RFI details

RFI reference	RG004
RFI title	Review of IGT Governance and administration arrangements
Version Number	V0.2
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Affected Industry Participant roles	IGTs, Shippers, Suppliers, CDSP

Respondent contact details

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Response Date	22nd August 2018
Anonymous response (Y/N)?	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

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 5 below questions. Where applicable please give detailed explanations, examples and where required a high-level cost/benefit analysis on all suggested solutions.

Questions and responses

Question 1	
The proposer of RG004 has outlined the following problem areas within the current IGT UNC governance: • **Much of IGT UNC work is administrative;** • **Engagement and attendance has declined since Project Nexus Implementation; and** • **Shipper positions on the Panel are not being filled.** **For each of these, do you agree these are a problem? Where you answer yes please indicate if you believe reform is required and any urgency/timeline required for any reform.** **Initial analysis of data can be found in Appendix B and C, and should be considered alongside the perceived problem statements above.** **[1]Please provide a detailed justification of your position.**	
SGN is not a party to the IGT UNC and as such is unable to draw upon direct experience when commenting upon the above suggested issues. However, based on the information provided in the RFI it is our view that, with the exception of the third statement, there is insufficient evidence to suggest that the above are issues requiring immediate remedy. Further information on this view can be found below, addressing each statement directly: "Much of the IGT UNC work is administrative"	

[1] Appendix B and Appendix C

The data shown in Appendix C appears to indicate a reduction in IGT-driven modifications in 2018. It is not clear to which point in the year this data applies, and there is the possibility that the remainder of the year could see an upturn in modifications, however when compared to previous years the proportionate rate of proposals thus far does appear muted.

However, at this stage it is difficult to draw any firm conclusions given that:

a) The IGT UNC has only been relatively recently established; and
b) The implementation of Project Nexus in 2017 may naturally have led to a 'settling in' period, during which the appetite and resources to raise modifications may be focussed elsewhere.

Furthermore, we note that four categories of modifications have been identified for the purposes of the analysis within Appendix C:

1) IGT UNC specific
2) SSP/CDSP changes
3) UNC/Code Alignment changes
4) Ofgem/Significant Code Review changes

Categories 1, 2 and 4 are requirements driven by virtue of the IGT UNC, with category 3 being more administrative. The comparison of total proposals over the 2015-2018 period can therefore be summarised as 32/42 (76%), with only 10/42 (23%) being administrative. This does not indicate the problem statement to be accurate.

"Engagement and attendance has declined since Project Nexus Implementation"

Based on the table in Appendix B, the average attendance at IGT workgroups was as follows:

Total period: June 2016 – May 2018: 8.4
Pre-Nexus: June 2016 – May 2017: 9.3
Post-Nexus: June 2017 – May 2018: 7.5

Whilst the above indicates a slight reduction in average attendance since June 2017, the decline is not significant. Attendance from both the Shipper and IGT communities fluctuate month-on-month, however on average the engagement levels appear consistent, with 2-5 organisations from each constituency typically being present.

As such we do not think there is any evidence that attendance and engagement has significantly declined since Project Nexus Implementation.

"Shipper positions on the Panel are not being filled"

We agree that a threat to quoracy arrangements is a potential issue.

As above, Appendix B indicates a good level of Shipper attendance at Panel meetings. We would therefore suggest that stakeholder feedback be sought in order to identify the potential reasons why Shipper organisations may unable or unwilling to field a Panel representative despite attending the meetings. This will create the opportunity to identify any barriers to Panel engagement, such as resources / competing priorities.

This should be undertaken as soon as possible in order to minimise the impact of any loss of quoracy in the interim.

Question 2

The Review proposer and the review group have discussed a number of suggested solutions, these being:

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
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
3. To amend the IGT UNC to reference the UNC at a much higher 'section type' level rather than at the clause level
4. To put the IGT UNC (and its Ancillary documents) in their entirety into the UNC as a separate section, akin to the IGTAD
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.
6. 'Do nothing approach'

Please provide your view on each solution including where possible the anticipated costs / benefits for each solution?
Some detailed analysis of these solutions can be found in Appendix A.[2]

As per our response to Question 1, with the exception of the imminent quoracy issue, we do not consider that the data provided in the RFI adequately supports the above problem statements. Therefore, at this stage we would not support any of the above proposed activities. For clarity, this includes the 'do nothing approach' as we do consider that further work is required in this area.

[2] Appendix A.

Question 3
Does your organisation have a preferred option? Please advise which and any rationale for this.
As per our response to Question 2, we do not support any of the solutions at this time.

Question 4
Do you believe there are any key areas of concern that the Review Group has not identified? Or do you have any other solutions that you would like the Review Group to consider?
As per our response to Question 1, the data provided does not necessary support the problem statements articulated above. The only issue which appears likely to materialise is that of quoracy – in our response to Question 1 we have made some suggestions as to how this might be addressed. If the workgroup feels that there are other issues which are unaddressed, we would suggest that further work is required to identify and demonstrate such issues.

Question 5
Any other comments or questions?
N/A

Returning the RFI

Please return your RFI response to the Code Administrator at igtunc@gemserv.com.