

Stage 02: Workgroup Report

iGT066:

Aligning UNC with Licence conditions relating to European legislative change

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 would amend the Modification rules to recognise that the Authority:

- May direct the timetable to be applied to a Modification Proposal related to European regulatory change; and
- May direct that a Modification Proposal raised by a Transporter may not be withdrawn; and
- May direct a Transporter to raise a Modification Proposal under certain circumstances.

Additionally, as required by the licence, the Panel must also accept a proposal related to European Regulatory change and ensure that any timetable set is followed, including any required amendments to the procedures to be followed where the Authority issues a direction to amend the timetable.



Work Group recommends
iGT066 proceeds to consultation



High Impact:
None



Medium Impact:
None



Low Impact:
iGT UNC Parties, Third Party Participants and Materially Affected Parties

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About this document:

The purpose of this report is make a recommendation to the Panel, to be held on 15th October 2014, on whether iGT066 should proceed to consultation and to submit any further recommendations in respect of the assessment of this Modification.



Any questions?

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1. Plain English Summary

Is this a Self-Governance Modification?

As this is a change to iGT UNC Modification Rules, this change is not being proposed as Self-Governance (or Fast Track Self Governance).

Rationale for Change

The principles described below have yet to be reflected in the iGT UNC.

Solution

The solution being proposed is to amend Part L, ensuring the following principles are adequately reflected, and should provide that the Authority:

- May direct the timetable to be applied to a European Modification Proposal; and
- May direct that a European Modification may not be withdrawn.

Other aspects of the licence condition that need to be reflected are that:

- The Authority may direct a Transporter to raise a Modification Proposal under certain circumstances;
- The Authority may direct the implementation date which the Transporter must comply with.

Additionally, as required by the licence, the Panel must also accept a proposal related to European Regulatory change and ensure that any timetable set is followed, including any required amendments to the procedures to be followed where the Authority issues a direction to amend the timetable and/or set an implementation date.

Relevant Objectives

This modification better facilitates Relevant Objectives (c) - Efficient discharge of the licensee's obligations, by aligning the iGT-UNC with the provisions of Standard Licence Condition 9.

Implementation

To be implemented as soon as reasonably practical.

2. Rationale for Change?

In order to ensure that the iGT UNC is aligned with relevant European legislation and binding decisions of the Commission and/or ACER, it may be necessary to introduce Modifications to the iGT UNC, and in certain cases, subject such Modifications to required timescales.

Changes were introduced to Standard Licence Condition 9 (Network Code and Uniform Network Code) ("SLC9") under Ofgem's Decision to modify gas and electricity licence conditions following the implementation of the Third Package 1. These changes took effect on 17 December 2013.

The change described above introduced the following provisions into SLC9 paragraph 7:

j. modification proposals made by the Authority or the licensee in accordance with paragraphs 8(a) and 9(a) which the Authority reasonably considers are necessary to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators:

- (i) to be accepted into the network code modification procedures by the panel;
- (ii) where they are raised by the licensee, not to be withdrawn without the Authority's prior consent;
- (iii) to proceed in accordance with any timetable(s) directed by the Authority in accordance with paragraph 7(k);

k. compliance by the licensee and (where applicable) the panel with any direction(s) issued by the Authority under this paragraph setting and/or amending a timetable in relation to a modification which the Authority reasonably considers is to comply with or implement the Regulation and/or any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators) for the:

- (i) licensee to raise a modification proposal; and/or
- (ii) completion of each of the procedural steps outlined in this paragraph 7, to the extent that they are relevant; and/or
- (iii) implementation of a modification;

While J(i) is reflected in Part L 10.1.3 in the iGT UNC, J(ii) and J(iii) are not and need to be introduced in code.

These have yet to be reflected into the iGT UNC Modification Rules; the rationale for this Modification is to introduce the changes necessary to see that these provisions are adequately reflected.

Question 1

Should the Rationale for Change be amended to include reference to SLC9 paragraph 7 (l): *"each of the procedural steps outlined in this paragraph 7, to the extent that they are relevant, to be in accordance with any timetable(s) directed by the Authority under paragraph 7(k)"*?

The Workgroup agreed that the Rationale for Change in the Modification Proposal should be amended to include compliance with SLC9 paragraph 7 (l).

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3. Solution

This Modification Proposal will enable licence holders to comply with their obligations. It will:

1. Ensure that where the Authority determines the timetable to be applied to Modification Proposals related to European regulatory change, such timetable is followed including any ; and
2. Restrict the ability of Transporters to withdraw Modification Proposals raised as a consequence of European regulatory change.

Other aspects of the licence condition that need to be reflected are that:

- The Authority may direct a Transporter to raise a Modification Proposal under certain circumstances;
- The Authority may direct the implementation date which the Transporter must comply with.

Additionally, as required by the licence, the Panel must also accept a proposal related to European Regulatory change and ensure that any timetable set is followed, including any required amendments to the modification procedures to be followed in order to meet a directed timetable where the Authority issues a direction to amend the standard timetable and/or set an implementation date.

It is anticipated that Part L of the iGT-UNC will be the only section affected by these changes.

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.	Positive
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.	None
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 Workgroup considers that this Modification would facilitate:

Objective c)

This Modification would ensure that iGTs are able to discharge their licence obligations under SLC9.

5. Impacts and Costs

The Workgroup did not identify any impacts of this Modification.

6. Likely Impact on Consumers

The workgroup believes that there will be no impact to Consumers.

7. Likely Impact on Environment

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The workgroup believes that there will be no impact on the environment.

8. Implementation

The Workgroup recommended that this Modification should be implemented no later than February 2014, and preferably on the 7th November 2014 release if timescales allow.

9. Legal Text

The workgroup considered two separate versions of proposed legal text: the first amended existing clauses within Part L of the iGT UNC, and had been previously considered by Ofgem who had provided some initial feedback against the text. The second version looked to introduce a distinct section within Part L, introducing so-called European Modification Proposals. This version of the legal text sought to contain all rules for this type of Proposal within a single section of code, rather than subreferencing with 'subject to' clauses throughout the code, therefore maintaining the readability of the code.

The workgroup considered that the version of the legal text with a separate European Modification Proposal section should be taken forward. It was considered that both versions of the legal text achieved the purpose of the Modification; however the preferred version was clearer in language and layout.

The workgroup agreed an amended version of the Modification Proposal, reflecting a slight amendment to the scope of the Modification, and decisions taken at the workgroup.

The preferred version of the legal text can be found [HERE](#).

10. Recommendation

The Workgroup invites the Panel to:

- **AGREE** that iGT066 be submitted for consultation; and
- **AGREE** that Code Administrators should issue iGT066 Draft Modification Report for consultation with a close-out of DD MMM YYYY and submit results to the Panel to consider at its meeting on DD MMM YYYY.