

**Stage 01: Modification Proposal**

# 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.*



The Proposer recommends that this modification should:

- proceed to consultation



High Impact:  
N/A



Medium Impact:  
N/A



Low Impact:  
All iGT-UNC parties

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## About this document:

This modification will be presented by the proposer to the panel on 18 June 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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**N/A**



**N/A**

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## 1. Plain English Summary

### 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 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

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 process 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) Where the Panel rejects a change to an Ancillary Document as a Self-Governance change, 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, 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 or, if rejected by panel, 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 precludes the requirement for specific Ancillary Document change procedures, introduced through the implementation of iGT008.

## 3. Solution

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 reference 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

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.	<b>Positive</b>
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 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

None identified.

## 6. Likely Impact on Consumers

None identified.

## 7. Likely Impact on Environment

None identified.

## 8. Implementation

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

### 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.~~

#### 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~~

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~~43.4.1— 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.~~

~~43.4.2— 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.~~

~~43.5— Alternative Modification Procedure~~

~~43.5.1— The above arrangements do not preclude changes to an iGT UNC Ancillary Document being progressed directly through a Modification Proposal.~~

## 10. Recommendation

The Proposer invites the Panel to:

- Determine that this modification should progress to Consultation.