

Appointment Process for an Independent Panel Chair

1. Background

During March 2014 Transporters sought views from interested parties on a proposed appointment process for an Independent Panel Chair for the UNC Modification Panel. Responses to this consultation have been published alongside this document on the Joint Office's website.

Having considered those views, and being mindful that they have Licence conditions (and are therefore accountable) to appoint an Independent Panel Chair, Transporters have produced this document, which sets out the appointment process that will be followed.

For the purposes of this appointment process, Transporters are represented by the Joint Governance Arrangements Committee (JGAC), which also governs the activities of the Joint Office of Gas Transporters.

2. Advisory Panel

The JGAC will invite an Advisory Panel to act on its behalf in conducting this process. On the basis that this panel will shortlist, interview and recommend a suitable candidate to the JGAC, any more than three people are considered to be excessive. The members of this panel will be:

- One transporter representative (Stephen Parker, Northern Gas Networks)
- One shipper representative (David Cox, Gas Forum)
- Chief Executive, Joint Office (Les Jenkins)

The responsibilities of this panel include:

- Agree the Terms of Reference for the Selection Adviser.
- Agree the timeline for the appointment process.
- Consider the long-list and agree a short-list of Panel Chair candidates for interview.
- Conduct structured interviews.
- Select a preferred candidate.
- Report to JGAC the progress of the appointment process and make a recommendation of the preferred candidate.

For the avoidance of doubt, this panel will have no authority to appoint a candidate. Recommendations made by this panel shall be unanimous.

The panel will be supported where appropriate by experts provided by the Joint Office.

3. Selection Adviser

A selection adviser will be appointed by the Joint Office and will support the advisory panel in identifying suitable candidates.

4. Candidate Attributes

Other than requiring a UK-based candidate, there was no clear view of desired attributes and these will be agreed by the Advisory Panel with the Selection Adviser using the table below as a starting point.

Attribute	Pros	Cons
Retired	Greater availability and flexibility to attend meetings, including "urgent" meetings, at short notice, read papers, attend briefings with the Code Administrator etc.	May be "out of the loop" in terms of current knowledge on industry or commercial matters.
Currently Employed	Greater awareness of current issues and commercial practice.	Less availability and flexibility to attend meetings at short notice. Potential for conflict of interest, depending on current employment.
Seniority	Brings wider knowledge and experience to the position. Adds gravitas to the position.	The more senior the candidate, whether employed or retired, the more their availability and flexibility is likely to be restricted, due to existing diary commitments. Fee charged likely to be higher the more senior the candidate.
Public Sector	Independent of market participants.	More likely to lack relevant technical and/or commercial experience of issues which matter to the industry.
Private Sector	More likely to have relevant technical and/or commercial experience of issues which matter to the industry.	Potential for conflict of interest, depending on current or previous employment.
Academic	Independent of market participants. Likely to have relevant technical expertise.	May lack practical application of specialist theory. Potential for conflict of interest, depending on funding they / their employer receives from external bodies (such as energy companies) for research etc.
Based in UK	Better availability for meetings. Lower travel expenses. Potentially greater relevant UK experience.	May lack a wider non-UK perspective, which will become increasingly relevant with European Third Package.
Based overseas	Potentially brings a wider understanding of how similar matters are dealt with overseas (e.g. European network codes).	Potential lack of experience and knowledge of UK market and commercial operations. Higher travel expenses. Less flexibility and availability.
Has relevant technical or commercial experience	Greater understanding of issues raised and discussed, enabling better facilitation of the meeting. Able to recall experience of previous events or changes that are relevant to matters at hand.	May become overly involved in debate at meeting and step outside the role of chairing the meeting. Not constrained by previous events and decisions.

5. Role Description

- **Initial term:** two years, subject to possible renewal for a further term, following industry consultation. It should be noted that any proposed appointment/extension to the Chair must be approved by Ofgem.
- **Estimated time commitment:** approximately 2 - 2½ days per month, comprising 1 day's attendance at Panel meetings and 1½ days to read the Panel papers, liaise with the Code Administrator and review/approve the minutes. In addition to this, the Chairman will need to be available to deal with urgent/short notice and/or non-standard modifications and ad-hoc meetings. Based on recent experience, this could amount to an additional 5 days per annum, but could be more, depending on the quantum and nature of modifications and other business.
- **Meeting dates:** Panel meetings are normally held on the third Thursday of every month. They normally begin at 10.30 am and last approximately 3 - 4 hours.
- **Venue:** Panel meetings are held in London, normally at the Energy Networks Association. Urgent meetings may be face-to-face or by teleconference.
- **Deputy Chair:** In the event of absence or unavailability of the Panel Chair, the responsibilities assigned to him/her will automatically pass to the Deputy Chair. The JO Chief Executive will assume the enduring role of Deputy Chair.

KEY RESPONSIBILITIES

The Chair is responsible for leading the Panel. As such, he/she will play a pivotal role in creating the right conditions for overall Panel and individual effectiveness. Supported by the Code Administrator (JO), the Chair will be responsible for:

- developing sufficient knowledge and understanding of UNC provisions and processes to undertake the role of Panel Chair
- agreeing meeting agendas with the JO
- chairing monthly and additional ad hoc meetings of Panel
- providing, in accordance with the UNC Modification Rules, a casting vote in the event of an equal number of votes for and against a determination, with the exception of recommendations for implementation
- ensuring the right level of formality at Panel meetings
- encouraging active engagement by all Panel members
- ensuring that Panel meeting minutes are accurate
- monitoring performance of the JO in supporting and facilitating Panel
- ad hoc liaison with OFGEM and the JO

KEY CHARACTERISTICS AND EXPERIENCE

- The Chair must exhibit qualities of objectivity, impartiality and fairness. It is essential that he/she should be sufficiently independent, and therefore must not:
 - Have, or have had during the 12 months before appointment as Panel Chair, any material business interest with a UNC party or Ofgem
 - Hold a remit to represent the interests of any UNC Party or Ofgem
 - Receive remuneration from any UNC Party or Ofgem.
- The holding of a small number of shares will not be considered to be a material business interest.
- The receipt or retention of any benefit accrued as a result of prior employment or service will not be considered to be remuneration.

- Strong chairmanship skills and experience are a key requirement for this role. A strong track record of chairing decision making committees and creating consensus through balanced discussion between multiple and diverse stakeholders is vital.
- Experience of working with - or in - the energy industry or another regulated industry would be an advantage, but the ability to quickly “get to the nub of the issue”, without being clouded by preconceived ideas is more important.
- Strength of character and gravitas to provide exceptional leadership and discipline amongst Panel members.
- A clear outlook, consistently sound judgment, and a proven track record of handling difficult issues with authority and confidence.
- A fluent communicator.

7. Appointment Timeline

The expected timeline to achieve a Panel Chair appointment by December 2014 is as follows:

Action	Responsibility	When
Industry Consultation on proposed appointment process	JGAC/JO	March
Appointment Process Finalised	JGAC	April
Advisory Panel – shipper member appointed	Gas Forum	April
Selection Agency appointed	JO	April
Identify and long-list candidates	Selection Agency	May
Shortlist candidates and Interview	Advisory Panel	June
Selection and conditional offer	Advisory Panel	June
Ratify appointment	JGAC	July
Ofgem Approval of Candidate	Ofgem	August
Contract placed	JO	September
Panel Chair in place – first meeting	JO	December