
UNC Governance Workgroup Minutes
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/gov/311016>

1.0 Introduction and Status Review**1.1. Minutes (05 February 2016)**

The minutes of the previous meeting were approved.

1.2. Pre Modification discussions**1.2.1 Project Management and Assurance provisions for gas industry changes**

LJ outlined the background to the proposal and explained that a high level assessment of the potential requirements had been based on the recent experiences relating to Project Nexus, and what the perceived benefits might have been had some sort of external project management been in place earlier. The ability of the industry to effect the project management of large projects more efficiently was currently limited by resourcing and funding constraints. The Joint Office could not currently take on this role; it is not set up as a separate legal entity and is not empowered to perform this level of project management, nor does it have the resources or skill sets across all personnel.

A potential process for appointing an external Project Manager organisation was illustrated. The UNC Modification Rules would need to be revised to introduce the vires for the UNC Modification Panel to determine that external Project Management was required, to identify the criteria against which an assessment could be made, and to be able to define the process and timings. There would be a number of other questions to consider as thinking developed, such as whether it was feasible to undertake an early identification of potential requirements when a prospective project was first broached; how costs incurred/associated with an abandoned project/procurement exercise should be treated; and whether perceived 'conflict of interest' might be detrimental.

A skeleton proposal had been produced for initial consideration of emerging thinking and to promote early discussion; based on the assumption that it is agreed there needs to be

some viable procurement process developed and put in place ready to address future requirements should they arise, and with the recognition that such arrangements may never or rarely be called upon.

LJ then explained the three parts of the Solution and a discussion ensued. Referring to Part B, it was suggested that depending on the changes required the lead might need to be driven from the UNC or the CDSP contract, and the governance may vary accordingly. Restricted Class changes were discussed.

It was noted that an enabling modification did not necessarily require accompanying legal text, however creation of a service line might require this. It was observed that if a UNC change was not required why should the UNC Modification Panel become involved in providing project management arrangements. Various scenarios/examples were discussed. Consideration would need to be given to the source of a proposed change, and it was suggested that a change matrix or decision tree tool could be useful. Who would take the lead/provides funding/resources in the event that a multi-code change was envisaged. What degree of co-operation would be required to effect Project Management assurance? There might also be occasion where a large project might be seen to require/benefit from the employ of external management/assurance, but would be under the OJEU limits - how would this be treated?

Other questions were raised. Could Panel set a procurement timeline, or does it need to 'take advice'? Was it possible to reach a certain point in a procurement exercise, but then be able to pause/stop completely - and the assumption would be that this would have to run in parallel to Workgroup development of any change(s), as a modification cannot be progressed/approved without knowing what any costs were likely to be? Sunk costs were briefly discussed.

It was observed there was a distinction between Project Management and Project Assurance. There might need to be different criteria for minor and major projects. At what point should Panel make its assessment that external support is required, and when can the CDSP be directed to start work/incurring expense? Panel cannot obligate the CDSP to carry out any activities. Should there be a standing 'fund' to draw upon? Should Panel have to consult before proceeding with any formal assessment and recommendations? Does any decision need the demonstration of a high threshold of support? Should there be an appeal route?

It was suggested that it would be useful for Xoserve to provide an example ROM to illustrate how much it costs to initiate/proceed to Preferred Bidder Status, to give some understanding of what costs might generally be incurred in any procurement process.

Level of costs might differ considerably depending on whether full project management arrangements were required as opposed to project management assurance arrangements.

LJ explained the CMA's view of the role of a Code Manager. It was envisaged that the Panel would have a more active role in the delivery of change. It was suggested that a Steering Group, with an independent Chair, might oversee progress.

Concluding these initial discussions, it was acknowledged that a good deal of work would be required to develop and shape this modification to an acceptable level, and that this would take some time, potentially more than 6 months. It was suggested the Proposer should discuss the CDSP drafting with Xoserve's lawyer to gain a better understanding.

It was confirmed that Scotia Gas Networks would formally sponsor this modification. HC will refine the proposal and a meeting will then be arranged for further consideration of the next draft; details will be notified when confirmed. In the meantime all comments, suggestions and contributions to its development will be welcomed by HC.

2.0 Workgroups

2.1. 0596 – Implementing CGR3 decisions on Significant Code Reviews and self-governance

The Minutes of this meeting are available at: www.gasgovernance.co.uk/0596/311016.

3.0 Issues

None raised.

4.0 Any Other Business

None raised.

5.0 Diary Planning

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

Future meetings will be arranged as and when required.