

### RFI details

RFI reference	RG004
RFI title	Review of IGT Governance and administration arrangements
Version Number	V0.1
Date issued to Industry	04/07/2018
Response deadline	27/07/2018
Affected Industry Participant roles	IGTs, Shippers, Suppliers, CDSP

### Respondent contact details

Name	
Company	
Email	
Telephone	
Response Date	
Anonymous response (Y/N)?	

### Summary of Issue

In March 2018, SSE raised a review group request (RG004 - Review of IGT Governance and administration arrangements). The rationale for raising the review group is that following implementation of Project Nexus, IGTs became signatories to the Central Data Service Provider arrangements, with all IGT Supply Meter Points being recorded and administered within a consolidated central system. As a result of this, a majority of modifications in the UNC are resulting in corresponding changes requiring to be made in the IGT UNC. Consequently, since Project Nexus, significant IGT UNC Modification Workstream business has involved the assessment of the impacts of UNC modifications on the IGT UNC, resulting in parties raising mirror modifications to make the

Administered by

corresponding changes to the IGT UNC, or to make minor changes to IGT UNC references to the UNC due to the insertion or deletion of legal text within the UNC which has resulted from UNC modifications.

The perceived problems for industry, as agreed by the June IGT UNC Workstream meeting are detailed below:

1. Much IGT UNC work is administrative and is resulting in industry resources not being used in the most efficient manner.
  - It is perceived that an increasing number of modifications raised to the IGT UNC and its Ancillary Documents are raised to simply reflect changes to associated clauses in the UNC. It is considered that such changes may constitute a level of bureaucracy that could be avoided. Gemserv will carry out analysis to determine whether that perception is valid (see Appendix B).
  - When changes are raised to the UNC that have an impact on the IGT UNC, it is not always possible to the proposer of the UNC change to raise the equivalent IGT UNC change (i.e. where the raising party is a Large Gas Transporter). This introduces a reliance on a third party (who is a party to the IGT UNC) raising the change to the IGT UNC when it may not be fully aligned to their interests.
  - Due to the perceived administrative nature of much of the recent IGT UNC modification activity, it has been considered that engagement at Modification Workstream meetings has suffered, as parties may not prioritise meetings discussing changes of such nature (see Problem 2).
2. Engagement and attendance at IGT UNC Modification Workstreams has decreased, which could negatively impact the suitability of solutions developed by the group to be implemented by the market.
  - There is a perception that attendance at meetings of the Modification Workstream has decreased over recent months, which could be attributed to the implementation of Project Nexus changes, and the 'pointing to' approach.
  - The Code Administrator will seek to confirm whether this perception is valid and whether any lower level of engagement is out of line with wider industry trends (see Appendix A).
3. Shipper positions on the IGT UNC Modification Panel are not being filled, creating a potential issue with quoracy.
  - Since March 2018, there has been one Shipper vacancy on the IGT UNC Modification Panel, as no nominations were received to replace the previous incumbent. Whilst there remains a quoracy with two of three positions filled, there is a further Shipper position up for nomination in August 2018. If that position becomes vacant, quoracy cannot be obtained and Panel business will not be able to proceed. *Code Administrator note – Whilst*

*this is set out in Part L6.9, the Code does allow that where a Panel meeting is not quorate, a follow up Panel meeting can be scheduled at which the Voting Members present shall be a quorum. Whilst this may not be ideal, it does ensure that Panel business can continue regardless of the number of Panel positions filled.*

**It is essential that this RFI is read alongside the appendices.**

## Assessment Request

We are asking all industry stakeholders to review this document including the detailed appendices and answer the 6 below questions, giving detailed explanations, examples & a high level cost/benefit analysis on all suggested solutions.

## Questions and responses

### Question 1

**Do you agree with the problem statement as outlined in the appendix one? Please provide a detailed justification of your position.**

"Insert response here"

### Question 2

**Would you support the introduction of a cross-code modification process? Please see the example solutions detailed in appendix one.**

"Insert response here"

### Question 3

**Do you believe there is a net benefit in amalgamating the IGT UNC and the UNC? What are the key challenges you would perceive in a merger?**

"Insert response here"

Administered by

#### Question 4

Please provide a high-level cost/benefit analysis for your organisation against each of the suggested solutions detailed in the appendix one.

"Insert response here"

#### Question 5

Does your organisation have a preferred option? Please provide your justification for this

"Insert response here"

#### Question 6

Do you believe there are any key areas of concern that the review group has not identified?

"Insert response here"

### Returning the RFI

Please return your RFI response to the Code Administrator at [igtunc@gemserv.com](mailto:igtunc@gemserv.com).

## Appendix One

### Problem Statement

What problem is RG004 seeking to address?

**1. Much IGT UNC work is administrative and is resulting in industry resources not being used in the most efficient manner.**

- ♦ It is perceived that an increasing number of modifications raised to the IGT UNC and its Ancillary Documents are raised to simply reflect changes to associated clauses in the UNC. It is considered that such changes may constitute a level of bureaucracy that could be avoided. Gemserv will carry out analysis to determine whether that perception is valid.
- ♦ When changes are raised to the UNC that have an impact on the IGT UNC, it is not always possible to the proposer of the UNC change to raise the equivalent IGT UNC change (i.e. where the raising party is a Large Gas Transporter). This introduces a reliance on a third party (who is a party to the IGT UNC) raising the change to the IGT UNC when it may not be fully aligned to their interests.
- ♦ Due to the perceived administrative nature of much of the recent IGT UNC modification activity, it has been considered that engagement at Modification Workstream meetings has suffered, as parties may not prioritise meetings discussing changes of such nature (see Problem 2).

**2. Engagement and attendance at IGT UNC Modification Workstreams has decreased, which could negatively impact the suitability of solutions developed by the group to be implemented by the market.**

- ♦ There is a perception that attendance at meetings of the Modification Workstream has decreased over recent months, which could be attributed to the implementation of Project Nexus changes, and the 'pointing to' approach.
- ♦ The Code Administrator will seek to confirm whether this perception is valid and whether any lower level of engagement is out of line with wider industry trends (see Appendix B).

### 3. Shipper positions on the IGT UNC Modification Panel are not being filled, creating a potential issue with quoracy.

- Since March 2018, there has been one Shipper vacancy on the IGT UNC Modification Panel, as no nominations were received to replace the previous incumbent. Whilst there remains a quoracy with two of three positions filled, there is a further Shipper position up for nomination in August 2018. If that position becomes vacant, quoracy cannot be obtained and Panel business will not be able to proceed. *Code Administrator note – Whilst this is set out in Part L6.9, the Code does allow that where a Panel meeting is not quorate, a follow up Panel meeting can be scheduled at which the Voting Members present shall be a quorum. Whilst this may not be ideal, it does ensure that Panel business can continue regardless of the number of Panel positions filled.*

♦

## Assessing the Proposed Solutions

As part of the Review Proposal request, the proposer outlined some potential solutions aimed at resolving the perceived problems. These solutions have been explored further at meetings of the IGT UNC Modification Workstream and have been supplemented following further work between the proposer and the Code Administrator. This exercise attempts to consider to what extent the potential solutions resolve the problem statements summarised in the section above. This exercise is designed to support parties as they consider whether a Modification may be raised to progress one or more of these proposals.

### 1. To amalgamate all common areas of the IGT UNC and the UNC into the UNC and to make all those areas that are not common to both Codes an Ancillary Document to the UNC

- ♦ This proposal would see a full merge of the IGT UNC and the UNC. It could almost remove the entire governance structure under the IGT UNC, albeit there would still remain the individual Network Codes for the IGTs (INCs), unless through an amended Joint Governance Agreement (which may also require possible licence changes) the UNC governance also included the modification process for these INCs.
- ♦ This proposal would result in no need for consequential changes to the IGT UNC resulting from changes to the UNC and therefore could result in less purely administrative work to ensure the upkeep of the IGT UNC.

- ♦ This proposal would not necessarily increase cross-industry engagement at solution development workstreams. In fact, if meetings were to address a wider range of topics under the new model, there may be less relevance for a greater proportion of the meeting for many parties, which may lead to reduced overall engagement.
- ♦ Without an IGT UNC Panel in existence, quoracy would not be an issue. However, IGTs will need to be adequately represented and protected under new governance mechanisms, which could require a change to existing UNC structures and rules, including amendments to the Modification Rules for proposed changes to the new Ancillary Document.

**2. To create a common UNC and IGT UNC modification process so that when a modification is raised under the UNC it considers the IGT UNC, and requires any changes to the IGT UNC legal text to be produced simultaneously**

- ♦ Under this proposal, the two Code structures would be retained; however, a mechanism would be put in place to ensure that any changes to the UNC take into account required consequential changes to the IGT UNC (and possibly vice versa).
- ♦ This proposal furthers Principle 13 of the Code Administration Code of Practice (CACoP), which states that Code Administrators will communicate, coordinate and work with each other on modifications that impact multiple Codes to ensure changes are progressed efficiently.
- ♦ Business rules will be key to defining how a common modification process would work and could proceed as follows:
- ♦ **Option A** – A special type of modification proposal is raised by either party to the IGT UNC or UNC. This would then be viewed by both the IGT UNC Panel and UNC Panel and, if accepted, **MUST** be referred to a Joint Workgroup meeting for discussion. The modification process is identical to those now in both Codes, and a joint Workgroup report would be produced, presented to the respective Panels, and again if accepted, a DMR sent out for a joint consultation (both IGT UNC & UNC legal text should be available at this stage). *(N.B Both Panels will be able to determine that at any time up to the point where the recommendation on the FMR is made, that the joint modification process should be disapplied. At this point individual Code modifications could then be progressed under single governance if desired).* An FMR would be produced and the UNC Panel would vote on the implementation, consistent with the current UNC voting process. Agreement to implement (either by the UNC Panel or by the Authority) will be a direction to change both the UNC legal text and the IGT UNC legal text – e.g. both Code Administrators will make the required changes to their respective legal texts via a Code release which will be aligned.

- ♦ **Option B** – Separate modifications are raised at the same time and follow a similar modification process via joint workgroups to develop modifications and legal text concurrently. Voting rights will remain separate and implementation aligned. The driver for this Option could be that UNC and IGT UNC impacts would be discussed at the same time and in the same (joint) workgroup thus eliminating the need for separate IGT UNC workstream discussion.
- ♦ It is unlikely that either of these solutions would increase participation at IGT UNC Workstreams or Mod Panels; however, they may decrease the amount of time spent considering Modifications with only consequential impacts resulting from UNC changes.

**3. To amend the IGT UNC to reference the UNC at a much higher ‘section type’ level rather than at the clause level**

- ♦ This proposal intends to limit the volume of consequential changes required to the IGT UNC, as changes to the detail within main clauses in the UNC would not impact on a high-level referencing in the IGT UNC.
- ♦ This proposal would also likely decrease the amount of time spent considering Modifications with only consequential impacts on the IGT UNC.
- ♦ This proposal may result in changes being made to the UNC that do not require a consequential change to the IGT UNC, but that do impact IGT UNC parties because of the high-level referencing. This may lead to an increased risk that changes are implemented into the UNC without the requisite consideration in the IGT UNC.
- ♦ It would also require a detailed section by section analysis of the IGT UNC to fully understand why referencing at a lower level was originally put forward and approved.
- ♦ It is unlikely that this solution would increase participation at IGT UNC Workstreams or Mod Panels.

**4. To put the IGT UNC (and its Ancillary documents) in their entirety into the UNC as a separate section, akin to the IGTAD**

- ♦ This proposal would see a full merge of the IGT UNC and the UNC. It would remove the entire governance structure under the IGT UNC (as per Option 1).



- ♦ This option introduces the same benefits and risks as per Option 1, except the decision-making rules under this option could be split out from existing governance, and a risk is retained that there could be cross-referencing errors introduced over time if changes are not reflected between two aligned sets of obligations.

**5. Allowing the Code Administrator to raise non-material modification proposals on behalf of industry in order to cut down on duplicated resource, and reduction in the frequency of modification workstream meetings.**

- ♦ This proposal would address the proposer's concerns that current IGT work is administrative and duplicates resource. This option may also encourage better engagement in the Workgroup meetings, as holding less frequent meetings would mean that agendas would be fuller. This would not limit the Code Administrator from holding ad-hoc Workgroup meetings if there was an urgent modification in the process.
- ♦ Any modification proposals raised would have to meet Fast Track Self-Governance requirements.
- ♦ However, this option would still require businesses to retain IGT UNC expertise and to monitor IGT UNC related change separate to UNC change, and may not fully address the need for close cross-code monitoring.

## Summarising the Solutions

When comparing the solutions against the proposed drivers for change, it can be considered that each proposal addresses Problem #1 to an extent, by reducing the administrative burden on parties through varying methods. No option would appear to address the issue with engagement per se, although the options whereby the Codes were to fully merge would negate the need for separate panels and Workstream meetings entirely.

## Appendix A – Analysis of attendance levels pre/post Nexus implementation

Below is an analysis of attendance levels to Workstream meetings both pre and post Project Nexus Implementation. This is to establish, quantify or dispel the perception that engagement levels have dropped significantly since single service was introduced in June 2017.

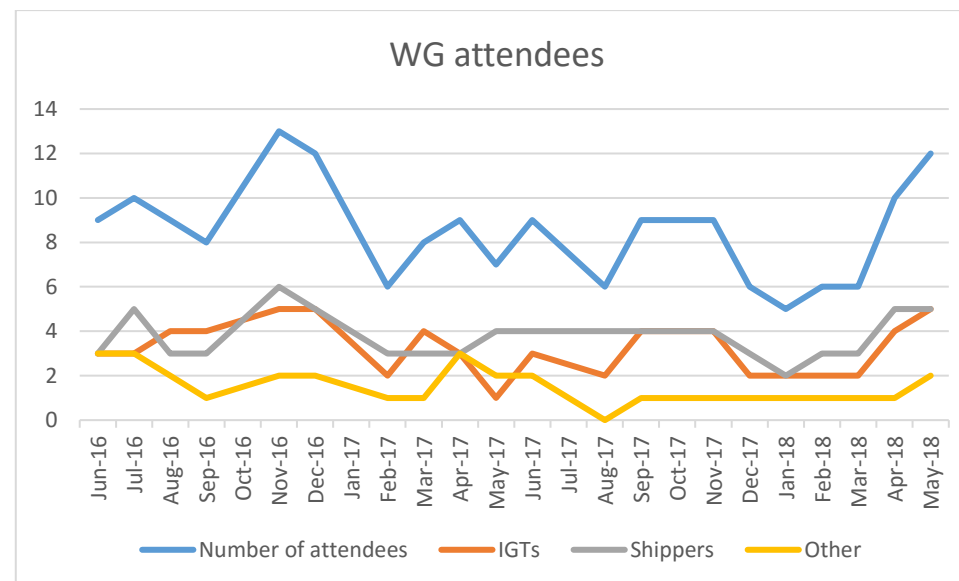
Meeting	Number of attendees	IGTs	Shippers	Other
June 2016	9	3	3	3
July 2016	10	3	5	3
August 2016	9	4	3	2
September 2016	8	4	3	1
October 2016	0	0	0	0
November 2016	13	5	6	2
December 2016	12	5	5	2
January 2017*	21	6	6	9
February 2017	6	2	3	1
March 2017	8	4	3	1
April 2017	9	3	3	3
May 2017	7	1	4	2
June 2017	9	3	4	2
July 2017*	13	4	5	4
August 2017	6	2	4	0

September 2017	9	4	4	1
October 2017	9	4	4	1
November 2017	9	4	4	1
December 2017	6	2	3	1
January 2018	5	2	2	1
February 2018	6	2	3	1
March 2018	6	2	3	1
April 2018	10	4	5	1
May 2018	12	5	5	2

\*Joint IGT UNC and UNC Workgroup meetings

Average numbers over the period excluding the Joint workgroups and the October 2016 cancelled meeting

	8	3	4	2
--	---	---	---	---



The above statistics show a steady trend of attendees for the meeting up until the first quarter of 2018. Peaks of activity can be identified around key milestones for IGT092A with joint workgroup being held in January 2017 (finalising of the Non-effective days, project Nexus, Workgroup reports to go to Panel), and IGT095VV in July 2017 (finalising of the Price Comparison Website workgroup report).

The Workgroup is asked to consider whether engagement in the Code is more of a perceived issue, and perhaps a change in attitude across the Industry rather than a quantifiable problem.

The fact still remains that there has been little interest in the uptake of the vacant Panel position, with the imminent election process in August potentially jeopardising the quoracy of the Code, and the Workgroup should consider whether any of the suggested solutions presented in this paper would adequately address this.

## Appendix B – Analysis of modifications raised pre/post Nexus to ascertain IGT specific issues vs Code alignment

Below is an analysis of the modifications raised in the period before and after Project Nexus implementation. The analysis looks at whether the modification raised was an IGT specific issue, whether this was a result of Single service provision (CDSP specific), or whether this was raised to keep both Codes aligned following the large-scale cross-over in June 2017.

Date	Modification #	Objective	Specific to IGTs/SSP/UNC/Other	Type of Change	Impact
Jan -2015	IGT070S	Removal of Ancillary Documents following the implementation of SSP	IGT UNC	IGT AD change	None outside of Code
Jan -2015	IGT071S	Updating the IGT AQ Review Procedures Ancillary Document	IGT UNC	IGT AD change	None outside of Code
Jan -2015	IGT072S	Non-Effective Days for Cutover to SSP	SSP	Consecutive change with UNC	Deferred
Jan -2015	IGT073S	Consequential Changes to the 'Pipeline Operator Standards of Service Query Management' Ancillary Document	IGT UNC	IGT AD change	None outside of Code
Feb -2015	IGT074S	Amendment of Password Protection Ancillary document	IGT UNC	IGT AD change	None outside of Code

Feb -2015	IGT075S	Identification of Supply Meter Point pressure tier	UNC	Consecutive change	Rejected
Feb -2015	IGT076S	Amendment of RPC format in line with Single Service Provision	IGT UNC	IGT Invoicing	None outside of Code
Feb -2015	IGT077S	Amendment of Portfolio Extract format in line with Single Service Provision	IGT UNC	IGT Invoicing	None outside of Code
Apr - 2015	IGT078S	Ancillary Document for the New Connections process	IGT UNC	New IGT Connections	None outside of Code
May – 2015	IGT079S	Adding Non-domestic New Connections Framework Ancillary Document	IGT UNC	New IGT Connections	None outside of Code
Jun – 2015	IGT080S	Mandating IGT use of Xoserve Portfolio Data for Shipper Transportation Billing	IGT UNC	IGT Invoicing	None outside of Code
Aug – 2015	IGT081F	Correcting Incorrect Definition for Project Nexus Go Live Date	SSP	SSP Housekeeping Change	None outside of Code
Oct -2015	IGT082	IGT Single Service Provision, non-effective days for cutover in 2016	SSP	Consecutive change with UNC	Rejected
Apr - 2016	IGT083S	Correction to PSR Process to Support SSP Arrangements	IGT UNC	New IGT Connections	None outside of Code

May – 2016	IGT084S	Clarification on IGT RPC Invoice Template	IGT UNC	IGT Invoicing	None outside of Code
Jun – 2016	IGT085F	SSP Housekeeping Changes	IGT UNC	SSP Housekeeping Change	None outside of Code
Jul – 2016	IGT086S	Central Data Service Provider – Implementing IGT UNC changes to support FGO	UNC	Consecutive change - FGO	Align Codes
Aug – 2016	IGT087S	Revision to the Modification Rules in Response to CGR3 – Significant Code Review Modifications	Other	SCR	Ofgem Directive
Aug – 2016	IGT088S	Determining Implementation of Self Governance Modifications	Other	SCR	Ofgem Directive
Aug – 2016	IGT089S	Revision to the Modification Rules in Response to CGR3 – Self Governance	Other	SCR	Ofgem Directive
Oct – 2016	IGT090F	Changes to the IGT039 legal text following a review of UNC legal text	UNC	SSP Housekeeping Change	Align Codes
Nov – 2016	IGT091S	Amending Rules for Appointing Pipeline User Representatives	IGT UNC	IGT UNC Housekeeping	None outside of Code
Dec - 2016	IGT092A	Implementation of Non-Effective days for Project	SSP	Consecutive change - PNID	SSP

		nexus Implementation, maintaining a minimum of two Supply Point System Business Days (Project Nexus transitional modification)			
Dec – 2016	IGT093S	Changes to the CSEP NExA Tables Ancillary document to correct the effective dates on 2 of the tables	IGT UNC	IGT AD change	None outside of Code
Jan – 2017	IGT094F	Amendments to file format types for IGT078 and IGT079 flows	IGT UNC	New IGT Connections	None outside of Code
Feb – 2017	IGT095VV	Provision of access to Domestic Consumer data for Price Comparison Websites and Third Party Intermediaries	IGT UNC	Consecutive change - PCW	CMA order
Mar – 2017	IGT096F	Correction to the IGT083 legal text now IGT078/79 are complete	IGT UNC	IGT UNC Housekeeping	None outside of Code
Mar – 2017	IGT097U	Provision for allowing consecutive estimated invoicing in the event of System Failure by the CDSP	IGT UNC	IGT Invoicing	None outside of Code



Apr - 2017	IGT098F	Changes to the IGT UNC Code due to changes to the UNC Code	UNC	UNC610S	Align Codes
May – 2017	IGT099S	Transitional AQ arrangements for IGTs as a result of a delay in Nexus Implementation	SSP	UNC610S	Align Codes
Jun – 2017	IGT100S	Reinstating Asset Query Codes	IGT UNC	IGT AD change	None outside of Code
Aug – 2017	IGT101S	Amending IGT UNC legal text to reflect changes to the UNC made by UNC570	UNC	UNC570	Align Codes
Aug – 2017	IGT102	Enduring solution for provisions that allow consecutive estimated invoicing in the event of System Failure by the CDSP	IGT UNC	IGT Invoicing	None outside of Code
Feb – 2018	IGT103S	Inclusion of reference within IGT UNC to UNC TPD Section G paragraph 2.12 – 2.14 inclusive – Meter Point Portfolio Reconciliation	UNC	Consecutive change with UNC	Align Codes
Nov – 2017	IGT104S	Permissions modification to allow the CDSP to release IGT	SSP	Allow CDSP to access data	Align Codes

		supply point information under UNC MOD0520A			
Dec – 2017	IGT105S	Creating permissions for the CDSP to release data to Meter Asset Providers	SSP	Allow CDSP to access data	Align Codes
Dec – 2017	IGT106S	Provision of access to Domestic Consumer data for Suppliers	SSP	Allow CDSP to access data	Align Codes
Feb – 2018	IGT107F	Correcting the consumption adjustment reads within IGT UNC	UNC	UNC634	Align Codes
Mar – 2018	IGT108F	Updating references for UNC434	UNC	UC434	Align Codes
May – 2018	IGT109F	Amending the IGT UNC legal text to reflect changes to the UNC made by UNC632S	UNC	UNC632S	Align Codes
May - 2018	IGT110S	Mandating the provision of NDM sample data	IGT UNC	Consecutive change with UNC	Align Codes

## Summarising the analysis

Through analysing the modifications that were raised in the period January 2015 to date, the following categories were used to distinguish the trigger for change:

- ♦ IGT UNC specific change;
- ♦ Single Service provision/ Central Data Service Provider;
- ♦ UNC/Code alignment; and
- ♦ Other (Ofgem changes/Significant Code review changes).

The rationale behind this categorisation is to distinguish, where those modifications which weren't IGT UNC specific/driven, whether of those where due to the introduction of SSP or housekeeping changes to keep the IGT UNC aligned to the UNC. It is hoped that investigating this in more detail will either quantify or dispel the perception that most IGT modification work is simple housekeeping.

Using the table above a breakdown of the results are below:

- ♦ IGT UNC specific - 21
- ♦ SSP/CDSP changes - 8
- ♦ UNC/Code alignment changes - 9
- ♦ Ofgem/Significant Code review changes - 3
- ♦ Total: 41

The table data shows a similar split in the past 2.5 years of IGT specific modifications and 'other' modifications, as listed above to 21/20 modifications.

Looking at the frequency of modifications raised throughout the years we can see a steady culmination of modifications raised consistently across all four years, with 2018 on course to meet the same level as previous years, additionally included below is the breakdown of IGT specific modifications raised throughout the past four years:

- ♦ 2015 – 13 raised – 10 IGT specific
- ♦ 2016 – 11 raised – 6 IGT specific
- ♦ 2017 – 12 raised – 6 IGT specific
- ♦ 2018 (to date) – 6 – 1 IGT specific

A trend has emerged since February 2018 whereby only one modification raised has been for IGT UNC only purposed, and the others either being raised to align the Codes or for granting permissions to the CDSP to access data.

DRAFT