents were linked to it.

##### 1.4.6 The Parties agree and acknowledge that:

*the CDSP will not declare dividends or distributions (of income or capital) to its shareholders;*

*the shareholders of the CDSP have no obligations in respect of the funding of the CDSP;*

*the objective of the CDSP is to operate without making a net surplus or net loss in any DSC Year (and while some over or under-recovery of the CDSP's costs in any one year is likely to occur, the arrangements in paragraph. ensure that such over or under-recovery is corrected in the following year);*

*accordingly (in accordance with the further provisions of this Section D):*

*the CDSP Services are provided 'at cost' to Core Customers; and*

*all CDSP Costs (to the extent not recovered from third parties) are to be recovered from Core Customers.*

CWo said he would add further detail at the front of the document to give a specific explanation.

## **2.2 Agency Services**

Discussion took place in relation to some of the wording regarding Agency Services and CB asked if this included the Shippers, and CWo confirmed that it did not include Shippers as agency services related to those services identified in Code which were Transporter obligations.

## **2.4 Direct Services, which are Code Services – further provisions applying in relation to the Code and IGT Code**

SMu expressed concerns with regards to some of the language used in section 2.4, in particular the wording in point 2.4.2. (as below) as these conditions appear to be unreasonable and not always in the control of Shippers. CWo said he would look at this, with the view to rewording and clarifying the point.

*2.4.2 So far as any of the Direct Functions comprise the functions to be fulfilled by the Supply Point Information Service (SPIS) pursuant to Standard Condition 31 (SC31) of the Transporters' and Independent Gas Transporters' Gas Transporter's Licences:*

- a) the DSC shall take effect as an arrangement by which (as contemplated by SC31) the Transporters and the Independent Gas Transporters procure the establishment and subsequent operation and maintenance by the CDSP of the SPIS;*
- b) the CDSP shall perform the Central Data Services and otherwise act so as to ensure the Transporters and the Independent Gas Transporters comply with SC31;*
- c) each Party undertakes that it will not act or exercise its rights or powers in relation to the CDSP (including its powers under the CDSP Articles of Association and its rights and powers under the DSC) in a way which is inconsistent with paragraph (b)*

SMu also said that point 2.5.3. (as below) needed greater explanation as to how this would work in relation to Self Governance.

*2.5.3. Unless the CDSP agrees, such a Modification Proposal may not be a Self-Governance Modification Proposal.*

CWo said he would re look at this section to understand the process for self-governance. BF advised that this would require Panel to confirm with the CDSP that they have no objection to a modification being self-governance. However, this is at odds with the recent Code Governance Review 3 (CGR3), which has reversed the rules requiring modifications to be self-governance unless a material impact is identified. He advised that Wales & West Utilities were in the process of raising a modification to implement the changes required by CGR3.

## **2 Data Services Contract**

CWo explained the Data Services Contract section was still being developed and that he would be providing a high level overview only at this stage.

AMa said that he thought the methodology and impacts within section 3.1.4. needed more clarity and explanation. CWo said this further discussion would be required, however, this is an initial draft setting out discussion points.

Moving on CWo continued to overview the other areas of the document and moved on to Section 4.

A lengthy discussion took place surrounding the area of 'DSC governance and appropriate Committees' (as below), if there should be separate credit committee and the establishment of credit rules, together with the issue of potential confidentiality and credit risk impacts.

CWo stated that the committees would need different skills. AMi explained that this whole area was presently being discussed and would be a feature of the DSC discussions. SMu felt that committee chairs should be independent/impartial, although not all would need to be appointed such as with the UNC Modification Panel. AMi also added that a third party could

chair, but that their availability to cover Committee meetings was crucial. BF suggested that the chair should have a reasonable knowledge of the committee subject.

#### 4 DSC Committees

##### 4.1 Establishment and functions of DSC Committees

##### b) Contract Management Committee

General discussion moved on to the Appeal process (as below) and how that would be managed from a timing perspective as to when the trigger for the appeal would be e.g. from the date of the Committee Meeting or from the date of the minutes. AMa proposed it would be as it is currently which was 10 days after the publication of the minutes, and AMi said that from the Xoserve viewpoint nothing would be actioned until after that 10 day period. CWo said that this area needed confirmation and clarification from both a timing and regulatory angle.

BF suggested that a similar process is used to the self-governance appeal process in UNC, which is 15 days following a Panel decision.

##### 4.5 Appeal

*4.5.2. A Customer or Customers of a Customer Class may, within five Business Days after a decision of a DSC Committee, give notice to the Committee Secretary of appeal of the decision, if [one or more of] [a majority of] the Committee Representatives of that Customer Class voted against the decision*

CWo then continued to overview the rest of the 'Section D' points and he explained that Dentons would make the necessary amendments to the documents following the meeting, in readiness for the meeting on 03 August 2016.

### 3.2. TPD Sections H,G,M,V

#### 'Section G'

DT provided an introduction to 'Section G', and overviewed the specific sections and points as listed. General discussion took place regarding 1.9 Supply Point Register in relation to the agency function and after a lengthy debate, it was agreed this section needed more clarification, however, AMi did say that the current activities would remain the same and the process would not cease if there was an omission in the process set out in the contract.

DT continued to walkthrough the rest of the document and further discussion ensued in relation to 2.10 Supply Point Confirmation – Effect of Isolation. AMi explained that this function would take place through the Direct Service function, which was linked to the Licence conditions and AL said she would look at the Licence conditions to sense check this process from the Shippers perspective. AMi confirmed that the process is a contractual status change it was not changing or undertaking changes to the physical status on site. AMi said that time was of the essence, and that he needed to know as soon as possible if there were issues or changes requested and CWo proposed all comments should be sent to him in the first instance.

#### 'Section H'

DT overviewed 'Section H' and highlighted areas where the document had been amended.

#### 'Section M'

DT overviewed 'Section M' and highlighted areas where the document had been amended.

#### 'Section V'

DT explained due to time restrictions, 'Section V' would be review during the meeting on 03 August 2016.

### 3.3. Other Drafting for TPD, OAD, IGTAD, TD & GT

*To be reviewed during the meeting on 03 August 2016*

#### 4.0 Review of outstanding actions

*All Actions were carried forward to the meeting on 03 August 2016 due to the time taken during the Legal Text walkthrough.*

**0565/0601:** National Grid Distribution (CWA) to produce a document, explaining the approach to historic liabilities, including the transition process from existing the process to the new process.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward*

**0565/0602:** National Grid NTS (SMc) to provide a paper to present a view on the management of Gemini liabilities prior to the meeting on 13 July 2016.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward*

**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:** *This action was carried forward to 03 August 2016 meeting. Carried forward*

**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) This action was carried forward to 03 August 2016 meeting. Carried forward.*

**Update:** *(b) This action was carried forward to 03 August 2016 meeting. Carried forward.*

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

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0609:** National Grid Distribution (CWA) to provide more detail/information regarding the appeal process with a perception of circumstances where this might be appropriate.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

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

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0611:** National Grid Distribution (CWA) to provide more information on the Code and Non Code Changes for the committee to evaluate.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0612:** National Grid Distribution (CWA) and Dentons (DT) to produce Terms of Reference (TOR) for both the Change and Contract Committees.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0613:** National Grid Distribution (CWA) to provide further detail on the notice period and consultation timelines for the new committees in line with the current stipulations for UK Link.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0614:** National Grid Distribution (CWA) to add in a point (g) into section 2.3, regarding customers being required by law to make a change.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0615:** National Grid Distribution (CWA) to consider point (f) in section 2.3 relating to Xoserve’s ‘veto’ position and whether an alternative answer may be.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0701:** Shippers to consider the CDSP Direct Service Code Lines and provide Xoserve with any feedback/concerns by 29 July.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0702:** Xoserve (AMi) to complete and provide the CDSP Direct Service Code Line Descriptions and Service Tab for the 29 July 2016 FGO Charging Workgroup Meeting.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0703:** Shippers to consider the DSC Terms and Conditions and set out any concerns prior to the 03 August 2016.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**0565/0704:** Shippers to consider and provide Xoserve their requirements for the DSC Credit Policy by 29 July.

**Update:** *This action was carried forward to 03 August 2016 meeting. Carried forward.*

**5.0 Next steps (DSC Legal Text ‘continuing’ walkthrough planned for 03 August and 23 August 2016)**

BF proposed due to insufficient time to complete all the Legal Text walkthrough, the remaining Legal Text should be reviewed at the start of the meeting on 03 August 2016, prior to addressing the rest of the scheduled agenda items, this approach was welcomed by all attendees

**6.0 Any Other Business**

None.

**7.0 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:

| <b>Time/Date</b>             | <b>Venue</b>  | <b>Workgroup Programme</b>   |
|------------------------------|---|--|
| 10:00 Friday<br>29 July 2016 | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ | FGO Workgroup – Charging <ul style="list-style-type: none"> <li>• Cost Allocation Model Review</li> <li>• Methodology Statement</li> <li>• Consider Invoice Process</li> <li>• Transition Matters – Principles and Application</li> <li>• Surpluses and Deficits – Principles and Application</li> <li>• Budget Setting - Interaction with Charging Methodology</li> </ul> |

|   |   |   |
|---|---|---|
| 10:00 Wednesday<br>03 August 2016       | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ                     | FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>• Legal Text Walkthrough ... <i>Continued from 25 July 2016</i></li> <li>• Overview of Service Lines</li> <li>• DSC Change Control Procedures (1<sup>st</sup> draft)</li> </ul>   |
| 10:00 Monday<br>22 August 2016          | Elexon, 4 <sup>th</sup> Floor,<br>350 Euston Road,<br>London NW1<br>3AW | FGO Workgroup – Charging <ul style="list-style-type: none"> <li>• Cost Allocation Model Review</li> <li>• Methodology Statement</li> <li>• Review Invoice Process</li> <li>• Transition Matters – Principles and Application</li> <li>• Surpluses and Deficits – Principles and Application</li> </ul>  |
| 10:00 Tuesday<br>23 August 2016         | Elexon, 4 <sup>th</sup> Floor,<br>350 Euston Road,<br>London NW1<br>3AW | FGO Workgroup and Workgroup 0565 <ul style="list-style-type: none"> <li>• DSC Framework Agreement (Final draft)</li> <li>• DSC Term &amp; Conditions (Final draft)</li> <li>• DSC Service Description (Final draft)</li> <li>• Change Control Procedures (Final draft)</li> <li>• Contract Management &amp; Reporting Arrangements (Final draft)</li> <li>• Third Party Services Policy (Final draft)</li> <li>• Transition Document (1<sup>st</sup> draft)</li> <li>• Timeline/Workplan Update</li> <li>• Consideration of Risks/Issues Log</li> </ul> |
| 10:00 Monday<br>05 September<br>2016    | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ                     | FGO Workgroup – Charging<br>Agenda TBC at 29 July meeting   |
| 10:00 Wednesday<br>07 September<br>2016 | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ                     | FGO Workgroup and Workgroup 0565<br>UNC Consolidated Legal Review <ul style="list-style-type: none"> <li>• GT B7</li> <li>• TPD G &amp; H</li> <li>• TPD M</li> <li>• TPD U</li> <li>• Other TPD &amp; EID</li> <li>• iGT and iGTAD</li> <li>• Accession / Withdrawal</li> </ul>  |

|   |   |  |
|---|---|--|
|   |   | <ul style="list-style-type: none"> <li>• Transition</li> <li>• Miscellaneous including MR</li> </ul> <p>DSC Contract Update</p> <p>Development of Workgroup Report</p> |
| 10:00 Wednesday<br>21 September<br>2016 | Elexon, 4 <sup>th</sup> Floor,<br>350 Euston Road,<br>London NW1<br>3AW | <p>FGO Workgroup and Workgroup 0565</p> <ul style="list-style-type: none"> <li>• Development of Workgroup Report</li> </ul>  |
| 10.00 Friday<br>23 September<br>2016    | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ                     | <p>FGO Workgroup – Charging</p> <p>Agenda TBC at 29 July meeting</p>   |
| 10:00 Wednesday<br>05 October 2016      | Consort House, 6<br>Homer Road,<br>Solihull B91 3QQ                     | <p>FGO Workgroup and Workgroup 0565</p> <ul style="list-style-type: none"> <li>• Conclusion of Workgroup Report</li> </ul>   |

**Workgroup 0565 Actions (as at 25 July 2016)**

| Action Ref       | Meeting Date | Minute Ref | Action  | Owner                            | Status Update                                       |
|------------------|--------------|------------|---|----------------------------------|---|
| <b>0565/0601</b> | 20/06/16     | 10.        | National Grid Distribution (CWa) to produce a document, explaining the approach to historic liabilities, including the transition process from existing the process to the new process.                             | National Grid Distribution (CWa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0602</b> | 20/06/16     | 10.        | National Grid NTS to provide a paper to present a view on the management of Gemini liabilities prior to the meeting on 13 July 2016.  | National Grid NTS (SMc)          | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0606</b> | 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) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0607</b> | 20/06/16     | 10.        | Xoserve (AMi) to:-<br>a) Provide further clarity on the Change Order process for a cost estimate or a ROM is required, what is the trigger;   | Xoserve (AMi)                    | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |



|                  |          |     |  |                                  |   |
|------------------|----------|-----|--|----------------------------------|---|
|                  |          |     | b) At what point does a Change Order trigger an external cost estimate.  |                                  |   |
| <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)                    | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0609</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to provide more detail/information regarding the appeal process with a perception of circumstances where this might be appropriate.                 | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <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)                    | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0611</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to provide more information on the Code and Non Code Changes for the committee to evaluate.   | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0612</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to produce Terms of Reference (TOR) for both the Change and Contract Committees.  | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0613</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to provide further detail on the notice period and consultation timelines for the new committees in line with the current stipulations for UK Link. | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0614</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to add in a point (g) into section 2.3, regarding customers being required by law to make a change.   | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0615</b> | 20/06/16 | 10. | National Grid Distribution (Cwa) to consider point (f) in section 2.3 relating to Xoserve's 'veto' position and whether an alternative answer may be.                                | National Grid Distribution (Cwa) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |

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|------------------|----------|-----|---|---------------|---|
| <b>0565/0701</b> | 13/07/16 | 2.1 | Shippers to consider the CDSP Direct Service Code Lines and provide Xoserve with any feedback/concerns by end of July.                                    | All Shippers  | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0702</b> | 13/07/16 | 2.1 | Xoserve (AMi) to complete and provide the CDSP Direct Service Code Line Descriptions and Service Tab for the 29 July 2016 FGO Charging Workgroup Meeting. | Xoserve (AMi) | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0703</b> | 13/07/16 | 3.0 | Shippers to consider the DSC Terms and Conditions and set out any concerns by 03 August 2016.   | All Shippers  | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |
| <b>0565/0704</b> | 13/07/16 | 5.0 | Shippers to consider and provide Xoserve their requirements for the CDSP Credit Policy by end of July.  | All Shippers  | <b>Carried Forward</b><br><i>(Due on 03 Aug 16)</i> |