



United Kingdom Onshore Pipeline Operators' Association

UKOPA 2012 implementation of the way forward:

Conclusions from the Members' Consultation Document

Background

Further to the Members consultation document UKOPA/MC/0079, the responses, presentation by legal advisors Eversheds and agreement within the management council on 28th May 12 the following will be implemented subject to any final comments from members. Please provide any additional comments or views by 31 July 2012.

The plan is to seek final ratification at the next main meeting in Oct 12 and that the structure of the new organisation will be in place from 1 Jan 2013

The planned way forward

Membership levels and fees

There will be 2 grades of membership

1. UKOPA UK member
2. UKOPA International member.

The fees for all members will be the same. For 2013 it will remain at £8,000 per annum. This is sustainable having considered the current financial balance and projected expenditure over the next 2 years.

Management of UKOPA

The current Management Council will be renamed as the UKOPA Board of Directors and Officers. They will continue to administer the day to day activities of the organisation including acting as the governance group for financial approvals, technical reports and setting the overall strategy of the organisation.

All UK members would be eligible to be members of the UKOPA Board and all members will be able to nominate and vote on the composition. Board members would nominally have a three year tenure, which can be extended by agreement. The Board will consist of typically six to eight members plus the permanent secretary of the organisation.

The UKOPA Board will comprise of as a minimum a representative of each of the three industry sectors:

1. Natural Gas transmission and distribution
2. Petrochemical liquids and gasses
3. Oil and refined liquids.



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In addition the composition will ensure that the Board will comprise of a representative of each of the UKOPA working groups, which would normally be the chairman though others could be considered. These are:

4. Risk Assessment Working Group
5. Emergency Planning Working Group
6. Infringement Working Group
7. Fault database management group
8. Process Safety Working group
9. Plus any other working groups that are established in the future

The process for electing the board will be by nomination and seconded. The nominator and second will be from separate member companies. The priority in composition will be to meet the criteria above and the board shall normally comprise of no more than eight people. In the event that there are more nominations than places then the nominees in the first instance should attempt to agree amongst themselves taking into account the composition criteria 1 to 3 and if resolution cannot be achieved then voting of all members shall take place. Each member company will have a single vote. At least 75% of member companies will be required to have voted and appointment will be a majority. If this is not achieved then voting will be repeated requiring 50% of members to vote. This will normally be by e-mail ballot.

In addition the UKOPA Board will provide technical governance to UKOPA and in particular ensure that UKOPA documents that are published or made available in the public domain are subject to control and approval before release. The UKOPA Board will take an objective view of ongoing technical projects, their objectives and outcomes to enable prioritisation and release of funds. The UKOPA Board may call other members of UKOPA or technical specialists to support them in this role.

Chairman

The Chairman of UKOPA will be selected from the membership of the Board. He or she would be nominated and agreed by the Board. He or she would have a two year tenure, which could be extended with the agreement of the Board.

Directors of UKOPA

Following clarification on the role of Directors and Officers of UKOPA by the legal advisors Eversheds it has been decided that:

All members of the UKOPA board (other than the permanent secretary) will become named Directors of UKOPA. However if an individual member does not wish to become a named director or



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is prevented by his employing company it will not preclude him from becoming an officer of the UKOPA board.

(It should however be recognised that, although a board member may not be a named Director under UK law the member will be considered to have the responsibilities and duties of a UKOPA Director.)

Timetable

Receipt of final comments on the planned way forward by end of July 2012

Nominations and selection of the Board October 2012.

Final agreement at the October 2012 main meeting.

Appointment of Board November/December 2012.

Implementation of the new UKOPA organisation 1 Jan 2013

In parallel the Articles of Association will be redrafted to reflect the above and be available prior to the Oct 12 meeting

A summary of the results of the 2011/12 consultation process are included below



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Based on 19 responses to the consultation process the results and proposed way forward are summarised below

<p>Q – Do you agree with the proposals regarding classes of membership that in future there should be only 2 classes of membership, i.e. UKOPA Member and UKOPA International Member – Y/N or Views</p>
<p>Broad agreement, one question are the HSE a member. The answer is no</p> <p>Proposed way forward – accept the 2 classes of Membership</p>
<p>Q- Do you agree with the proposed fee structure.– Y/N or Views</p>
<p>Agreement , yes throughout. The concern raised by 1 or 2 is do we have sufficient money to deliver what we want to do.</p> <p>At the moment the answer is yes and in the future if not we will need to prioritise and/or generate more funds from membership or by other means</p> <p>Proposed way forward – accept the fee structure as proposed</p>
<p>Q – Do you agree with the proposed composition of the Management Council - Y/N or Views</p>
<p>There seems to be a few points raised.</p> <p>Representation of all the working groups mainly through the chairman of the work group</p> <p>Representation of all the industry sectors, Gas Transmission and Distribution Refining and petrochemical and petroleum</p> <p>Limiting the numbers in the MC and not creating 2 organisations within one. Is it correct to exclude International (raised by 1, not the International member) but also stated that the chairman cannot be an Int member</p> <p>Proposed way forward – accept the proposed composition of the Management Council</p>
<p>Q – Do you agree with the suggested nomination and election process for members of the Management Council and UKOPA Chairman? Y/N or Views</p>
<p>Yes throughout but a few points.</p> <p>The voting protocol we use and how we manage it. What is a quorum (75%?) and should we have hands or postal votes</p> <p>Give the opportunity for the management council to fill vacant spaces if they see fit</p> <p>Proposer and seconder are from different companies</p> <p>Chairman and deputy are elected from within MC and deputy succeeds chairman</p> <p>Proposed way forward – accept the proposed nomination and election process as listed</p>
<p>Q – Do you have any views on the proposals for Directors of UKOPA? In particular that they are named directors, a body of directors, and not all Management Council members may be directors. Would you, if a member of the management Council prefer to be a named Director, part of a body of</p>



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Directors or no preference? Do you know what your Company would prefer?
If you have any comments please provide these below

Differing views on where people believe their Company would come from and what they would be prepared to do.
There is broad agreement and experience that getting the Company to be the Director is a major problem and will be one on going.
Some companies would agree for individuals to be directors and others not.
There is a view that not all the members of the management council need to be a director and there could be a number of members who are the directors.
Interest in a body of directors and a request for legal clarification.
We need at least one named director and a view if should be the same for everyone.
This needs further investigation and it would seem that:

Companies as Directors won't work in the future
A body of directors is a wish that should be explored
We will need at least one named director and could probably generate a quorum

Proposed way forward - All members of the UKOPA board (other than the permanent secretary) will become named Directors of UKOPA. However if an individual member does not wish to become a named director or is prevented by his employing company it will not preclude him from becoming an officer of the UKOPA board

Do you have any other comments or suggestions regarding the proposals or any other aspects of developing UKOPA in future years?

Wish to see broader involvement in UKOPA and the working groups across the whole membership in a number of the responses.

A request for tele/video conferencing for some meetings to avoid travel in the UK

Proposed way forward – No additional changes proposed at this stage, but this will be kept under review.