

iGT046DG – Revision to the Modification Rules

Final report to iGT UNC panel

Background

A modification was raised by E.ON to the iGT UNC in January 2012 with the request that the modification be sent to development. The purpose of the modification was to amend the iGT UNC modification rules and align them as far as possible with those of the UNC. This would allow similar modifications raised under both codes to progress in tandem and be presented to the Authority concurrently to facilitate the alignment of timescales. This objective is particularly relevant with the forthcoming Gas industry changes impacting both the UNC and iGT UNC codes.

The development workgroup met on three occasions, the minutes of which can be found at www.igt-unc.co.uk/Modifications along with the original modification proposal and Terms of Reference for the development group.

Code Governance Review Phase 2

During the life of the development group Ofgem released the Code Governance Review Phase 2 (CGR2) paper for industry consultation, if implemented it will have a wide ranging impact on the iGT UNC Modification Process. The development group discussed these proposals against the background of the original agreed Terms of Reference noting the following:

1. The CGR2 consultation period will run until 23rd November 2012 with any subsequent Licence modifications expected to take effect from April 2013 and Code modifications from July 2013.
2. CGR2 proposes a number of changes to the existing iGT UNC Modification model, these include:
 - Introducing the concept of both a Self Governance and fast track Self Governance process in line with a number of other industry Codes;
 - A process for dealing with Significant Code Reviews;
 - Introducing Send Back powers; and
 - Adherence to the Code Administrators Code of Practice;

3. Of the proposed changes most could be introduced through changes to the Code; however Self Governance may require a Licence change.

In light of these CGR2 proposals the development group discussed three options for taking forward the development of Modification iGT046:

1. Ceasing the development of the Modification until such time as the outcome of CGR2 is known and the impact on the iGT UNC modification rules understood.
2. Developing the iGT UNC modification rules to reflect the proposals outlined within CGR2.
3. Continuing with the development of the iGT UNC modification rules in line with the original agreed Terms of Reference.

After discussion the development group agreed to progress the Modification in line with option 3 and the original agreed Terms of Reference. It was felt that this approach would introduce less change in one go and increase the chance of the Modification gaining approval. Should all or some of the CGR2 proposals be implemented a further Modification would need to be raised at a later date to ensure compliance of the iGT UNC modification rules.

Ofgem attended the second and third development group meetings providing guidance and advice to the development group during the discussions assessing the impact of CGR2. Ofgem were supportive of the approach agreed by the development group.

Summary of discussions

Wherever possible the development group agreed to use the UNC modification rules as a baseline for the revised iGT Modification rules, during the three workgroup meetings the group agreed on the following points/amendments to these modification rules:

1. On receipt of any new Modification Proposals the Representative will circulate them to all change administrators within 3 Business Days (was previously 5 Business Days), this will bring the proposed modification rules into line with those of the UNC.
2. When the Panel agrees that a Proposal shall proceed to Consultation, the Representative will prepare a Draft Modification Report to be sent out for consultation across the industry. This removes one stage of the 2 stage consultation process currently within the iGT UNC, this being the consultation on the proposal followed by the preparation of and consultation on the DMR. This brings the process and timescales more into line with the UNC.
3. The concept of a Draft Final Modification Report (DFMR) and a Final Modification Report (FMR) (recognising the Pre-Panel and Post Panel elements of the report) has been changed to that of a Final Modification Report only.
4. On raising a Modification the proposer will be permitted to express their preference for the Modification to go to either Consultation, Development or Review (although this will be subject to approval by the Panel).

5. Should the Panel be split on how a modification should progress the existing rules state that the modification will be deferred to the next Panel meeting, should the Panel still be split at this subsequent meeting the modification would automatically go to consultation. Although the UNC rules have no equivalent process the development group felt it should remain in the iGT UNC Modification Rules, however rather than going to consultation the modification should be sent to development.
6. The UNC makes significant references to the Code Administrator's Code of Practice, the development group debated if these should be retained where clauses have been lifted from the UNC. In the end the development group agreed that the Code of Practice shouldn't be referenced in the iGT modification rules until such time as the outcome of CGR2 were known.
7. The development group agreed to duplicate the latest UNC procedures around the provision of legal text; these have recently been updated following the implementation of UNC Mod 0384. This means that legal text should be provided as a matter of course to accompany the Draft Modification Report (DMR) unless explicitly requested otherwise by the Panel. 15 business days will be allowed for the DMR to be created where legal text is required or alternatively 3 business days where no legal text is required.
8. The development group agreed to utilise the UNC procedures around Workgroup Assessment (with minor amendments), these procedures outline the creation, circulation and discussion of workgroup reports.
9. The development group accepted that the templates to be used for modifications would need updating in the near future but wouldn't form part of this modification.
10. A new clause has been added to the Modification Rules to allow the Authority to raise modification proposals in response to binding decisions from the European Commission and/or Agency for the Co-operation of Energy Regulators.
11. Whenever a new modification proposal is raised the UNC rules state that the name of the proposer and their contact details should be provided. Under the existing iGT modification rules only the name of the proposer is required, the development group debated if the proposer would be happy for their contact details to be published with a modification or if they should be retained by the Representative. It was proposed that parties who have an opinion either way should be prompted to respond to this during the consultation stage.
12. Alternative modification proposals - the development group agreed to adopt the UNC process, this would allow alternative modifications to be raised within 5 business days of the Panel agreeing that a modification should proceed to development. While this timescale was still tight it was noted that this was an improvement over the existing iGT Modification rules that dictate an alternative modification should be raised within 5 business days of a modification being published.
13. UNC rules allow new modification proposals to be added to the agenda of the next Panel meeting up to 8 business days prior to the meeting. This has been duplicated in the new modification rules and is a change to the 10 business days required within the existing iGT Modification rules.
14. Where a modification is sent to development, the proposed iGT modification rules allow it to go to either a new Workgroup or the existing iGT Shipper Standing Workgroup. The development group discussed if the Standing Workgroup was a suitable forum for

modifications to be developed and if it should be referenced as such within the rules, after debate it was agreed to allow either route.

15. Should the proposed modification rules be implemented the development group agreed that any existing 'in flight' modifications should follow the modification rules applicable at the time they were raised.

The above changes have been reflected in the proposed change tracked 'Part L – Modification Rules' schedule, a copy of which can be found in Appendix 1.

In order to provide a high level process map of the proposed modification process a Visio diagram has been produced which can be found in Appendix 2.

Recommendation to iGT UNC panel

The Panel is invited to accept this report and agree to Modification iGT046 progressing to Consultation, thus concluding the work of the development group.

Appendix 1

Attached below is the proposed change tracked Part L – Modification Rules schedule:



GT046 Section L
Mod Process ...

Appendix 2

Attached below is the Visio diagram detailing at a high level how the proposed modification rules will work:



GT Modification
Process - Pro...