
UNC Workgroup 0596 Minutes
Implementing CGR3 decisions on Significant Code Reviews and
self-governance
Monday 31 October 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Clare Cattle-Jones*	(CCJ)	SSE
Colette Baldwin	(CB)	E.ON UK
Hilary Chapman	(HC)	Scotia Gas Networks
Maitrayee Bhowmick-Jewkes	(MBJ)	RWE npower
Phil Lucas	(PL)	National Grid NTS
Raymond Elliot*	(RE)	Ofgem
Richard Pomroy	(RP)	Wales & West Utilities
Shanna Key	(SK)	Northern Gas Networks
Shiv Singh	(SS)	National Grid Distribution

**via teleconference*

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0596/311016>

The Workgroup Report is due to be presented at the UNC Modification Panel on 15 December 2016.

1.0 Outline of Modification

Giving a brief presentation, RP explained that the purpose of this modification was twofold; firstly to implement Ofgem's decisions in respect of self-governance procedures and secondly to address the conclusion/requirements to be implemented in respect of the Significant Code Review (SCR) process resulting from the Code Governance Review Phase 3 consultation.

It was confirmed that this modification simply proposes to change those aspects of the UNC Modification Rules that are necessitated by Licence changes and there was no intention to extend the scope beyond this.

2.0 Initial Discussion

2.1. Initial Representations

None received.

2.2. Issues and Questions from Panel

None raised.

2.3. General

CB queried that the wording did not necessarily reflect what was in the Licence. LJ clarified that the UNC Modification Rules were meant to be the pragmatic application of

what was in the Licence. RE confirmed that the self-governance criteria had not been changed.

Self-governance as default process and reversal of existing assumptions

The modification seeks to implement changes to the existing self-governance process set out in the UNC Modification Rules, such that modifications will follow self-governance procedures as the default process unless it is otherwise determined by the UNC Modification Panel that a proposal has a material impact according to the existing self-governance criteria. (This essentially reverses the current assumption that a proposed modification is material unless the Panel determines that the self-governance criteria are met.) A Proposer will have to actively demonstrate a significant level of materiality to justify that the Authority should ultimately determine a decision on implementation.

It was queried whether a modification could potentially fail to satisfy the criteria to enable clear assignment to either of the two routes. LJ drew attention to the legal text; the revisions to the Modification Rules 7.2.3 (a)(i) ensured that a positive determination either way would be made by the Panel.

LJ directed attention to the document: “*UNC – Self Governance Modifications: Guidance for Proposers*”, published on the Joint Office website at <http://www.gasgovernance.co.uk/mods>, and to which the UNC Modification Panel would refer. Example scenarios were discussed, and it was noted that the ability to change/reassign status in midstream was retained, as in the existing process.

Significant Code Review

Secondly, the modification seeks to implement required amendments to the SCR process as a consequence of changes made to Standard Special Condition A11 of the Gas Transporters’ licence resulting from CGR3. It introduces arrangements that permit Ofgem to raise, or direct governance for, SCR-related modifications. This in effect will provide the Authority with various powers, including:

- The ability to specifically direct a UNC Party to raise a modification (as per the existing conditions)
- Permitting Ofgem itself to raise a UNC modification
- Enabling Ofgem itself to develop an SCR and raise a modification (including legal text) outside of the usual UNC assessment process, and to then enter the process at the point whereby it will submit a completed modification proposal, that the Joint Office would convert into a Final Modification Report, to the UNC Modification Panel for its recommendation on implementation.

Legal Text Commentary and Pre Nexus Text

RP explained the changes to be made to various sections of the UNC Modification Rules relating to the various aspects of self-governance, and RE confirmed he had no additional comments to make in this respect.

Moving on to the changes required in respect of the SCR, RP explained how these had been mapped into the UNC Modification Rules.

LJ summarised the approach taken, noting that Post Nexus Text had also been provided.

3.0 Workgroup Report

RP confirmed that the legal text provided was to be treated as final text. Participants were satisfied that the text met the intent of the Solution.

The Workgroup reviewed and completed its report, recommending that this modification be issued to consultation.

4.0 Next Steps

The Workgroup Report will be submitted to the November UNC Modification Panel for its consideration.

5.0 Diary Planning

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

No further Workgroup meetings were required.