

Date	2 nd October 2013
Reference	iGT052
Title	Revision to the Modification Rules in Response to CGR2
Proposer	Trevor Clark EON Energy
iGT UNC / Pipeline Operator	iGT UNC
Modification Proposal Dates	<i>Circulation of DMR: 28/08/2013 Response to DMR: 18/09/2013 DFMR published: 02/10/2013 DFMR considered at Panel: 16/10/2013 FMR sent to authority: dd/mm/yyyy Circulate Authority's determination: dd/mm/yyyy Suggested Implementation date: dd/mm/yyyy</i>
PART A - MODIFICATION PROPOSAL	
Urgency	Non-Urgent
Background	<p>On 27 March 2013 Ofgem published their final proposals under the second phase of the Code Governance Review (CGR2), these proposals seek to update and improve the governance arrangements of a number of industry codes, including the iGT UNC.</p> <p>In support of the CGR2 proposals Ofgem are proposing a number of changes to the applicable gas licence conditions, consultation of these changes ended on 26 April 2013 with the outcome expected to be published week commencing 3 June 2013.</p>
The Proposal	This Proposal seeks to introduce the changes required to the iGT UNC in order to comply with the CGR2 final proposals.
How will the proposal operate?	<p>CGR2 introduces the following functions into the iGT UNC:</p> <ul style="list-style-type: none"> • <u>Self-Governance</u> - where the iGT UNC Panel agrees that a Modification Proposal qualifies for Self-Governance it may determine, following Consultation, that the Proposal be implemented; • <u>Fast Track Self-Governance</u> - Where a minor housekeeping Modification Proposal is raised and has unanimous support of the iGT UNC Panel, the Panel may direct that the change is made without the need for Consultation; • <u>Self-Governance Appeals</u> - should any Party feel that a decision taken by the iGT UNC Panel under the Self-Governance process unfairly prejudices them they shall have the right to appeal such decision to either the Panel or Ofgem;

- Significant Code Reviews - provides a mechanism for Ofgem to lead on complex changes to the iGT UNC by directing Modification Proposal(s) be raised, possibly in line with equivalent changes to other industry codes;
- Send Back Powers - should Ofgem be unable to make a determination on a Modification Proposal due to a flaw in the Final Modification Report, these Send Back Powers will allow Ofgem to refer the matter back to the iGT UNC Panel for correction rather than rejecting the Modification Proposal;
- Code Administrator Code of Practice - the CACoP should be adhered to in relation to the management of Modification Proposals, going forward “the Representative” will become the “Code Administrator”; and
- Critical Friend - this places an obligation on the Code Administrator to provide such assistance as may reasonably be requested by an iGT UNC Party.

Proposer’s suggested timescale for implementation

In order to meet the Ofgem deadline for all CGR2 proposals to be in place and live by 31 December 2013 this Proposal will need to go live in the November release of the iGT UNC.

Proposer’s view on the Section(s) of the Code Concerned

Part L - Modification Rules

Proposer’s views on how the proposal better facilitates the relevant objectives

<i>Relevant Objective</i>	<i>Yes/No</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	No
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	No
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee’s obligations under this licence	Yes
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	No
e. so far as is consistent with sub-paragraphs (a) to (d), the 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	No
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	Yes
g. so far as is consistent with sub paragraphs (a) to (f) the compliance with the Regulation* and any relevant binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	No

* Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009

Objective C:

If implemented this Proposal will facilitate iGT UNC Parties adhering to the expected gas licence changes due to be published by Ofgem week commencing 3 June 2013.

Objective F:

This Proposal will improve the iGT UNC governance arrangements and provide a more consistent approach with other industry codes. This will deliver benefits to all industry parties in better planning and implementation of industry change, especially where it spans multiple industry codes, i.e. Smart metering.

Proposer's view on any Likely impact on environment?

No impact

Proposer's view on any Implementation issues including impact on systems

This Proposal is not expected to introduce any system changes; instead the changes will be procedural.

PART B - CONSULTATIONS SUMMARY

Summary of responses to the consultations on the original Modification Proposal and the Draft Modification report

This Proposal was directed by the Panel to be sent out at the Draft Modification Report stage. 6 responses were received; which can be viewed [here](#).

Respondent	Response to DMR
RWE npower	Support
Scottish Power	Support
ESP	Support
SSE Supply	Support
British Gas	Support
E.ON	Support

Facilitation of the relevant objectives - Summary of responses

How this proposal will, if implemented, better facilitate the “code relevant objectives”, as defined in Standard Condition 9 of the Gas Transporters Licence.

<i>Relevant Objective</i>	<i>Relevant</i>
a. the efficient and economic operation of the pipe-line system to which this licence relates	
b. so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of the pipe-line system of one or more other relevant gas transporters	
c. so far as is consistent with sub-paragraphs (a) and (b), the efficient discharge of the licensee's obligations under this licence	6
d. so far as is consistent with sub-paragraphs (a) to (c) the securing of effective competition between relevant shippers and between relevant suppliers	1
e. so far as is consistent with sub-paragraphs (a) to (d), the 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	
f. so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code referred to in paragraphs 2 and 5 respectively of this condition	6
g. so far as is consistent with sub-paragraphs (a) to (f), the 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	

* Regulation 2009/715/EC of the European Parliament and of the Council of 13 July 2009

Additional comments:

Of the responses received to the Draft Modification Report there was overwhelming majority support for:

Objective C:

Most respondents noted that the implementation of iGT052 would facilitate iGT UNC Parties adhering to their licence obligations, as recently amended following the Code Governance Review Phase 2 consultation.

Objective D:

One respondent noted that the CGR2 proposals deliver a more consistent and common approach to change across all Codes, including the iGT UNC, thus allowing for a better understanding of change procedures across the Industry, which would be expected to encourage more involvement from smaller participants.

Objective F:

Respondents highlighted that this Proposal will improve the iGT UNC governance

arrangements and provide a more consistent governance approach across industry codes through standardisation, delivering benefits to all industry parties in better planning, organisation and implementation of industry change, especially where changes are required across several codes, such as smart metering.

Other issues

A number of respondents noted that the alignment of codes and change administration presented an opportunity to ensure that the governance and chairing of development groups was undertaken by the Code Administrator (currently Gemserv) in order to be consistent with other codes. It was noted that development groups would benefit from an impartial chair, adequate resourcing and a consistent approach given the anticipated volume of change, e.g. Smart, DCC, Single Service Provision and alignment of the IGT UNC to the UNC. The Representative notes that is however outside of the scope of the modification as currently drafted.

Likely impact on environment?

No points were raised by respondents

Implementation issues including impact on systems

Most respondents noted that the Modification Proposal was procedural and therefore had little impact on systems. Respondents also alluded to the need for an extraordinary iGT UNC release in order to implement by 31st December 2013 which will be considered at the October Panel.

PART C - Proposed Legal Text *(Provided by Transporters)*

Appendix 1

Appendix 1 is a clean copy of the proposed Part L - Modification Rules schedule:



Adobe Acrobat
Document

[\[LINK\]](#)

Appendix 2

Appendix 2 is a change tracked copy of the proposed Part L - Modification Rules schedule (Please note this is Change Tracked using the iGT046 Modification Rules as the base document):



Adobe Acrobat
Document

[\[LINK\]](#)

Appendix 3

Appendix 3 is a change tracked copy of the proposed Part M - Definitions schedule:



Adobe Acrobat
Document

[\[LINK\]](#)

PART D - Other Information

None