

# Good Business Practice CUSC Panel 24/04/09

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# Background

- Recent events have tested the arrangements
- Panel not aware of all problems
- Clause 8.2.3.2 places obligations on the operation of the Panel
- CUSC not prescriptive in all area
- Good business practice should be the solution in the absence of prescription
- Paper also intended to provoke thought ahead of a potential input to Ofgem's review of industry code governance

# Good business practice related to the CUSC for further consideration

- Operational examples given in the paper
- Performance reporting
- Separation
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# Performance reporting

- Panel, collectively, is responsible for several operational items
- Panel not informed of difficulties at present, so may be unable to meet its responsibilities
- Potential solution: Panel should be provided with a report, at each meeting, of non-compliances

# Separation

- Present arrangements between “The Company” and “The Secretary” can appear blurred at times
- Can lead to potential conflicts of interest
- Can be confusing for both NG staff and Panel members
- Can lead to sub-optimal delivery and place unacceptable burdens on staff
- One potential solution: clearer separation between “The Company” and “The Secretary”

# Resources

- Availability of skilled, trained resources is critical to the effective operation of the Panel
- Impacts on the collective responsibilities of the Panel
- Potential solution: Chairman given a responsibility to inform the Panel where NG is unable to provide sufficient resources to meet the Panel's collective obligations
- Potential solution: Panel to become involved with Ofgem if NG reports price control inhibits resource requirements

# Recommendations

1. The Panel is asked to **agree** the recommendation in the paper, to adopt good business practice
2. Additionally, the Panel should also discuss these matters further at the next meeting as part of a response to Ofgem on Code Governance, and also discuss, any of the thoughts listed above, or any other ideas brought forward.