

Stage 01: Modification Proposal

iGT062AA:

Independent Secretariat Services for Modification Work Groups

At what stage is this document in the process?

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



This modification introduces the concept of monthly 'Modification Workstreams' into Code and allows any Code party to be the 'Development Lead' - the party responsible for chairing ad hoc Workgroup meetings. It also allows for costs to be apportioned between Code parties.



The Proposer recommends that this modification should be (delete as appropriate):

- assessed by a workgroup



High Impact:
None identified



Medium Impact:
Pipeline Operators



Low Impact:
Pipeline Users

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About this document:

This modification will be presented by the proposer to the panel on 16 April 2014.

The panel will consider the proposer's recommendation, and agree whether this modification should be subject to self-governance; and whether it should be issued for consultation or be referred to a workgroup for assessment.



Any questions?

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iGT062AA

Modification Proposal

01 April 2014

Version 0.1

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1. Plain English Summary

Is this a Self-Governance Modification?

It is the Proposer's view that this is not a Self-Governance Modification. This modification seeks to improve the facilitation of competition through improved governance. More broadly, the modification procedures would be impacted thus nullifying the ability to proceed via Self-Governance.

Rationale for Change

Currently, the iGT-UNC work group guidance document states that where the iGT-UNC Panel vote to send a modification to development, an iGT-UNC representative will be elected as chair of the workgroup. As well as chairing the workgroup meetings, the chair is also responsible for circulating meeting documents, minuting the meetings and making the arrangements for the provision of suitable meeting facilities.

Noting that not all industry codes or forums require the use of an independent chair (e.g. SPAA, DCUSA, BSC), we do see the benefit in employing an independent Workgroup chair/secretariat, for both iGTs and shippers.

Reviewing the IGT UNC Modification Proposals Register¹, the majority of modifications are raised by shippers for the benefit of shippers, the result of which should promote competition in the supply of gas. We feel that as shippers are mainly the benefiting party where modifications and development groups are raised, the associated development costs should be split between IGTs and Shippers. Rather than allow for unlimited independently chaired workgroups, this modification is seeking to provide a more efficient and cost effective solution, where by parties are incentivised to take advantage of one independently chaired modification workstream each month. Through this, iGTs and Shippers will be subject to a known cost. In addition to these proposed modification workstream meetings, there is also the ability to utilise the time available in the Shipper Workgroup meetings (hosted every 6 weeks and currently supported by the iGT-UNC Secretariat) to discuss and develop modifications prior to their submission to panel where a modification can then be sent for Consultation, Work Group Assessment or be subject to Review Procedures (under Part L, paragraph 10 of the IGT UNC).

Solution

- iGTs and shippers will be responsible for procuring services and equally funding the costs to host 12 independently chaired 'Modification Workstreams' per annum.
- Introduction of a 'Develop Lead', which can be either a Pipeline Operator or User participant, who will act as chair for any ad hoc Workgroups held outside of the Modification Workstream.
- Introduction of timescales around the circulation of meeting details, documents and minutes into Code.

Relevant Objectives

The Proposer believes that the modification will support facilitation of relevant objective f) 'Promotion of efficiency in the implementation and administration of the Code'.

Implementation

A 3 month implementation is being proposed, subject to Authority consent.

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¹ <http://igt-unc.co.uk/ewcommon/tools/download.ashx?docId=330>

2. Rationale for Change

Currently, the iGT-UNC work group guidance document states that where the iGT-UNC Panel vote to send a modification to development, an iGT-UNC representative will be elected as chair of the workgroup. As well as chairing the workgroup meetings, the chair is also responsible for circulating meeting documents, minuting the discussions and making the arrangements for the provision of suitable meeting facilities.

Noting that not all industry codes or forums require the use of an independent chair, we do see the benefit in employing an independent Workgroup chair/secretariat, for both iGTs and shippers.

iGTs will benefit from regulatory resources being 'freed up', allowing them to focus solely on the development of modification at hand. Shippers may benefit from improved transparency around the administration of modifications. Both parties stand to benefit from the appointment of a specialist chair and secretariat, who are experts in providing such services.

Whilst GTC sees the benefit of iGT062 and IGT062A, GTC is concerned that:

1. The costs are not being apportioned in line with the benefits of the modification.
2. The vast majority of modifications are raised by shippers, for the benefit of shippers.
3. The approach to funding of the additional independent chair support is not reflective of the equal representation parties benefit from and that funding for additional services should not be constrained by pre-existing approaches under the IGT UNC.

iGT062 proposes that iGTs bear the full costs of providing an independent chair on the basis that the iGT-UNC is not aligned with other industry codes. IGT062A proposes that IGTs fully fund the costs to host 12 independently chaired 'Modification Workstreams' per annum. As acknowledged in IGT062A, it is disappointing to see that iGT062 contains references to other codes that are misleading. There is no single precedent in the energy industry, requiring codes to appoint independent workgroup chairs (for example, in codes such as SPAA¹, DCUSA², and BSC³), and it's noted that the CACoP only mandates that "the modification process will be administered in an impartial, objective and balanced manner". This can still be achieved using a code party as a workgroup chair.

This change is being proposed to introduce the concept of an independent chairperson for iGT-UNC monthly modification workstreams only. This limits the liabilities that iGTs face, thus alleviating the proposer's (GTC) concerns, and gives the industry ample opportunity to develop modifications in an independently chaired forum.

¹The SPAA Expert Group terms of reference state that " *The Chair will at all times be from a company that is also a SPAA Party*".

http://www.spaa.co.uk/upload/committee_docs/SPAA%20Expert%20Group/Terms%20of%20Reference/Expert%20Group%20TOR%20V1%205.zip

²Section 1B 7.28 of the DCUSA states that " *Each Working Group shall be chaired by such person (the WG Chairman) as the Panel may direct*".

<http://www.dcusa.co.uk/Public/DCUSADocuments.aspx?s=c>

³Section F2.4.6 of the BSC states " *The Panel shall appoint one of the members of a Workgroup to act as chairman of the Workgroup*".

http://www.elxon.co.uk/wp-content/uploads/2013/11/section_f_v20.0.pdf

3. Solution

This solution builds on existing governance arrangements in the iGT UNC, as well as incorporating aspects of the iGT UNC chairman's guidelines into the code. The key elements that are required to facilitate this modification are as follows:

The Introduction of Independently Chaired iGT-UNC 'Modification Workstreams'

The iGTs and Shippers will be responsible for procuring services and equally funding the costs to host 12 independently chaired 'Workstreams' per annum. Where possible, these will be hosted 1 month apart.

All modification workstreams must be chaired and administered by the iGT-UNC Secretariat.

Modification Workstreams

The iGT-UNC Secretariat shall prepare all meeting documents, including the agenda and minutes, for all modification workstreams.

All modifications that are actively in development shall be added to the agenda of the forthcoming modification workstream.

The iGT-UNC Secretariat must circulate the meeting date, time and location together with a draft agenda 10 Business Days prior to the date of the relevant modification workstream.

The code will not set out the rules around the ordering of the agenda or how much time is spent by the workstream on any one modification's development. Participants will be expected to arrive at a resolution to a dispute without the use of code rules, however, where agreement cannot be reached with regards to the order of the agenda or the time spent on the agenda, the decision of the independent modification workstream chair will be final.

The iGT-UNC Secretariat must circulate the final agenda, together with any relevant meeting documents 5 days prior to the date of the relevant modification workstream.

The modification workstream's minutes will be recorded by the iGT-UNC secretariat.

The modification workstream's minutes will be circulated to workstream attendees and posted on the iGT-UNC website by the iGT-UNC secretariat within 5 Business Days of the modification workstream taking place.

Introduction of a Development Lead

Where a modification is sent to development by the panel, the panel will elect a 'Development Lead'. This replaces the panel's election of a workgroup chair. A development lead can be either a pipeline user or a pipeline operator.

A development lead may be proposed by the modification's proposer, but will not bind the panel to electing that individual as the modification's development lead.

Existing Workgroup Rules (ad hoc)

The current rules around workgroups will be modified to reflect the following:

An ad hoc workgroup will be convened where workgroup participants believe that it is beneficial or necessary to separate it out from the monthly modification workstream.

By default, the development lead (pipeline operator or a pipeline user) shall act as chair for any iGT-UNC workgroup meeting.

For a workgroup (held outside of the modification workstreams), a development lead will be responsible for carrying out the following duties:

- Arranging for the provision of a meeting venue, teleconference facilities and adequate refreshments for the meeting
- Circulation of meeting papers, including an agenda, at least 5 business days prior to the date of the workgroup
- Chairing the meeting
- Where the development lead is not available on the date of the workgroup meeting, to notify workgroup participants and to instruct that a member of the workgroup must act as chair
- Record the minutes of the meeting
- See that the minutes of the meeting are circulated to workgroup participants and the iGT-UNC secretariat within 5 Business Days of the date of the workgroup meeting.

Where a modification is in development at the time of the implementation of this modification, the existing workgroup chair will become the development lead.

Timescales

Any divergence from these timescales under subheadings Notice of Meetings, Circulation of Meeting Papers and Minutes, should be reported to the next Panel meeting, with the reasons for doing so outlined.

Cost Recovery

iGTs and Shippers shall equally fund the provision of the 12 annual modification workstreams. It would be for Shippers and IGTs to agree separately the mechanism for apportioning the costs within their party category. It is proposed that IGTs as the contracting party with the IGT secretariat will directly pay the costs associated with this proposal in full and then recover the Shipper contribution through the invoicing and payment arrangements under the IGT UNC. It is anticipated however that the separate funding approaches for cost apportioning within IGT and Shipper groups will be agreed in principle before this modification proposal proceeds to consultation.

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 considers that this Modification would facilitate:

Objective (f)

By using a professional Secretariat to administer workstreams, code participants will have an opportunity to participate in an independently administered forum. This will create efficiencies in the implementation and administration of the code through greater transparency and the provision of expertise relating to the code's modification rules, which, in turn, will help modifications progress through the process sooner.

By using a set monthly workstream, as opposed to ad hoc meetings, code parties will need to attend fewer monthly meetings. Having one opportunity at an independently chaired meeting each month, code parties will be encouraged to develop modifications more efficiently within such a forum.

By allowing both pipeline operators and pipelines users to be the Development Lead, the progression of a modification through the development phase can now be managed by a party who has a vested interest in the progression of that modification.

5. Impacts and Costs

iGTs and Shippers shall equally fund the provision of the 12 annual modification workstreams. It would be for Shippers and IGTs to agree separately the mechanism for apportioning the costs within their party category. It is proposed that IGTs as the contracting party with the IGT secretariat will directly pay the costs associated with this proposal in full and then recover the Shipper contribution through the invoicing and payment arrangements under the IGT UNC. It is anticipated however that the separate funding approaches for cost apportioning within IGT and Shipper groups will be agreed in principle before this modification proposal proceeds to consultation.

6. Likely Impact on Consumers

None identified.

7. Likely Impact on Environment

None identified.

8. Implementation

3 months from implementation.

This gives the IGTs and shippers time to arrange the contract for the modification workstream service.

9. Legal Text

To be provided by the transporters.

10. Recommendation

The Proposer recommends that under part L paragraph C15, this alternative proposal is discussed with IGT062 and IGT062A at the next scheduled workgroup meeting.