





Modification	At what stage is this document in the process?
<h1 data-bbox="119 353 566 448">IGT120F:</h1> <h2 data-bbox="119 481 1085 689">Aligning the IGT UNC with licence changes following the UK leaving the EU with a 'No deal'</h2>	<div data-bbox="1182 342 1449 667"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>Following the triggering of Article 50 and with the potential that the Government is unable to secure a deal on the withdrawal of the UK from the European Union, this modification seeks to amend the IGT UNC to align with the proposed Gas Transporter licence changes proposed by Ofgem which would come effective after the date agreed by Parliament and the EU Commission.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> subject to fast track self-governance proceed to Consultation <p>This modification will be presented by the Proposer to the Panel on 17th April 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
	<p>High Impact:</p> <p>N/A</p>
	<p>Medium Impact:</p> <p>N/A</p>
	<p>Low Impact:</p> <p>Transporters, Shippers</p>

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Timetable

The Proposer recommends the following timetable:

Initial consideration by Workgroup	N/A
Amended Modification considered by Workgroup	N/A
Workgroup Report presented to Panel	N/A
Draft Modification Report issued for consultation	26 th March 2019
Consultation Close-out for representations	16 th April 2019
Variation Request presented to Panel	N/A
Final Modification Report available for Panel	23 rd April 2019
Modification Panel decision	17 th May 2019



Any questions?

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1 Summary

What

The UK will leave the European Union (EU) on the date agreed by Parliament and the EU Commission following the triggering of Article 50 on 20th March 2017. Ofgem have released a consultation on proposed licence changes in the face of the UK's exit from the EU and, although the IGT UNC largely complies with these changes there is a need to add additional references in order to comply.

Why

The UK will leave the European Union (EU) on the date agreed by Parliament and the EU Commission following the trigger of Article 50 on 20th March 2017. Ofgem have been working closely with Code Administrators in the build up to the withdrawal date to ensure that all Codes are prepared and would not be operationally affected after the agreed exit date.

Included in this work with Ofgem, was a complete review of the IGT UNC to identify areas of the Code that would may be redundant after the UK leaves the EU or would need additions to maintain compliance, and these were presented to Ofgem at various meetings throughout 2018. Following publication of Ofgem's proposed licence changes the IGT UNC has been able to be scrutinised more closely and it is believed that the Code would be largely compliant with these new licence changes, however, it is advised to introduce a new definition in Section M to comply with Ofgem's new distinction between legacy legislation following the UK's exit.

It is important that these references are introduced to the IGT UNC in order to promote efficient governance of the Code. This also aligns with other industry Codes that are making similar changes in order to comply following the UK's exit.

How

References to European legislation is largely ringfenced to one section of Code and therefore will be straightforward to include this small addition.

2 Governance

Justification for Fast Track Self-Governance Procedures

The Proposer of this modification determines that this should be progressed as a Fast Track change. The modification seeks to add Code to the IGT UNC following changes in legislation. This therefore qualifies as a housekeeping modification only. It is determined that this modification also meets the criteria for Self-governance.

Requested Next Steps

This modification should:

- be subject to fast track self-governance
- proceed to Consultation

3 Why Change?

In 2015 through an Ofgem Significant Code Review Ofgem introduced the concept of a 'European Modification' (IGT066) which could be enacted by Ofgem at any time dependant on changes in legislation within the EU. To date this type of modification has never been raised within the IGT UNC and therefore the section of Code has never been used.

In 2016 the UK held a referendum on the UKs potential exit from the EU and the UK voted to leave the EU with a majority of 52% of the nations vote. The UK government has proposed a Withdrawal bill, however, the default position would be leaving the EU on 'No Deal' terms if a consensus cannot be reached by Parliament.

Throughout 2018/19 Ofgem have lead discussions on preparing the Codes for a 'No Deal' scenario. The IGT UNC has undergone a thorough review and does not expect there to be any operational impacts on IGT UNC parties in the event that the UK leave the EU under a 'No Deal' scenario. However, Ofgem is keen to ensure that all Codes act and remove any redundant Code or add additional code to comply with licence changes as pragmatically as possible.

Ofgem has carried out proposed licence changes for this scenario and these have been issued to industry through a consultation. These changes look to retain references to the European Commission and therefore the IGT UNC will largely still comply with these changes with minimal changes needed, however, new references have been introduced within the licence consultation to introduce a reference and definition to 'Retained EU Law', an extension of the existing clause for 'European Commission' and the introduction of the EU Exit Regulations 2019.

It is important to include these in the IGT UNC in order to fully comply with these proposed licence changes which will come into effect in the case of a no deal. These additions clearly introduce a 'line in the sand' for European compliance with and retained EU law that may be in effect.

It is proposed that we align the Code to the UNC, which has raised UNC680S in order to introduce additional defined terms on 'legally binding decisions' and 'Retained EU Law'.

4 Code Specific Matters

Technical Skillsets

None.

Reference Documents

[Ofgem Consultation on proposed Gas Transporter licence conditions.](#)

5 Solution

The Proposal is to add the following to the IGT UNC in order to be fully compliant with the proposed licence changes following a 'No Deal' Exit of the EU on the date agreed by Parliament and the EU Commission;

- Add a defined term to 'legally binding decisions of the European Commission'.

The proposed solution is to point across to the UNC's defined term for 'legally binding decisions' as below;

“legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators” means any relevant legally binding decisions of the European Commission and/or the Agency, but a binding decision does not include a decision that is not, or so much of a decision as is not, Retained EU Law;

It is therefore proposed that the IGT UNC points across this this reference in order to incorporate all changes needed to comply with the proposed licence changes.

6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

N/A

Consumer Impacts

None. These changes are purely housekeeping and will have no effect on Consumers.

Cross Code

There will be no cross-code impacts as a consequence of this change, however, we are expecting to see wide spread modifications across all Codes on this issue.

7 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) Co-ordinated, 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 agreements 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	Positive

Code	
(G) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators	None

By ensuring that the Code is aligned with the proposed licence changes this will further Relevant Objective F) by promoting efficiency in the implementation and administration of the Code and by promoting good governance. There may also be positive impacts on Relevant Objective C) by carrying out the efficient discharge of the licensee's obligation. Ofgem have put out a consultation on licence changes for all parties' comments which will remove several references to European bodies.

8 Implementation

As this is a self-governance modification the implementation date should be determined by Panel and should be guided by Governments current position with regards to Withdrawal discussions. Implementation as a minimum should be considered for the Scheduled June release, with the potential for a special release discussed if necessary.

9 Legal Text

Text Commentary

The below legal text has been identified as redundant following the UK leaving the EU on the date agreed by Parliament and the EU Commission under a 'No Deal' scenario.

Suggested Text

Part L

"Large Transporter Representative": the individual, if any, from time to time notified to the Code Administrator by the Secretary of the UNC Modification Panel to represent National Grid Gas plc and DN Operators;

"legally binding decisions of the European Commission and/or the Agency for the Cooperation of Energy Regulators" shall have the meaning ascribed thereto in the UNC;

"Member": an individual appointed to the IGT UNC Modification Panel;

"Modification": any Modification of the IGT UNC or, as the case may be, an Individual Network Code, made pursuant to these Modification Rules;

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Fast Track governance procedures should apply
- Issue this modification directly to Consultation
- Make a recommendation on whether or not the Proposal should be implemented (subject to the appeal procedures) without further consultation or development