

## Governance Workstream Minutes

Thursday 20 May 2010

350 Euston Road, London

### Attendees

Tim Davis (Chair)	TD	Joint Office
Bob Fletcher (Secretary)	BF	Joint Office
Bali Dohel	BD	Scotia Gas Networks
Chris Warner	CWa	National Grid Distribution
Chris Wright	CWr	British Gas
Clare Cameron	CC	Ofgem
Joanna Ferguson	JF	Northern Gas Networks
Jon Dixon	JD	Ofgem
Joel Martin	JM	Scotia Gas Networks
Nick Reeves	NR	National Grid NTS
Phil Broom	PB	GDF Suez
Ritchard Hewitt	RHe	National Grid NTS
Richard Street	RS	Corona Energy
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy

### 1. Introduction and Status Review

1.1. Minutes from the previous meetings were approved.

1.2. Review of actions from previous meeting.

**GOV1047:** Amend the draft guidelines document based on comments received for presentation to the Governance Workstream. **UPDATE:** ST advised that proposed changes to the guidance document would be presented to the Workstream soon.

**Carried Forward**

**GOV1048:** Provide a view on the possibility of adopting a process for a cost pass through mechanism for marginal User Pays charges. **UPDATE:** JD was unable to provide an update. **Carried Forward**

**GOV1049:** National Grid NTS to consider the comments received and amend UNC 0281. **UPDATE:** See agenda item 2.2. **Closed**

**GOV1050:** Present views on panel constitution and voting. **UPDATE:** in GE's absence, this Item was carried forward. **Carried Forward**

**GOV1051:** Develop 0267 issues matrix descriptions to match potential modification rules changes. **UPDATE:** Item carried forward subject to the licence drafting to implement the Code Governance Review. **Carried Forward**

### 2. Modifications

2.1. Review Proposal 0267 - Review of UNC Governance Arrangements (*see issues matrix*)

JD advised the statutory licence consultation to implement the Codes Governance Review is likely to be published by the end of May. CWr asked if implementation is still likely to be 01 November 2010. JD advised this is still likely, though Ofgem are willing to consider alternative dates should there be sufficient reason/evidence to

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change the implementation timeline.

## 2.2 Modification Proposal 0281: Prevention of "Timing Out" of Authority decisions on Modification Proposals

NR gave a presentation on the comments received and the amendments made to Proposal 0281 since its last appearance at the Workstream.

PB noted similarities with the BSC process. However, the gas process is significantly different and there may need to be additional aspects for xoserve and Transporters to consider so they can manage the process efficiently. RHe agreed as the Proposal extends the process but also adds a level of certainty. TD asked who sets the BSC implementation date. PB confirmed this is the workgroup, based on Elexon's recommendation – in gas it is Transporters in consultation with the Proposer.

TD was concerned the Proposal does not accurately reflect the implementation aspirations, as described, and the Proposal could be modified to instead allow workgroups or the Panel to consider and set dates as a Modification is developed – as written, 0281 provides that only the Proposer can specify the implementation date. CWr questioned the value of Proposer's putting implementation dates in a Proposal: experience with 0194 is that a decision has not been made even though the Proposal was raised nearly 2 years ago – under Proposal 0281, there was a risk it would have timed out.

RHe accepted this point, but added that the UNC does not currently prevent proposers raising Proposals with unachievable implementation dates. SL agreed as EDF has concerns that implementation dates can be uncertain in Proposals, constraining their own system development work and upgrades while waiting for a proposal to be implemented – this Proposal seeks to add a level of certainty which would be potentially valuable.

RS concurred, adding it is appropriate that costs for failing to meet implementation/decision timelines are considered in the development and decision process for Proposals. It is a risk that needs to be quantified with major industry projects, such as SMART and Nexus, in the pipeline. PB agreed, the process allows for more certainty though system impact assessments need to be earlier in the process.

CWr was concerned the Proposal does not reduce the risk of Authority timing out and places this risk with the User. NR responded that the backstop date prevents timing out as it moves to the next suitable implementation date. CWr was still concerned that it's assumed other changes or priorities won't interfere with potential backstop dates.

SL asked if this Proposal works with Ofgem's send back powers. JD confirmed there is a balance to be applied and it is unlikely a Modification Proposal sent for decision will be sent back without good reason.

NR agreed to consider the comments received and make further amendments to the Proposal, and would be willing to accept comments sent after the meeting.

**3. Topics**

**3.1** 013Gov, Industry Codes Governance Review

Covered under 0267 above.

**3.2** 014Gov, Review of User Pays Process

It was noted that this had been considered by the UNCC.

**3.3** New Topics

No new topics raised.

**4. Any other business**

No other business raised.

**5. Diary Planning for Workstream**

Next Meeting

17 June 2010, following the UNC Committee meeting.

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner*</b>	<b>Status Update</b>
GOV1047	21/01/10	3.2.1	Amend the draft guidelines document based on comments received for presentation to the Governance Workstream.	National Grid NTS / Wales and West Utilities (RHe/ST)	Carried Forward
GOV1048	21/01/10	3.2.2	Provide a view on the possibility of adopting a process for a cost pass through mechanism for marginal User Pays charges.	Ofgem (JD changed 20 May)	Carried Forward
GOV1049	18/02/10	2.3	National Grid NTS to consider the comments received and amend UNC 0281.	National Grid NTS (RH)	Carried Forward
GOV1050	30/03/10	2.1	Present views on panel constitution and voting	Waters Wye (GE)	Carried Forward
GOV1051	07/05/10	2.2	Develop 0267 issues matrix descriptions to match potential modification rules changes	Joint Office (BF)	Carried Forward