

iGT062/ 62A/ 62AA – Independent Secretariat Services for Modification Work Groups

Final report to iGT UNC panel

Background

A modification was raised by SSE in March 2014 to propose an independent chairman and secretariat service for modification work groups. Two alternative modifications were raised – iGT62A by ESP and iGT062AA by GTC.

All of the modifications propose the Code Administrator provides an independent chairman and secretariat service for modification work groups. iGT062 and iGT06A maintain the costs for these two services would be met by iGTs whereas iGT062AA seeks to share the costs between iGTs and Shippers.

Gemserv did not attend the work groups.

Ofgem took an active interest in the development of the modifications.

Development of the modifications

1. Compromise between the proposers of iGT062 and iGT062A resulted in iGT062 taking on aspects of iGT062A. This allowed the work group to focus upon developing iGT062 and iGT062AA.
2. iGT062 was amended throughout the development process in order to capture work group consensus.
3. iGT062AA incorporated the business rules from iGT062, however additional rules were added to introduce the concept of 'additional services' (see *Summary of Discussions - Funding*).
4. *During the work group discussion of this Final report the proposer of iGT062A confirmed it was being withdrawn.*

Summary of discussions

Definition of independence

The workgroup agreed 'independent' meant independent from iGTs and Shippers, but not independent from the industry. It was noted Gemserv make a valuable contribution to the development of modifications as a result of their knowledge of the gas industry.

Modification Workstreams

Currently modification work groups are scheduled independent of each other. The work group agreed that holding all modification work groups on a single day would reduce the cost of administering the meetings (meeting room, chair and secretariat costs) as well as the time and cost of iGT UNC code parties in travelling and attending meetings.

The work group agreed that 12 meetings per annum of the Modification Workstream would be sufficient for the development of all modifications. It was also agreed that where there was insufficient business to warrant a physical Modification Workstream could take place as a teleconference or be cancelled.

Other meeting arrangements

It was agreed that there are cases where certain modifications (including Urgent) may require additional meetings outside of the monthly Modification Workstream in order to deliver to a particular date. The work group agreed that the iGT UNC Shipper Work Group could also be utilised for the development of these modifications. Where this not sufficient, the work group agreed additional meetings may be required, however there was some discussion on whether these additional meetings should also have an independent chair and secretariat.

The work group reached consensus on the subject of Sub Groups. Sub Groups can be set up where a Modification Work group agrees an issue should be reviewed outside of the Modification Workstream. Parties agreed that an independent chair and secretariat was not required and the deliverables of the Sub Group would be set by the relevant modification work group.

Funding

iGT062 and iGT062A did not propose that funding an independent chair/secretariat service required a change to current arrangements. iGT062AA cited the cost of the independent chair and secretariat service as an 'Additional Code Administration Services' for which iGTs and Shippers would share.

The work group discussion on funding centred on two issues,

1. Should the cost of an independent chair and secretariat service be met by iGTs (*iGT062/ iGT062A*) or shared between iGTs and Shippers (*iGT062AA*)?
2. If the cost is shared then should it be met through a 3-way contract between iGTs, Shippers and the Code Administrator, or should it appear as a cost in the transportation statement?

The work group did not reach agreement in respect to point 1 and the arguments for and against are largely reflected in the iGT062 and iGT062AA modifications.

In respect to point 2, the work group agreed that a 3-way contract could be both costly and difficult to negotiate. It was also noted the cost of implementing a new cost-recovery mechanism including all the associated invoicing and contracts could exceed the cost of redistributed funds. This could result in both a more costly solution for the industry as a whole and *may* not bring a material benefit to iGTs. As a consequence, the work group favoured the alternative of an additional line in the transportation charging

statement. It was noted by some that Shippers would be unable to participate in negotiating the Code Administrator contract and visibility of the costs may be required.

Some members of the workgroup, including Ofgem, sought to establish an approximate cost of the proposed meetings to gauge the impact on transportation costs. During the work group discussion and agreement of this Final report an iGT agreed to confidentially provide a cost to Ofgem.

Role of the Chairman's Guidelines

Certain amendments were made to the Chairman's Guidelines to maintain continuity with the arrangements proposed under iGT062/iGT062AA.

Legal text

The legal text was reviewed by the work group and it was agreed the business rules of the modifications had been reflected in the legal text.

Implementation Timescales and Recommendation to the iGT UNC Panel

The work group agreed that iGT062/AA could be implemented in 3-4 months or as soon as practical.