

RGo04 – REVIEW OF IGT GOVERNANCE AND ADMINISTRATION ARRANGEMENTS

This Proposal seeks to undertake a review of the IGT UNC governance and administration arrangements and produce a summary of the Workgroups findings to the IGT UNC Panel for consideration.

UNDERSTANDING THE CORE ISSUE

TERMS OF REFERENCE

- What is the core issue and does this differ subjectively?
 - How well supported is the desire for some form of significant change?
- Review proposal mentions:
 - Duplicated work across the industry;
 - Lack of engagement with the IGT UNC; and
 - Rate of change has decreased and most changes are mirrors.
- Terms of reference
- Outputs:
 - Review of available options;
 - Assessment of option benefits from an industry perspective; and
 - Consideration of any identifiable risks, issues and dependencies.

CLARIFICATION OF THE RELEVANT DRIVERS

- At the April meeting the following drivers for change were identified and agreed by the Workgroup:
 - Right expertise/time dedicated to potential change - *Right IGT/Shipper/CA expertise and time dedicated to change;*
 - Identification of cross-code impacts - *Cross-code impact analysis;*
 - Reduction of duplication of materials/wastage of time and resource - *Discussion of mirror mods/CC implication and duplication in creating mirrored change.;*
 - Industry parties rights to make changes to the Codes - *Review parties to Code who have the ability to make a change – e.g. WWU;*
 - Effective/consistent approach to legal text - *Procurement and composition of legal text across the Codes;*
 - IGTs/Shippers protected - *IGT/Shipper voting rights and protection against inappropriate solutions; and*
 - Alignment of Codes - *Identified as the most crucial driver for change.*

DRIVER WEIGHTINGS

- Consideration of drivers and whether some are more significant than others?
- How would these be weighted?
- Internal commercial priorities?
- Should this be considered following the scoping of business rules?

INITIAL ANALYSIS

- Initial analysis conducted with Brookfield and SSE.
- During the process of scoring the solutions against the drivers the exercise lacked the detail of business rules, and many scores were made using assumptions that the governance would be adequate for all parties.
- Brookfield and SSE had differing scores – highlighting the difference in the importance of the driving factors to each business sector.
- Exercise proved that there was not an option to dismiss at this time, and all four suggested solutions should progress to the analysis of suitable business rules.

COST/BENEFIT SCOPING

- Workgroup should determine what should be involved in the Cost/Benefit analysis for each solution – and suggest how this should be conducted.
- Who pays – User pays rules?
- Estimation of costs for all solutions
- Consider benefits to individual parties in the sector e.g. Shipper, IGT, GT, Supplier
- Ofgem guidance on Cost/Benefit?
- Initial views on the desire for change?

NEXT STEPS – BUSINESS RULES SCOPING

- **Engagement** – *Who should be involved going forward e.g. Ofgem, The Joint Office and Gas Transporters; across all options or only for certain ones*
- **Costs** – *Anticipated costs (high, moderate, low) to implementation*
- **Timescales** – *Anticipated timescales (long term, mid term, short term) to implementation.*
- **Licence conditions** – *Consider what licence changes may need to be made by Ofgem for some/all options*
- **Commerciality** - *What contracts will need to be put in place, and what FGO changes may need to be considered*
- **Way forward** – *can elements of the work be split out to progress the review more efficiently?*