

Industry Framework Governance Overview

Steve Fisher 12/07/2005

Introduction

- Legal Obligations
- Modification Process
 - Joint Office
 - UNC Panel
 - Workstream
 - Consultation
 - Urgency
- UNC Modification update

Legal Obligations

- Gas Act 1986 as modified by the Gas Act 1995 and Utilities Act 2000 establishing Licence structure
- Licence Obligations
 - ‘....not to cause (by its act or omission) any other party to be in breach of its Transporter’s Licence’ (Standard Special Condition A17)
 - Establishment of UNC
 - Efficient and co-ordinated system
- Competition Act 1998
- FSMA
- GSMR Safety Case
- Uniform Network Code

Joint Office

- Joint Governance Arrangements Agreement (JGAA)
 - Committee of Transporters
 - Separated from Transco
 - Manage Modification process on behalf of industry
 - Joint Office
 - Chief Executive
 - Other Staff [6]
 - All seconded from Transporters

UNC Panel (1)

- UNC Panel
 - Chaired by Joint Office
 - Expected to be CEO when available
 - Composed of 5 Transporter, 5 Shipper Representatives
 - Appoints Subject Matter Experts (SMEs)
 - At commencement of consultation phase
 - Makes recommendations on implementation to Ofgem
 - Receives draft final mod report to inform decision
 - Final mod report reflects Panel recommendation
 - Simple majority voting
 - No determination on development, Transporters to determine how Proposal developed
 - Tie for recommendation on implementation = non-implementation

UNC Panel (2)

- Panel Meetings held once a month (require a minimum of 10 days to convene a meeting)
- Materials sent out 5 days prior to the Panel meeting (unless secretary allows otherwise)
- Minutes sent within 10 working days of meeting

Workstream Process

- The normal process is to present a new idea as a ‘topic’ to the relevant workstream, develop the proposal with the workstream and then present the Modification Proposal to the panel.
- If a Modification Proposal is presented straight to the Panel, the panel may determine that the Proposal should go to workstream for development.
- Following discussions at the workstream, the workstream will make a recommendation to the panel.
- The panel then determine whether the Proposal should :
 - Go back to the workstream
 - Go to Consultation
 - Deferred to a subsequent panel meeting

Consultation Process (1)

- If a Modification Proposal is presented to the panel and the panel determines that the Proposal should proceed to Consultation. The panel shall appoint a Subject Matter Expert (SME).
- The SME prepares a Draft Modification Report (DMR) within 15 Business days following the decision to move to consultation (the panel can change the number of days).
- Once the DMR has been received by the panel secretary then within 1 day the DMR is circulated and representations are invited.
- All parties then have 15 business days to make representations to the Transporters.
- 15 business days after the last day that representations could be made the SME prepares the Final Modification Report for approval of the panel.

Consultation Process (2)

- The panel secretary sends copies to each party who submitted a representation, each third party participant, each Transporter, each User and to each panel member.
- Members have 2 days from the receipt of the FMR to respond to the treatment of the representations with regards to the relevant objectives to the panel.
- The panel then assess whether to recommend implementation
- The panel send the FMR plus the recommendation to the Authority.
- Within 1 day of the Joint Office receiving the FMR and recommendation, the Joint Office (on behalf of the Transporters) circulates the FMR, with representations and the panels recommendation to the Authority, each Transporter, each User, each Third Party Participant and each non-code party. This is completed by the JO.
- The Authority then determines whether the Proposal should be implemented

Consultation (3)

- If the Authority does not give notice within 2 months (for Urgent) or 4 months (for non-urgent) or the authority/any voting member believes that circumstances have changes the panel secretary shall place the modification on the agenda for consideration at the next panel meeting.
- The panel may then determine that :
 - The secretary contact the Authority to give an indication of the likely date of the decision, or
 - The Transporters should within 5 days prepare and circulate the change in circumstances
 - The secretary place the Modification on the agenda of a future panel meeting

Urgency

- Defined in Standard Special Condition A11(9)(g)
- Reasons for Urgency :
 - Timetable Required
 - Significant and immediate corporate risk to business if the regime remains the same
 - Imminent Risk to the Safety of the regime
- Transporters recommend a timetable in conjunction with the Authority
- Transporters appoint a SME but sent direct to consultation (no DMR)
- Continues through 'normal' consultation process but usually to a reduced timeframe.

UNC Modification Update

- Emergency Cashout and Emergency Interruption Volume (EIV)
 - Modification Proposal 0021
 - At FMR stage
- NEC Safety Case Modification – with Workstream.
- Exit Reform Interim Arrangements – with Workstream

UNC Modification Update – Emergency Cashout

- Effect on DN :
 - Incentivises shippers to secure 1:50 supplies therefore improves supply security
 - EIV to be calculated by DN using Interruption Manager
 - Applies to Supply and Demand Interruption only

UNC Modification Update – NEC Safety Case

- Effect on DN :
 - Amends Section Q of UNC to reflect that the NEC instructions regarding demand reduction in the DN's will be instructed via the NTS Transporter.
 - The instructions will be at DN Offtake level with the DN then having responsibility to identify consequential demand side reductions within the DN.
 - This also applies to Firm Load shedding

UNC Modification Update – Exit Reform

- Effect on DN :
 - Provision of information to support 5 year NTS Development Plan
 - Implementation of Transitory Exit Regime (extension of capacity rights beyond September 2008)