

## Stage 03: Draft Modification Report

At what stage is this document in the process?

# iGT088:

## Determining Implementation of Self Governance Modifications

- 01 Modification Proposal
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

*The proposal suggests some changes further to those required under the CGR3 review to improve the management of Self-Governance Modifications within the iGT UNC Modification Rules*



Responses invited by 14 September 2016



High Impact:



Medium Impact:



Low Impact:  
All iGT UNC Parties

## Contents

1. Plain English Summary .....	3
2. Rationale for Change? .....	4
3. Solution .....	4
4. Relevant Objectives .....	6
5. Impacts and Costs .....	6
6. Likely Impact on Consumers .....	6
7. Likely Impact on Environment .....	7
8. Implementation.....	7
9. Legal Text .....	7
10. Recommendation .....	8

## About this document:

This document is a Draft Modification Report, which was issued for consultation responses, at the request of the Panel on 21 September 2016. The close-out date for responses is 14 October 2016. The Panel will consider the responses and agree whether or not this modification should be made.



Any questions?

Contact:  
**Code Administrator**



[igt-unc@gemserv.com](mailto:igt-unc@gemserv.com)



**0207 090 1044**

Proposer:  
**Kish Nundloll**



[kishn@espipelines.com](mailto:kishn@espipelines.com)



**01372 227 245**

Workgroup Chair:  
**Code Administrator**

iGT088

Draft Modification Report

23 September 2016

Version 1.0

Page 2 of 8

© 2016 all rights reserved

## 1. Plain English Summary

### Is this a Self-Governance Modification?

The Workgroup recommend that this is a self-governance Modification.

Whilst it is making changes to the iGT UNC Modification Rules, the changes are not considered to be material in terms of the overall application of the Modification Rules.

### If so, will this be progressed as a Fast Track Modification?

The Workgroup recommend that this will not be progressed as a Fast Track Modification.

### Rationale for Change

This Proposal seeks to introduce changes to the iGT UNC Modification Rules to improve the modification process that is applied to the management of Self-Governance and Fast Track Self Governance Modification proposals. The changes relate to potential improvements that have been identified as part of the wider review of the iGT UNC Modification Rules carried out following the publication of the CGR3 decision paper by Ofgem. Currently whilst the Panel is involved in setting the implementation date for a modification proposal that goes to the Authority for a decision, the Panel is not involved in setting this date for a Self-Governance Modification proposal.

### Solution

The proposal seeks to ensure that exactly the same process is followed when it come to the setting of an implementation date for a Self-Governance modification proposal as is currently followed for modifications that will go the Authority for a decision on implementation. This requires an amendment to Clause 23.3.8 which is the area in the Code that instructs what the Panel is required to do on receipt of a Final Modification Report for a Self-Governance Modification Proposal. The Proposal has also put forward a change to the Clause that instructs the Code Administrator to send out details via an Implementation notice.

These changes have been discussed in the RG002 workgroup at its meetings on the 5<sup>th</sup> July and the 2<sup>nd</sup> August 2016.

### Relevant Objectives

There should be a Positive impact on Relevant Objective f)

### Implementation

The Modification Proposal can be implemented as soon as possible after its implementation has been approved and before the 31<sup>st</sup> March 2017. The Panel and Work Group has suggested an implementation date of 24<sup>th</sup> February 2017 may be appropriate.

## 2. Rationale for Change?

This Proposal seeks to introduce changes to the iGT UNC Modification Rules to improve the modification process that is applied to the management of Self-Governance Modification proposals. The changes relate to potential improvements that have been identified as part of the wider review of the iGT UNC Modification Rules carried out following the publication of the CGR3 decision paper by Ofgem. Currently whilst the Panel is involved in setting the implementation date for a modification proposal that goes to the Authority for a decision, the Panel is not involved in setting this date for a Self-Governance Modification proposal.

A number of parties consider the current process to be confusing and believe that the Panel should have a similar role for determining the implementation date for all Modification types. This is also believed to be more fully in line with the intent of the original Modification (iGT052) which originally introduced the Self-Governance process into the Modification Rules and delivers a consistent process for the bulk of modifications currently overseen by the Panel.

## 3. Solution

A review of the current iGT UNC Modification Rules has highlighted a number of areas where changes could be made to clarify how Self Governance modifications should be managed under the iGT UNC Modification Rules. Some of these changes have been put forward in an associated Modification proposal where they are deemed to be directly required as a result of the Authority decision made following their CGR3 review.

The ones below do not relate directly to this Authority review but have been identified as part of the work carried out by the iGT UNC Review Group set up to look at the CGR3 changes.

### **A - Setting the implementation date for a Self-Governance Modification Proposal.**

Currently the Modification Rules are written such that when the Panel considers a Final Modification report it does not exactly follow the process that it follows for Modification Proposals that will go to the Authority for a decision. For Authority decision modifications:

*“23.3.3 Upon receipt of the Final Modification Report under Clause 23.3.1 or 23.3.2 the iGT UNC Modification Panel shall assess whether the Final Modification Report complies with Clause 25, and if it is compliant, shall:*

*.....  
(c) subject to Clause 31, provide a date for the implementation of the Modification Proposal, either by endorsement of the Proposer’s recommended implementation date, or pursuant to Clause 23.3.4; and  
.....”*

*Clause 23.3.4 details a process to set the recommended implementation date where the Panel does not agree to the date suggested by the Proposer of the proposal (where this has been suggested).*

*“23.3.4 If the iGT UNC Modification Panel does not determine by unanimous vote to agree the Proposer’s recommended implementation date pursuant to Clause 23.3.3 (c), it will unanimously agree a date, beginning with the earliest practical date (if not that recommended by the Proposer) and ending with a date 5 releases from Authority direction to implement. If no agreement can be reached the implementation date shall be 6 releases from Authority direction to implement, unless unanimous agreement can be achieved on a date further in the future.”*

However in the area of the Code that considers Final Modification Reports for Self-Governance modifications the process is directed by the following Clause:

*“23.3.7 Where the Modification Proposal is a Self-Governance Modification Proposal:*

*(a) The Code Administrator shall submit all representations received in respect of such proposal during Consultation to the Authority (unless the Authority directs otherwise) at least seven (7) days before the Proposed Self-Governance Modification Proposal Determination Date for such proposal; and*

*(b) Clause 23.3.3, Clause 23.3.5, Clause 23.3.6 and Clause 24 shall not apply to such proposal.”*

Thus by stating that 23.3.3 is not applicable it rules out the availability to the Panel of the process whereby a recommended implementation date can be agreed. As such, the Code must default to the responsibility for the setting of the implementation date reverting to the Transporters as set out in Clause 27 Modification Proposal Implementation.

We have reviewed the Modification Proposal (iGT052) which introduced Self-Governance into the Code and can find no specific reference to why this approach was followed. Our view is that it was an oversight rather than a deliberate intention.

Hence we are proposing that the Modification Rules be changed to ensure that exactly the same process is followed for the Panel to agree the implementation date for Self-Governance modifications as is followed for Authority decision modifications – see Legal Text below.

## **B - Clarifying the existing wording re Implementation of a Modification Proposal**

The second area relates to the current wording in Clause 27 which currently does not properly address the sending out of the notice that a Proposal has been approved for implementation together with the details of the associated implementation date, where such Modification is a Self-Governance or Fast-Track Modification.

The following change is proposed to provide greater clarity for readers of the Code.

### **27 Modification Proposal Implementation**

27.1 The iGT UNC Operators shall in respect of the iGT UNC and the Relevant iGT UNC Operator shall in respect of an Individual Network Code, where so directed to implement by the Authority, or in the case of a Self-Governance Modification Proposal or Fast Track Self-Governance Modification Proposal, by the iGT UNC Modification Panel, implement subject to Clause 27.2 a Modification Proposal (or Alternative Modification Proposal), and will within 5 Business Days after receipt of such direction notify all Pipeline Users of such decision including where there is a direction to implement, details of the implementation date and a copy of the changes to be made.

The Work Group concurred with the proposed solution without further comment.

## 4. Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

The Proposer (and Work Group) considers that this Modification would facilitate:

Objective F): The changes should ensure that implementation decisions for Self-Governance modifications are managed in a consistent manner thus eliminating the potential for confusion that is created by the current wording in the Modification Rules. It also ensures that there is no discrimination between different classes of parties to the uniform network code / relevant gas transporters or gas shippers.

## 5. Impacts and Costs

The Work Group identified no impacts or costs.

## 6. Likely Impact on Consumers

The Work Group identified no likely impact on consumers.

iGT088

Draft Modification Report

23 September 2016

Version 1.0

Page 6 of 8

© 2016 all rights reserved

## 7. Likely Impact on Environment

The Work Group identified no likely impact on the environment.

## 8. Implementation

The Work Group recommend that changes should be implemented in the first release after a decision to implement.

Based on current timescales, the Code Administrator expects this will be the release scheduled for 24<sup>th</sup> February 2017.

## 9. Legal Text

*This section should mirror the current wording within the Workgroup Report.*

### 23.3 Final Modification Report Consultation

23.3.8 The iGT UNC Modification Panel shall upon receipt of the Final Modification Report under Clause 23.3.1 or 23.3.2 in respect of a Self-Governance Modification Proposal:

(a) assess whether the Final Modification Report complies with Clause 25.3, and if compliant, shall make a determination as to whether or not the Self-Governance Modification Proposal should be implemented (having regard to whether or not the Self-Governance Modification Proposal better facilitates the achievement of the Relevant Objectives) no earlier than the Proposed Self-Governance Modification Proposal Determination Date;

b) where the Panel has made a determination that the Self-Governance Modification Proposal should be implemented, provide a date for the implementation of the Modification Proposal, either by endorsement of the Proposer's recommended implementation date, or pursuant to Clause 23.3.8 (c) ;

(c) if the iGT UNC Modification Panel does not determine by unanimous vote to agree the Proposer's recommended implementation date pursuant to Clause 23.3.8 (b), it will unanimously agree a date, beginning with the earliest practical date (if not that recommended by the Proposer) and ending with a date 5 releases from the date of the Panel decision to implement. If no agreement can be reached the implementation date shall be 6 releases from the date of the Panel decision to implement, unless unanimous agreement can be achieved on a date further in the future;

~~(bd)~~ instruct the Code Administrator to include such determination and the iGT UNC Modification Panel's reasoning for such determination in the Final Modification Report; and

~~(ee)~~ instruct the Code Administrator to circulate an implementation notice or a non-implementation notice (as the case may be) in respect of such proposal to each iGT UNC Operator, each Pipeline User, each Member, each Third Party Participant, each Affected Person (if any) and the Authority within three (3) Business Days of the Self-Governance Modification Proposal Determination Date.

### 27 Modification Proposal Implementation

27.1 The iGT UNC Operators shall in respect of the iGT UNC and the Relevant iGT UNC Operator shall in respect of an Individual Network Code, where so directed to implement by the Authority, or in the case of a Self-Governance Modification Proposal or Fast Track Self-Governance Modification Proposal, by the iGT UNC Modification Panel, implement subject to Clause 27.2 a Modification Proposal (or Alternative Modification Proposal), and will within 5 Business Days after receipt of ~~a decision from the Authority such direction~~ notify all Pipeline Users of such decision including where there is a direction to implement, details of the implementation date and a copy of the changes to be made.

iGT088

Draft Modification Report

23 September 2016

Version 1.0

Page 7 of 8

© 2016 all rights reserved

The Work Group concurred with the proposed legal text without further comment.

## 10. Recommendation

All parties are invited to consider whether they wish to submit views regarding this Modification. The close-out date for responses is 14 October 2016. All responses should be sent to the Code Administrator at [igt-unc@gemserv.com](mailto:igt-unc@gemserv.com).

A response template is available for use at <http://www.igt-unc.co.uk/Modifications>.