

iGT052 – Revision to the Modification Rules in response to Code Governance Review Phase 2

Final report to iGT UNC panel

Background

A modification was raised by E.ON to the iGT UNC in June 2013 with the request that the modification be sent to development. The purpose of the modification is to amend the iGT UNC modification rules in response to Ofgem’s final proposals following the second phase of their Code Governance Review (CGR2).

The CGR2 final proposals look to align processes across the different Industry Codes, building on those proposals already introduced under the original Code Governance Review.

CGR2 introduces the following functions into the iGT UNC:

- Self-Governance – where the iGT UNC Panel agrees that a Modification Proposal qualifies for Self-Governance it may determine, following Consultation, that the Proposal be implemented without the need for Ofgem approval;
- Fast Track Self-Governance – 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;
- Self-Governance Appeals – 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 the Panel and thereafter 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.

Ofgem have applied a deadline for these CGR2 proposals to be in place and live by 31st December 2013.

The development workgroup met on two occasions, 24th June 2013 and again during the iGT Shipper Workgroup meeting 22nd July 2013, the minutes of which can be found on the www.igt-unc.co.uk website along with the original modification proposal and Terms of Reference for the development group.

Summary of discussions

Many of the changes being introduced into the iGT UNC have already been implemented into the large Transporters' UNC following the original Code Governance Review. The UNC was therefore, where possible, used as a baseline for the revised iGT UNC Modification rules.

During the two Workgroup meetings the main points of discussion included:

iGT046 – Revision to the Modification Rules

iGT046 has previously been raised to introduce a revised version of the iGT UNC Modification Rules to align processes and timescales (where possible) with those of the large Transporters' UNC. At the time of the CGR2 final proposals being raised iGT046 was still working its way through the Modification Process and yet to achieve Ofgem approval. The Workgroup agreed that when developing the new 'CGR2' iGT UNC Modification rules the iGT046 Modification rules should be used as the baseline document. Although this introduces a risk in that iGT046 may not gain Ofgem approval, the Workgroup felt that on balance this risk was worth accepting due to the tight timescales to implement the CGR2 changes by 31st Dec 2013.

[Post Workgroup Meeting Note – Since the last Workgroup Meeting and the publication of the Draft version of this Workgroup Report, Ofgem have approved iGT046 for implementation in November 2013.](#)

Gas Transporters Standard Licence Condition 9

Ofgem are amending the [Independent](#) Gas Transporters' existing SLC9, these changes introduce new obligations on Transporters in support of the CGR2 final proposals. The Workgroup reviewed these changes and where necessary referenced the applicable SLC9 paragraph to the relevant section of the iGT UNC Modification rules.

Appeals Process

While the existing Appeals process in the large Transporters' UNC was copied across to the iGT UNC Modification Rules, this process was refined to reflect the fact that in the iGT UNC an Appeal raised against a Self-Governance Modification would need to be raised to the iGT UNC Panel prior to it being raised with Ofgem. The large Transporters UNC was a little ambiguous in this regard and

currently allows an Appeal to be raised with Ofgem directly, bypassing the Panel. The Workgroup felt that the iGT UNC Panel should have the opportunity to hear an Appeal before it could be raised with Ofgem.

Code Administrators Code of Practice (CACoP)

With the introduction of the CACoP into the iGT UNC Modification rules, all references within the iGT UNC to the 'Representative' have been changed to the 'Code Administrator'. The vast majority of these references fall within Part L (the Mod rules), however it was noted by the Workgroup that the 'Representative' was a defined term in Part M (definitions). It was therefore agreed that this definition should be removed and replaced with a new one for 'Code Administrator' as part of this Modification Proposal.

The revised iGT UNC Modification rules now include a brief section confirming that the Code Administrator shall operate in a manner (where relevant) consistent with the CACoP principles. The Workgroup noted that this is likely to result in a revision to the modification templates; in any case they will need to be updated to reflect the introduction of Self-Governance into the iGT UNC Modification rules. The Workgroup agreed that the large Transporters' UNC templates should be used as a starting point for this exercise, but also agreed that any changes to the templates should be treated as a separate Modification Proposal.

The Code Administrator also has obligations under the CACoP to act as a Critical Friend and provide assistance to parties, particularly Small Participants, where reasonably required. A new section has therefore been added to the iGT UNC Modification rules to reflect this obligation.

Fast Track Self-Governance Modification Proposals

The introduction of this process in effect formalises the 'consent to modify' process and is new to both the iGT UNC and large Transporters UNC. As a result no existing wording was available in the large Transporters UNC to copy across, therefore the Workgroup agreed it's own wording for the management of Fast Track Self-Governance Modification Proposals.

A Fast Track Self-Governance Modification Proposal should only be raised for very minor changes such as correcting typographical errors; the Workgroup therefore agreed it was inappropriate for an Appeals process to exist for a Fast Track Self-Governance Modification Proposal. Instead the opportunity would be presented to parties to object to Fast Track status being applied to a Self-Governance Modification Proposal prior to it being presented to the iGT UNC Panel for decision. Should this occur, the Modification rules allow for the Modification Proposal to be treated differently, in most cases as a Self-Governance Modification Proposal.

Authority Send Back Powers

Authority Send Back powers are again a new process for both the iGT UNC and large Transporters' UNC. The Workgroup has therefore agreed its own wording within the Modification rules in compliance with the Transporters SLC9.

Copies of the proposed Part L - iGT UNC Modification rules, both a change marked and clean version, can be found in the Appendices below. In addition a change marked Part M – Definitions has been included in the Appendices.

Post Workgroup Meeting Changes to the Modification Rules

Following the approval of the iGT046 Modification Rules, Ofgem suggested making several minor housekeeping changes that could be reflected within iGT052. The following changes have therefore been made to the Modification Rules:

- Within their decision letter for iGT046 Ofgem made reference to clause 10.1.3 and the fact that ‘regulation’ needed to be more clearly defined. Regulation refers to a regulation of the European Parliament where it may be necessary for Ofgem to raise a Modification Proposal to ensure compliance, therefore the reference to regulation in clause 10.1.3 has been amended to ‘the Regulation’ and an appropriate entry added to the list of definitions.
- Within clause 10.2.5 it was highlighted that reference to ‘Code of Practice’ in the last sentence was superfluous, as such this has been deleted.
- It was highlighted that clause 23.3.7 was a duplicate of clause 28.7, as a result clause 23.3.7 has been deleted.

Implementation Timescales and Recommendation to the iGT UNC Panel

In order to meet the deadline to implement the CGR2 changes by 31st December 2013, the Workgroup invites the iGT UNC Modification Panel to consider applying the following shortened timeline to this Modification Proposal:

- iGT UNC Panel meeting 21st Aug 13:
 - Acceptance of this Workgroup Report; and
 - Approval for iGT052 to progress to a single Consultation (closing 18th Sep 13).
- DFMR published 2nd Oct 13;
- iGT UNC Panel meeting 16th Oct 13:
 - Approval of the FMR for submission to Ofgem; and
 - Consideration given to authorising a special release of the iGT UNC in Dec 13 subject to Ofgem approval of this Modification.

Appendix 1

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



Appendix 1 - iGT052
Mod Rules Clean Vers

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):



Appendix 2 - iGT052
Mod Rules Change M:

Appendix 3

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



Appendix 3 - iGT052
Part M Definitions.doc