

Stage 04: Final Modification Report

iGT064:

Removal of Ancillary Document Self-Governance

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 seeks to remove the Ancillary Document Self-Governance process from the iGT-UNC. As a result, the same process will apply to modifications deemed as Self-Governance, regardless of whether the relevant text exists within the body of the code or an iGT-UNC Ancillary Document.



Panel recommended/did not recommend implementation



High Impact:
N/A



Medium Impact:
N/A



Low Impact:
All iGT UNC Parties

Contents

1. Plain English Summary.....	3
2. Rationale for Change?.....	4
3. Solution	4
4. Relevant Objectives	5
5. Impacts and Costs.....	6
6. Likely Impact on Consumers	6
7. Likely Impact on Environment	6
8. Implementation.....	6
9. Legal Text.....	6
10. Consultation Responses	7
11. Panel Discussions	9
12. Recommendation	9

About this document:

This document is a Final Modification Report, presented to the Panel on 20 August 2014.

The Authority will consider the Panel's recommendation and decide whether or not this change should be made.

Guidance on the use of this Template:

This is a Final Modification Report template for completion by the Code Administrator and approval by the Modification Panel.



Any questions?

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iGT064

Final Modification Report

25 July 2014

Version 1.0

Page 2 of 9

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1. Plain English Summary

This section should mirror the current wording within the DMR.

Is this a Self-Governance Modification?

This modification is not subject to Self-Governance, as it is proposing a change to the iGT-UNC modification rules.

Rationale for Change

There are two distinct (albeit similar) Self-Governance modification procedures in the iGT-UNC: one set applying to modifications to the body of the code (Part L), and a second set for iGT-UNC Ancillary Document changes (K43.3 – 43.5).

Having two processes for the same purpose is unnecessarily complex and could create uncertainty around which process a modification should adhere to. The existing iGT-UNC Ancillary Document Self-Governance procedures do not allow for a party to appeal the Panel's decision on a Self-Governance Modification, in accordance with Part L30.

Solution

This modification is seeking to achieve two things:

- (1) To remove the concept of an Ancillary Document specific Self-Governance procedure from code, and;
- (2) To clarify in code that a proposed change to an Ancillary Document will be subject to the Modification Rules in Part L of the Code.

Relevant Objectives

The proposer believes this modification better facilitates Objective (f) - Promotion of efficiency in the implementation and administration of the Code.

Implementation

There are no costs associated with the implementation of this modification.

The proposer believes this modification isn't onerous to implement, and asks the Panel to consider setting as early an implementation date as possible, subject to Authority approval.

2. Rationale for Change?

This section should mirror the current wording within the DMR.

Modification iGT008 was raised “to provide a more efficient mechanism for managing change to the Ancillary Document”. iGT008 was implemented in June 2008, and takes the form of Part K 43 (provisions outlining the process for modifying iGT-UNC Ancillary Documents).

Modification iGT052 was raised in response to Ofgem’s Code Governance Review Phase 2 changes to iGT licences, and sought to introduce, among other things, a detailed Self Governance procedure (including Fast Track and an appeals process) into Code. iGT052 was implemented in December 2013, with the Self Governance procedures enshrined in Part L of the code.

The existence of these two processes in the iGT UNC mean that a change to an Ancillary Document is treated differently to a change to the main body of the Code. Differences include:

- (1) Under the K43 rules, where the Panel makes a decision on a change to an Ancillary Document, Section K43 does not allow for a party to appeal the Panel’s decision in accordance with Part L30, instead stating that the Modification should then be considered in accordance with the modification procedures in Part L Section 15 (L15 is an invalid reference). This was highlighted during discussions on modification iGT057.
- (2) Where the Panel approves a Self-Governance change to an Ancillary Document, the code does not require the Code Administrator to send a Self-Governance Statement to that Authority. This is inconsistent with SLC9 12D(a)(i) of the iGT Licence.
- (3) In the Ancillary Document modification process, there is no distinction between a potential Fast Track Self-Governance change and a ‘standard’ Self-Governance change; all modifications are considered in a manner that resembles a Fast Track change. If rejected by panel under K43’s rules, a mod will revert to the full change process under Section L (with nothing preventing the proposer from presenting the same modification to the panel as a Self-Governance change under Section L’s procedure).

Having two procedures that seek to achieve the same end adds unnecessary complexity to an already involved process. It is necessary to note that both changes (iGT008 and iGT052) were relevant and offered benefits to the administration of the code at the time of implementation. However, it is the view of the proposer that the implementation of iGT052 removes the requirement for having the specific Ancillary Document change procedures in Code, introduced through the implementation of iGT008.

3. Solution

This section should mirror the current wording within the DMR.

The solution to the issues presented in section 2 of this modification proposal is to introduce provisions into code that ensure all changes to the iGT UNC and its Ancillary Documents follow the same change process.

Given that the Self Governance process introduced through iGT052 (1) conforms to the iGT Licence requirements and (2) is more robust, providing options for Fast Track Self-

Governance, Self-Governance, and appeals, this modification proposes to remove any separate reference to an Ancillary Document change process.

A clause will be added, clarifying that modifications to Ancillary Documents will be subject to Part L of the Code.

Business Rules

- (1) To remove the concept of an Ancillary Document specific Self-Governance procedure from code.
- (2) To clarify in code that proposed changes to an Ancillary Document will be subject to the Modification Rules in Part L of the Code.

4. Relevant Objectives

This section should mirror the current wording within the DMR.

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)

Having one change process for a modification removes any ambiguity around which, of two processes, a change to an Ancillary Document should follow. By removing the

iGT064

Final Modification Report

25 July 2014

Version 1.0

Page 5 of 9

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potential for discussion amongst iGT UNC parties, around which is the appropriate process, the efficiency in the administration of the Code is improved.

In addition, by ensuring Ancillary Document changes follow the rules under Part L without first being subject to K43.3-43.5, such changes are subject to the more robust measures required by the licence. These measures allow for either Self-Governance or Fast Track Self-Governance, and require a statement to be issued to the Authority. This improves the efficiency in the implementation of the code.

5. Impacts and Costs

This section should mirror the current wording within the DMR.

None identified.

6. Likely Impact on Consumers

Please detail any anticipated impacts of the proposed Modification specifically on consumers.

None identified.

7. Likely Impact on Environment

This section should mirror the current wording within the DMR.

None identified.

8. Implementation

This section should mirror the current wording within the DMR.

The proposer believes there will be no cost to the industry, should this modification be implemented.

This modification should be implemented at the earliest opportunity (i.e. as early as the Code allows).

9. Legal Text

This section should mirror the current wording within the DMR.

43 General Provisions Relating to iGT UNC Ancillary Documents

43.1 Purpose

An "iGT UNC Ancillary Document" is one that is listed in Appendix K2 ~~and is subject to specific governance arrangements which are intended to provide a more efficient mechanism for managing any proposed changes to the document.~~

iGT064

Final Modification Report

25 July 2014

Version 1.0

Page 6 of 9

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43.2 Publication Requirements

Each iGT UNC Ancillary Document shall be kept up to date and published by the iGT UNC Operators on the iGT UNC website.

43.3 Modifications

Any modification to an iGT UNC Ancillary Document must be raised in accordance with and subject to the procedures described in Part L (Modification Rules) of the Code.

~~Should a Pipeline User or Pipeline Operator wish to propose modifications to an iGT UNC Ancillary Document, such proposed modifications shall be submitted in writing (pursuant to Part K of the Code) to the iGT UNC Modification Panel and considered by the iGT UNC Modification Panel. As part of its consideration the iGT UNC Modification Panel may decide by majority vote to refer any such proposed modification to a relevant Review Group or Work Group whose sole terms of reference would be to consider the proposed modifications and make recommendations to the iGT UNC Modification Panel.~~

43.4

Approved Modifications

~~43.2.1 In the event that a proposed modification is approved by a majority vote of the iGT UNC Modification Panel, the modification shall be implemented. Where the iGT UNC Modification Panel fails to achieve majority approval the proposed modification shall be considered in accordance with the provisions set out in Section 15 of the iGT UNC Modification Rules unless the iGT UNC Modification Panel determines otherwise, notwithstanding paragraph 43.5.1, in which case it should set out its reasons.~~

~~43.2.2 Each revised version of an iGT UNC Ancillary Document shall be version controlled and retained by the iGT UNC Operators. It shall be made available on the iGT UNC website.~~

43.3 Alternative Modification Procedure

~~43.3.1 The above arrangements do not preclude changes to an iGT UNC Ancillary Document being progressed directly through a Modification Proposal.~~

10. Consultation Responses

Representations were received from the following parties:

Company / Organisation Name	Support Implementation or Not?
npower	Supports
SSE Energy Supply	Supports
British Gas	Supports
E.ON	Supports

Summary of Comments

iGT064 serves to simplify a process which is unnecessarily complex. Applying a single modification procedure to both the iGT UNC and the Ancillary Documents provides clarity and efficiency as parties only have one set of rules to follow.

The Fast Track, Self-Governance and Appeal processes are now industry norms in the modification of codes as a result of SLC9 12d(a)(i). There is no reason for iGT UNC Ancillary Documents to remain inconsistent with the Standard Licence Conditions.

Due to the content and nature of Ancillary Documents any proposed changes are expected to be classed as Self-Governance. At the time Ancillary Documents were introduced the concept of Self-Governance wasn't recognised within the iGT UNC, therefore basic Modification Rules for Ancillary Documents were written into Part K of the iGT UNC.

Each respondent agreed that iGT064 better facilitated Relevant Objective f) Promotion of efficiency in the implementation and administration of the Code.

Two respondents felt that the change should be subject to self-governance rules. Two felt that the change should not be subject to self-governance rules, as the change impacted on the Modification procedure.

All respondents agreed that minimal lead time would be required for implementation of iGT064.

Suggested Amendment to Legal Text

In order to make it clear that the intent of this Modification is not to incorporate Ancillary Documents into the main iGT UNC Code itself, one respondent proposed a new clause to be added to the "Status of Modification Rules and Application" under section 1 of Part L: *"Although the iGT UNC Ancillary Documents listed under Appendix K-2 do not constitute a part of this iGT UNC network code, for consistency and practical reasons any changes proposed to the iGT UNC Ancillary Documents shall follow the same procedures outlined under this Part L."*

The Modification Panel is requested to consider this proposed amendment at the next Modification Panel meeting.

The Code Administrator believes that iGT064 is solely designed to improve the governance arrangements for Ancillary Documents, and as drafted does not affect the concept or standing of an Ancillary Document (AD). The Code Administrator understands that the concept of ADs was introduced to allow for separate governance arrangements to be followed as set out in Part K 43. For all other purposes ADs form part of the iGT UNC unless explicitly stated otherwise within the Code (i.e. for all current ADs with the exception of the iGT AQ Review Procedures and the Fax Forms - Smaller and Larger Supply Points where the relevant definition states that it is *"the iGT UNC Ancillary Document so entitled and issued from time to time by the Pipeline Operator and which for the purposes of the Part K 43 only shall be deemed to be incorporated into and form part of the Code"*).

iGT064
Final Modification Report

25 July 2014

Version 1.0

Page 8 of 9

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11. Panel Discussions

This section should contain a summary of the discussions held at the Panel meeting at which the FMR was raised.

Insert text here.

12. Recommendation

Having considered the Modification Report for iGT064, the Panel recommends / determines:

- that proposed Modification iGT064 should be made; or
- that proposed Modification iGT064 should not be made.