





Final Modification Report	At what stage is this document in the process?
<h1>IGT140:</h1> <h2>Changes to the IGT Panel Rules</h2>	<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>This proposal is seeking to change the IGT UNC Modification Panel rules to introduce a flexible approach to accommodate where there isn't a full panel of representatives for either the Pipeline Operators or the Pipeline Users.</p>	
	<p>Panel consideration is due on 23<sup>rd</sup> October 2020</p> <p>The Panel does not recommend implementation</p>
	<p>High Impact:</p> <p>Pipeline Operators and Pipeline Users</p>
	<p>Medium Impact:</p> <p>N/A</p>
	<p>Low Impact:</p> <p>N/A</p>

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## Timeline

### The Proposer recommends the following timetable:

Initial consideration by Workgroup	14 <sup>th</sup> May 2020
Amended Modification considered by Workgroup	11 <sup>th</sup> June 2020
Workgroup Report presented to Panel	25 <sup>th</sup> September 2020
Draft Modification Report issued for consultation	25 <sup>th</sup> September 2020
Consultation Close-out for representations	16 <sup>th</sup> October 2020
Variation Request presented to Panel	dd month year
Final Modification Report available for Panel	16 <sup>th</sup> October 2020
Modification Panel decision	23 <sup>rd</sup> October 2020



Any questions?

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# 1 Summary

## What

This modification seeks to make changes to the IGT UNC Modification Panel rules to accommodate where there are not either three Pipeline Operators or three Pipeline Users which have been elected. This is to ensure that panel can continue to efficiently make decisions and where a constituency (Pipeline Operator or Pipeline User) has reduced membership due to vacancies, there is not a reduction in votes which can be cast, without the need for rescheduled meetings.

## Why

Currently the IGT UNC Modification Panel has three Pipeline Operator representatives which has all 3 spaces filled by representatives from BU-UK, Indigo Pipelines and ESP Group. There are 3 Pipeline User representative positions with currently only two positions filled by E.ON and Scottish Power.

Where there are vacancies and there is not full IGT UNC Modification Panel representation (either Pipeline Operator or Pipeline User) this can present quoracy issues and has in recent months seen the panel having to reconvene meetings to make decisions. This modification is required to ensure that regardless of limited representation, the IGT UNC Modification Panel has sufficient flexibility to ensure that effective decision making continues for the IGT UNC Modification Panel.

## How

Where there are IGT UNC Modification Panel vacancies the voting model will default to three votes per constituency (replacing the vote per member model) and the votes will be shared between the panel members for the impacted constituency.

Creation of a revised IGT UNC Modification Panel approach which includes:

1. The IGT UNC Modification Panel consisting of three Pipeline Operators and three Pipeline Users votes:
  - Where there are three Pipeline Operators and three Pipeline Users representatives it will be a vote per person.
  - Where there are any vacancies in either constituency there will be three Pipeline Operator and three Pipeline User votes, but they will be shared between the representatives.

For the avoidance of doubt, this does not stop there being full membership of three panel members per constituency, this model will only be evoked where vacancies occur following a comprehensive election process being carried out by the Code Administrator.

2. Revising the current quoracy model which allows for meetings to be rescheduled if the minimum requirement of attendees is not reached, but also ensuring that any rescheduled meetings have quoracy requirements applied to them. Today quoracy is only applied to the initial meeting and not subsequent rescheduled meetings. The solution will seek to ensure decisions are not unnecessarily delayed but ensures a consistent quorum model is applied throughout the decision-making process.
3. Continue to have the ability to nominate alternates but the introduction of the ability to submit a Proxy Vote (as a new defined term) to avoid quoracy issues.

4. Confirming the Independent Network Association (INA) process still remains the same to allocate Pipeline Operator representatives.

Creation of a guidance ancillary document for IGT UNC Modification Panel on the application of the principles proposed in this modification.

The solution is also completing housekeeping activity e.g. Chairman to Chairperson.

## 2 Governance

### Justification for Normal Governance Procedures

As this modification seeks to make changes to the IGT UNC Modification Panel rules it would require Authority decision.

### Requested Next Steps

This modification should:

- be assessed by a Workgroup

### Workgroup Comments

The Workgroup agreed that this Modification should proceed via an Authority decision. The Workgroup considered whether the Modification meets the Authority threshold and the Ofgem Representative confirmed that it is their view this should be received by the Authority.

## 3 Why Change?

The IGT UNC has three Pipeline Operator representatives which has all three spaces filled by representatives from BU-UK, Indigo Pipelines and ESP Group. There are three Pipeline User representative positions with currently only two of the three positions filled by E.ON (term due to end in August 2020) and Scottish Power (term due to end September 2021).

Currently, there are issues with IGT UNC Modification Panel representation, but this is mainly relating to the Pipeline User constituency. This is because it is currently underrepresented and has been for some time. Without a fully represented panel there is an opportunity for decision making not to be representative of all views of the Pipeline User constituency which could be detrimental to the market. In late 2019, the IGT UNC Code Administrators issued numerous requests seeking representatives for election onto the IGT UNC Modification Panel for Pipeline Users which have been, to date, unsuccessful. The introduction of Single Service Provision (SSP) in 2017 (delivered via Project Nexus) has created a heavy dependency on the Uniform Network Code (UNC), but there are still a number of IGT UNC specific processes and requirements e.g. invoicing and the new connections process which remain in the IGT UNC. This means that a panel of representatives for both operators and users is vital to ensure that decision making is fair and equitable for all parties and the industry.

In 2018/2019 during discussions in RG004 (Review of IGT Governance and Administration Arrangements), the make-up of the panel was the subject of considerable debate and no modifications were raised to address issues at the time. Since 2019 there has been a continual vacancy on the IGT UNC Modification Panel in the Pipeline User constituency and quoracy issues have occurred.

There is a present risk that permanent quoracy issues will arise at the end of E.ONs current term (August 2020) if the constituency does not have a representative come forward to fill space(s) on the panel, which from recent experience is probable. This means that a solution is required and although a Modification may not have been needed or raised at the time of RG004, it is now.

To try and understand the reasons for the reduced engagement in the IGT UNC, the IGT UNC Modification Panel issued an engagement survey. The responses were reviewed by the IGT UNC Workgroup and outlined issues which included Parties resourcing challenges. There were also suggestions to merge the IGT UNC and the UNC. Neither of these issues can be addressed by the IGT UNC Code Administrator or the IGT UNC Modification Panel through the survey responses, it would require sponsored Modifications to deliver this solution which is greater than what this Modification is seeking to deliver.

There were suggestions on representation of the panel put forward by E.ON as part of the survey response and this Modification seeks to build on those initial ideas to try and address the issues the IGT UNC Modification Panel faces today. This Modification does not seek to address the suggestion to merge the codes.

Although not all Shippers operate in the IGT market it is expected that due to the volume of IGT connections, more and more Shippers are shipping for IGT supply points. Therefore, those Shippers have a vested interest in the IGT UNC and how it works, particularly in ensuring that decision making is appropriate. As part of the workgroup the Code Administrator will be providing further information on which organisations have represented the IGT UNC Modification Panel in recent years – see appendix for information.

The following focusses on the Pipeline User stats to give some insight into how many are currently involved in the IGT market:

- In February 2020 there were 271 Shippers (Pipeline Users) listed on the Ofgem Licensee list.
- In February 2020 there were 177 Shippers (Pipeline Users) listed on the Central Data Services Provider (CDSP) list of organisations.
- The CDSP has confirmed as of 19/02/2020 that approx. 50 Shippers have IGT UNC supplies in their portfolios with approximately 15 individual Shipper IDs (not necessarily individual organisations) having >20k supply points.

The issues which are being faced by the IGT UNC Modification Panel are predominately due to Pipeline User representation. The Pipeline Operators have a different mechanism to assign their Voting Members (using the INA) and have always had a full IGT UNC Modification Panel representation.

To introduce a new approach needs to:

- be reflective of the agreement dynamics e.g. it is the IGT code, not the Shipper code
- address known issue e.g. there is only under representation in the shipper constituency leading to quoracy issues, there has not ever been an issue with IGT under representation
- ensure it doesn't degrade the importance of the panel by allowing membership to be too low e.g. if there is only one IGT and one shipper is this diverse representation? We don't believe it would be

Any reduction in representation is to act as an enabler to increase IGT UNC Modification Panel engagement for the Pipeline User constituency, but mainly to act as a safety net where only a single Pipeline User may go through the election process or remain the sole representative. The lone representation is only a current threat for the Pipeline Users currently, for which this Modification is trying

to address. As it is not an imminent Pipeline Operator issue and to avoid a position where only a single IGT and Shipper on the panel the reduction to one has only been completed in the Pipeline User constituency

This Modification It is not addressing all possible scenarios e.g. zero Pipeline User representatives or only a single Pipeline Operator representative. Further modifications would be required should these scenarios become a pressing issue. Ideally, this Modification would not have been necessary because all constituencies would be fully represented.

The solution seeks to retain the same number of votes per constituency (three each) but allow Voting Members of the IGT UNC Modification Panel where under representation occurs in either constituency to hold multiple votes. This wouldn't be a new concept in the industry, as the Change Management Committee (ChMC) and Contract Management Committee (CoMC) which were created to support the Data Services Contract (DSC), between Xoserve in its role as the Central Data Services Provider (CDSP) and industry, already applies this principle and has done through the elections process since [2017]. For example, there are six Shipper votes (two class A, two class B and 2 class C) and where there are not six individuals the votes are shared out according to the DSC guidelines. Using the learnings from another Committee that both Pipeline Operators and Users are accustomed to is a pragmatic approach to help address the issue of quoracy in the IGT UNC.

The concept of a proxy vote already exists in the Supply Point Administrative Agreement (SPAA), the suggestion to include it in the IGT UNC is to assist where an Alternate is appointed so it can be clearly documented the decisions the Alternate is to present. It can also act as a mechanism to vote where a Voting Member cannot attend or appoint an Alternate. We see this as a positive step to help address quoracy issues which have occurred for the IGT UNC Modification Panel. This concept is meant to act as a safety net where people cannot join the meeting (holiday cover or last-minute changes in availability), it is not meant to be a permanent approach to voting as that could impact the ability for panel to have meaningful discussions.

Currently the quorum modelling only applies to the standard meeting, should any meeting be reconvened those in attendance are classed as quorate. This is an inconsistent decision-making approach compared to some other codes e.g. SPAA and the current REC drafting as they apply quoracy to all decision making. Without addressing the current quoracy gaps it could see the panel in a position where only a single constituency is in attendance and still classed as quorate. This wouldn't give the opportunity for balanced discussions and could (although hasn't in the past), lead to the panel being challenged on its decision-making practices. This Modification will seek to apply a consistent quoracy model to promote balanced decision-making but also to protect panel members from challenge where attendance doesn't cover all the constituencies the panel represents. The allowance of an Alternate and Proxy Vote is a mechanism to deliver quoracy and acts as an incentive to Voting Members to either attend or provide an Alternate/Proxy Vote to avoid unnecessary delays in decision making

## 4 Code Specific Matters

### Technical Skillsets

Understanding of the IGT UNC Modification Panel rules.

### Reference Documents

Links to areas referenced in why change:

RG004 – <https://www.igt-unc.co.uk/review-groups/rg004-review-igt-governance-administration-arrangements/>

Engagement survey – <https://www.igt-unc.co.uk/wp-content/uploads/2020/02/Pipeline-User-Engagement-Survey-Result.pdf>

Ofgem list of gas licensees – <https://www.ofgem.gov.uk/publications-and-updates/list-all-gas-licensees-including-suppliers>

CDSP organisation list – <https://www.xoserve.com/media/1431/list-of-organisations-on-uk-link.xlsx>

## 5 Solution

To address the under resourcing of the Pipeline User representatives, and to futureproof for both Pipeline Operators and Pipeline Users to ensure a fair and flexible model is introduced, the solution is proposed as:

1. The IGT UNC Modification Panel consisting of three Pipeline Operators and three Pipeline Users votes
  - a. Where there are the maximum of three Pipeline Operator Representatives and three Pipeline User Representatives it will be a vote per Voting Member.
  - b. Where any vacancies occur which are not filled through the election process run by the Code Administrator there will be three Pipeline Operator and three Pipeline User votes but they will be shared between the Voting Member(s) with the following modelling:
    - i. Two Voting Members for Pipeline Operators and Pipeline users:
 

one Voting Member would have two votes and one Voting Member would have one vote (total of three votes for each constituency of Pipeline Operator or Pipeline User).

      1. The Voting Members will advise the IGT UNC Code Administrator and/or Panel Chairperson on who will cast the two votes on a permanent basis.
      2. If the representatives are unable to agree or the information is not notified in advance of the start of a meeting, the Panel Chairperson will as part of the meeting agenda (standard or reconvened) allocate the multiple votes to a Voting Member prior to any decisions being made.
      3. To ensure the Panel Chairperson maintains independence, the initial approach will be via a rota using an alphabetical (surname) selection to choose who casts the multiple votes, the rota will be administered via the Code Administrator and Panel Chairperson. Any decisions to change this will be via IGT UNC Modification Panel and will be documented via the IGT UNC Modification Panel Guidelines. There will not be the requirement for a Modification to refine this.
    - ii. One Voting Member for Pipeline Users only, will have three votes. For the avoidance of doubt, this would not apply to the Pipeline Operators as they would have a minimum representation of two Voting Members.

- c. Where multiple votes are held by a single Voting Member, the votes cast can be the same e.g. both approve/reject, or, they can be a mixture e.g. one approve and one reject. This is so the voting can reflect constituency views submitted in Consultation responses.

For the avoidance of doubt, this does not stop there being full membership of three Voting Members per constituency (this is the ideal position), this model will only be invoked where vacancies occur after the election process has been conducted by the Code Administrator.

It would not extend to cover a scenario where a representative does not appoint an alternative or submit a Proxy Vote, they will still be considered absent as per L 5.9(a).

It also does not change the Panel Majority approach to decision making nor impact the period of appointment/term for a Voting Member.

## 2. Quoracy of the IGT UNC Modification Panel Meeting

- a. Amending the quoracy to be a minimum of two Pipeline Operators and one Pipeline User.
- b. The voting applied for these meetings will be as per the IGT UNC Modification Panel Representation section above.
- c. The quoracy of the meeting will be applied to any standard monthly meeting or any reconvened meetings.
- d. The Code Administrator and/or the Panel Chairperson will arrange for reconvened meetings where necessary at a date/time which endeavours to meet quoracy requirements. Meetings can be rearranged multiple times between standard meetings where necessary to ensure they are quorate, and decisions are made.
- e. The provision of a Proxy Vote and/or the appointing of an Alternate will be classified as attendance towards meeting quoracy and can be utilised for decision items outlined on the final agenda.

## 3. Ability to nominate alternates or to submit a Proxy Vote to avoid quoracy issues:

- a. Where the IGT UNC Modification Panel representatives are unable to attend, a nominated Alternate can be allocated for the standard or reconvened meeting. Ideally the nomination should be in writing prior to the meeting but can also be allocated verbally via the IGT UNC Code Administrator (who may ask for written confirmation as a follow up using the Proxy Voting form).
- b. Introduction of a new Proxy Vote (as a defined term). This is for where a representative cannot appoint an Alternate to be present at the meeting (exception rather than the norm) and acts as a mechanism to try and avoid quoracy issues as it will deliver decisions via a submitted Proxy Vote form. The Voting Member may also issue a Proxy Vote to the Alternate and include the Code Administrator for transparency.
- c. Proxy Votes maybe issued prior to the meeting or during the meeting should the representative need to leave the meeting to avoid the meeting having to be reconvened due to quoracy issues. The Panel Chairperson becomes the nominated proxy unless otherwise specified (e.g. a named alternate) with the process becoming part of the 'IGT UNC Modification Panel Guidance'



- d. Proxy Vote Format will be a new term to clearly show the formatting and is maintained by the IGT UNC Code Administrator with final approval given by the IGT UNC Modification Panel. The panel may ask the workgroup to conduct a review. The form will be part of the annual document review to ensure it remains robust.
  - e. Should the need for a decision be amended at the panel, e.g. a decision is no longer required, the submitted Proxy Vote will be discounted and classed as invalid. The Panel Chairperson should communicate this to the issuing Voting Member for awareness and the Code Administrator clearly note a decision was not required and Proxy Votes not utilised.
  - f. Where discussions vary the context and the decision making (which could be contradictory or misalign to the Proxy Vote submitted) the Chairperson will assess if the meeting is quorate without the Proxy Vote.
    - i. If it is, the decision making will continue, and the Proxy Vote will be deemed void and meeting minutes will be reflective of this.
    - ii. Where the assessment is the meeting will not be quorate. then it will need to be reconvened. Decisions can only be made where quoracy is met.
  - g. The Code Administrator will ensure that decision items are clearly marked on the IGT UNC Modification Panel agenda – any guidance on this will be included in the IGT UNC Modification Panel Guidelines
  - h. Where Proxy Votes are provided the IGT UNC Modification Panel minutes will note the receipt of these – any guidance on this will be included in the IGT UNC Modification Panel Guidance.
4. Appointing representatives for Pipeline Operators:
- a. Currently the representatives for the IGT UNC Modification Panel are arranged by the Independent Networks Association (INA), this Modification does not seek to amend that process which has successfully ensured full representation at the IGT UNC Modification Panel for the Pipeline Operators.
  - b. The solution outlined in the section 1 of the solution is to ensure there is some flexibility to take into consideration the unlikely event that all three Voting Members cannot be appointed via the INA.
  - c. Should the Pipeline Operators be in a position where there is the possibility of only one representative then it would require the Pipeline Operators to complete a Modification to address this scenario.

#### Housekeeping amendments

- Panel Chairman to be renamed to Panel Chairperson as part of the development
- Chairman's Guidelines' to be renamed Chairperson's Guidelines as part of the development

#### Creation of the "IGT UNC Modification Panel Guidance" ancillary document

- The principles outlined in points 1-4 in the solution have been outlined in greater detail in the ancillary “IGT UNC Modification Panel Guidelines” document which will become a recognised document in the IGT UNC. The aim of the document is to provide accompanying clarity and not to repeat the legal text in the main IGT UNC drafting. Moreover, the document will point across to relevant parts of the Code which will ensure that changes to the Code may not directly affect the document every time.
- The IGT UNC Modification Panel will be the decision makers on any edits to the document and will follow the Panel Majority for amendments (similar to how UNCC governs documents in the UNC). The remit of panel changes will be to add clarity on approach but would not be to amend such things as voting rights, they will be in the main body of the code and will be updated via modifications only, same as today.
- The Code Administrator will be responsible for version controlling and updating the document onto the IGT UNC website, this includes an annual review of the document.

Where necessary the IGT UNC Modification Panel may ask the IGT UNC Workgroup to conduct a review of the document principles, this may coincide with the recommended annual review by the Code Administrator.

### Workgroup Comments

The Proposer noted that it is still the intention to have the maximum Panel membership as three parties per constituency. However, in the new drafting the Pipeline User minimum will be one with the Pipeline Operator minimum being two. The Proposer noted that this was due to the imminent risk of the Pipeline User constituency falling short of the current quoracy rules.

IGTs queried why the minimum would not be the same across the two constituencies and noted that the new proposals could mean that IGTs are outvoted in a scenario where there are two IGTs and one Shipper with three votes. The Proposer noted that the risk of IGTs falling short of quoracy rules is not imminent, whereas this risk could well occur in August 2020 when E.ON's term on the Panel concludes. The Proposer noted that since her time on the Panel there has never been less than full representation from IGTs and that as their election process is different to Shippers and carried out outside of Code, it is not appropriate to include this in this Modification. Another Workgroup member added reducing the Pipeline Operator minimum to one would be a fair approach. The Proposer indicated that she understood other's views and welcomed an alternative Modification from the IGTs if they felt there was a strong enough case for this. The Proposer reiterated that the IGT minimum would not be reduced to one Pipeline Operator in the scope of IGT140 as the risk of low IGT participation is not imminent

## 6 Impacts & Other Considerations

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

There are no direct impacts to the Faster and More Reliable Switching SCR.

There are no direct impacts to the Code Consolidation SCR, however, any changes made to the legal text because of this change would need to be considered as part of the future drafting.

## Consumer Impacts

No direct consumer impacts have been identified, however, should these be identified through the workgroup discussions they will be outlined in the final report.

## Environmental Impacts

No environmental impacts have been identified.

## Cross Code Impacts

The changes are isolated to the IGT UNC Modification Panel only. No other codes should be impacted by these changes, however, if this is not the case, the workgroup and final workgroup report will outline them.

## Workgroup Comments

The Workgroup agreed with the Proposers view with regards to the impacts captured in the Modification.

## 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	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 agreements with other relevant gas transporters) and relevant shippers	Positive
(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	Positive
(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

It is recognised that this Modification is not ideal (having a full panel would be), however the market is ever changing, and panels need to be agile and to be able to flex to the needs of its constituencies. The current rigid modelling is not working, and this Modification acts as an initial step to resolve the known issues without compromising the need to make decisions which are in the best interest of the Code and those who are acceded to it, as well as the end consumers who could be impacted by the decisions made

The modification links to relevant Objective D) and F) for the following reasons:

- The introduction of a voting approach which is allocated to a constituency rather than a person allows flexibility in the modelling so that multiple votes can be held by a single person (like the DSC Committee) and addresses the current issue of the underrepresented Shipper constituency, while still providing equal voting between the constituencies.
- It introduces a contingency for a scenario where the IGTs cannot be fully represented, although it is not presenting a risk currently the flexibility futureproofs for that scenario should it arise.
- By introducing a mechanism for votes to be cast without mandating attendance (like the SPAA for change board). It makes it easier for panel members, in the event they cannot secure an Alternate. Although it is recognised that panels cannot run on Proxy Votes alone the ability to be agile in decision making helps those on panel to cast decisions when attendance could be challenging and works towards avoiding quoracy issues.
- By only allowing decisions to be made where the panel is quorate (a Proxy Vote also counting in quoracy), this ensures balanced representation in the attendance and removes the opportunity to challenge panels integrity as well as aligning to other codes (like SPAA/REC). It also doesn't stop decision making from happening because meetings can be reconvened.

## Workgroup Comments

The Workgroup agreed that this Modification had a positive change on Relevant Objective F, however, did not immediately see how this had a positive impact on Relevant Objective D (Securing of effective competition). The Proposer maintained that it was felt that this was a secondary impact and that the main impact had been on F.

The IGTs queried whether the impact on Relevant Objective D was a positive one as the Modification allows one person to vote three times and that this could have possible negative impacts on competition. The Proposer acknowledged the challenge, however, noted that the Ancillary document supported that that one member should be voting on behalf of their constituency with the multiple votes. This approach was supported by the other Shipper members in the meeting

## 8 Implementation

Five Working Days after the Authority decision.

## Workgroup Comments

The Workgroup support the suggested approach on implementation

## 9 Legal Text

Legal text can be found on the IGT UNC website [here](#).

### Workgroup Comments

The Workgroup viewed the legal text during the meeting and all members present were comfortable that this legal text facilitates the intention of the Solution.

## 10 Consultation

Panel invited representations from interested parties by 16<sup>th</sup> October 2020. The summaries in the following table are provided for reference on a reasonable endeavours basis only. We recommend that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
E.ON	Support	D - Positive F – Positive	<ul style="list-style-type: none"> <li>• Currently there is reduced representation of Shippers at the IGT UNC Panel and this has been declining for some time, with openings on the panel being available for over a year without being filled. The lack of Shippers is frequently now impacting the quoracy of the meeting and this model introduces flexibility to the approach and allows voting to be linked to the party type e.g. Shipper (Pipeline User) and IGT (Pipeline Operator) rather than to the person acting as a Voting Member.</li> <li>• This is a more agile approach and works with the maximum representation of 3 members or as little as a single member (for Shippers) and therefore addresses the issues we are seeing today.</li> <li>• We recognise that this changes the ‘traditional’ approach taken by the code, but we believe this is an approach which can deliver what is required from panel in the current circumstances. The voting model shouldn’t be that rigid that it doesn’t work with the needs of the market participants it is acting on behalf of.</li> <li>• We support sending this to the Authority for decision.</li> <li>• There are limited direct costs associated to this change, costs are mainly for the FTE representation at the panel. Until mid-2020 E.ON did have representation at a cost of the FTE associated to the</li> </ul>

			<p>task. There are no industry allowances for panel or committee costs in the IGT UNC, so all these costs are absorbed by the organisation the panel members work for.</p> <ul style="list-style-type: none"> <li>• As directed by the Authority, we do not believe this needs to be a scheduled release, this can be an adhoc release and can be as quickly as 5 WD from the decision being made.</li> </ul>
BUUK	Oppose	F – Partially positive	<ul style="list-style-type: none"> <li>• Whilst BUUK are supportive of the reasons behind this modification and support the need to create a mechanism that maintains the IGTUNC Panel and it's ability for the representative Panel for both Users and Operators [...] we have fundamental issues with the mechanism for achieving this and believe the new quoracy rules are inferior and not an equitable process for Users and Operators.</li> <li>• BUUK disagree with the intent to treat IGTs differently on the basis the IGTUNC is a code for IGTs. Despite discussions at Workgroup where we challenged the lack of equitability and therefore lack of future proofing, no amendments were introduced, and our concerns were dismissed. The principle of the modification is correct, but in practice it is flawed; the same rules should have been applied to IGTs irrespective of whether IGTs had suffered difficulty in gaining representation; in the future this may also be the case for IGTs.</li> <li>• Reference was made to IGTs having a mechanism through the Independent Networks Association (INA) to ensure representation. The INA is association; it is not mandatory to attend and whilst Panel representation is discussed and nominations are approved for constituency Panel positions, attendance is not mandated.</li> <li>• The quoracy arrangements set out in this modification are also inferior to the status quo. [...] This proposal and process appears to be hindered as has the same quoracy arrangements for both standard and reconvened meetings (albeit with the introduction of a Proxy Vote), which allows meetings to be reconvened multiple times until the quoracy is met. With the busy schedules of most Panel members and conflicting pressure on resource, there is a risk of delay for decision making.</li> <li>• At BUUK, we recognise the issue and are proactive in</li> </ul>

			<p>encouraging representation, but we cannot make, in our view, a substandard change.</p> <ul style="list-style-type: none"> <li>• BUUK agree that IGT140 should not be a self-governance modification and requires Authority approval.</li> <li>• Re-convening of meetings may incur additional costs if quoracy rules are not met.</li> </ul>
Centrica	Support	F - Positive	<ul style="list-style-type: none"> <li>• It is our view that this modification offers a suitable short-term solution for the current issues. On a long-term basis, we would like to see the merger of the IGT UNC and UNC codes in order to remove the duplication of work load and engagement by all Industry Participants.</li> <li>• We support sending this to the Authority for decision.</li> <li>• We believe this is subject to the Authority's discretion, immediate implementation would be preferable for the quoracy of future meetings.</li> <li>• We are satisfied that the legal text supports the intention of the Modification.</li> </ul>
Indigo Pipelines	Oppose	F - Negative	<ul style="list-style-type: none"> <li>• Whilst we support the attempt to address the current lack of quoracy at Panel, we feel the proposed changes go further than are necessary or appropriate at this time.</li> <li>• We are uncomfortable with the principle of having different requirements for different constituencies, this concern was raised during the Workstream discussions. We also think it inappropriate for the Panel Chair to have to allocate extra votes to a single representative during a meeting where a particular constituency is under-represented.</li> <li>• The proposed changes to the meeting quoracy rules are inferior to the current arrangements and risk preventing meetings from taking place, therefore inhibiting decision making. By applying the same quoracy rules to both the initial Panel meeting and the re-convened Panel meeting, this is likely to result in no meetings ever reaching the quoracy requirements due to the current issue of limited Shipper participation.</li> <li>• We agree this Modification should be not classified as Self-Governance as it impacts on governance procedures and therefore requires Authority approval.</li> <li>• There are no identified costs to implementing this change however if it results in Panel meetings not</li> </ul>

			<p>taking place due to lack of quoracy, there may be costs incurred due to the inability to approve and implement changes going forward.</p> <ul style="list-style-type: none"> <li>• Implementation could be in the next scheduled release after Authority approval.</li> <li>• We are satisfied that the legal text meets the Proposer's requirements.</li> </ul>
ESPUG	Support	F – Positive D- Negative	<ul style="list-style-type: none"> <li>• We support the implementation of this modification as it seeks to give Panel the ability to continue making decisions for the IGT UNC in cases where Panel representation is incomplete.</li> <li>• We would like to note our concerns on the disproportionate approach for IGTs and Shippers where Shippers can have a minimum of one Panel representative while IGTs must have a minimum of two Panel representatives though this concern does not impact our support.</li> <li>• We agree with the Workgroup that this should be subject to Authority decision.</li> <li>• We agree the approach of implementing this modification five working days after Authority approval.</li> <li>• Yes, we are satisfied that the legal text will deliver the intent of the modification.</li> <li>• We would like to note that the Section 3: Why Change? notes that a Pipeline Operator representative space is filled by a representative from ESP Group, but that spot has since been replaced by Lastmile.</li> </ul>
Scottish Power	Support	F- Positive	<ul style="list-style-type: none"> <li>• SP is in Support of implementation of this modification, at present we are the only Shipper holding one vote at Panel. This change will seek to address the lack of quoracy at Panel and will allow for decisions to be made. It will also ensure the Shipper's community views are represented too.</li> <li>• To note in the long term, we would like to see a merge of the IGT UNC, and UNC code as mention in the last workgroup meeting around this issue.</li> <li>• SP agrees sending this modification to the Authority for a decision.</li> <li>• Immediate implementation of this modification (five Working Days after the Authority) would be preferable.</li> <li>• SP is satisfied that the legal text will deliver the intent of the modification.</li> </ul>



## Response Summary

- Six responses were received to the consultation for IGT140, incorporating three responses from Pipeline Operators, and three responses from Pipeline Users.
- Four respondents offered support to this modification. Two Pipeline Operators opposed the implementation of this modification.
- Where support was offered, respondents agreed that the Modifications better facilitated Relevant Objectives F) (Promotion of efficiency in the implementation and administration of the Code). One respondent noted that they believed Relevant Objectives D) was also met as suggested by the Proposer, whereas one party felt there would be a negative impact on D). One respondent felt that this Modification went some way to positively impacting Relevant Objective F), and one party noted that this would have a negative effect on Relevant Objective F).
- All respondents agreed that the Modification did meet the criteria an Authority Decision.
- All respondents agreed that the proposed Legal Text supported the requirements of the solution.
- Where support was given for this Modification, parties agreed that this should be immediately following an Authority decision. One party suggested that if implemented, this should be approved for the next scheduled release after a decision.
- Two respondents noted that there may be financial impacts on IGTs if quoracy at re-convened meetings are not met. One respondent noted that the cost could be due to the inability to approve and implement changes going forward.
- Concerns were raised by multiple respondents on the issue of Panel quoracy. The concerns expressed where on the disproportionate approach for IGTs and Shippers, where Shippers can have a minimum of one Panel representative while IGTs must have a minimum of two Panel representatives. It was noted that this has not future-proofed the Code. Concerns where also raised on the Chair allocating multiple votes to one Panel member and cited that it would be inappropriate.

## 11 Panel Discussions

### Discussion

The Code Administrator summarised consultation responses received for IGT140, noting that six responses were received. The Code Administrator indicated that four parties were in support of the Modification, with two in opposition to the implementation of the Modification. The Code Administrator noted that all parties agreed that this should proceed to an Authority decision and that the legal text facilitated the intention of the Modification. The Code Administrator noted that where support was given for the Modification, parties agreed that this should be implemented immediately following an Authority decision.

The Code Administrator highlighted concerns raised by respondents including the disproportionate approach for IGTs and Shippers, where Shippers can have a minimum of one Panel representative while IGTs must have a minimum of two Panel representatives. It was noted that this has not future-proofed the Code against a lack of IGT Panel members. Concerns were also raised on the Chair allocating multiple votes to one Panel member and cited that it would be inappropriate.

The Panel discussed the consultation responses and noted the challenges received. The Panel had no additional comments with regards to the Consultation responses.

## Consideration of the Relevant Objectives

The Panel discussed the Relevant Objectives set out in the Modification, and in particular the comments received in the consultation responses. A Panel member noted that they felt the Modification did not meet Relevant Objective F - *Promotion of efficiency in the implementation and administration of the Code* and that the modification impacted this objective negatively, indicating that the proposed solution presented a substandard approach to that already set out in code. For example, the requirement on the Chair to allocate the additional votes to one member and the appropriateness of this. Another Panel member agreed with this, noting that parts of the solution in this proposal potentially hindered the Panel's ability to convene meetings and carry out Panel business. In particular the need of quoracy being applied to all meetings (where the current provision does not apply it to reconvened meetings) which might lead to multiple attempts at quoracy. The modification, it was suggested, might introduce an unintended obstacle to making decisions.

The Proposer noted that the provisions set out in the proposal were not unique, were very similar to those already in use in the SPAA and would not be setting a precedent in gas codes. The Proposer noted that these measures have not yet been tested in the IGT UNC and that the application of quoracy at all meetings acts as an incentive to attend meetings.

The background to the modification indicated that it stemmed from poor shipper engagement and Panel members considered the impact of the modification on this. A Panel member commented that weakening the Code would not help engagement. The Proposer indicated that the number of responses received during the consultation on this modification reflected higher levels of engagement than might normally be anticipated.

The Proposer also reiterated that there was an IGT party that had indicated that it was in full support of the Modification and its intentions within its consultation response.

## Determinations

The vote was carried out with One Pipeline User and three Pipeline Operators (please note that this meeting was held as a Reconvened meeting, as per Part L6.10 of the IGT UNC where current quoracy rules do not apply).

The Panel agreed by unanimous vote that the Modification should be determined under Authority decision.

The Panel voted on the drafting of the legal text and all parties agreed that the legal text facilitated the modifications solution.

The Panel voted on recommending implementation of the modifications and the Panel voted one for implementation and three against implementation. The decision via a Panel Majority is therefore not to recommend that this Modification is implemented.

The Code Administrator will send the finalised Final Modification Report to Ofgem and ask the Authority to decide on its implementation.

## 12 Recommendations

### Panel Recommendation to Authority

Members recommended:

- that Modification 140 should not be implemented by a Panel majority of three votes to one.

## 13 Appendix

- An outline of Shipper and IGT organisations, who have nominated Pipeline User and Operator representatives as a way to demonstrate participation and attendance. Information provided by the Code Administrator as part of the July workgroup discussions.

Panel Members 2010-2021

Pipeline User		Pipeline Operator		Large Transporter	
Company	Term	Company	Term	Company	Term
Scottish Power	2010 - 2012	Indigo Pipelines	2010 – 2021	WWU	2010 - 2012
E.ON	2010 - 2020	BUUK	2010 – 2021	National Grid	2012 - 2016
Npower	2010 - 2016	ESP	2010 – 2020	Cadent	2016 - 2019
SSE	2016 - 2019	Last Mile Gas	2020 – 2022	Vacancy	2019 - Present
Centrica (British Gas)	2012 - 2019				
Scottish Power	2019 - 2021				
Vacancy	2019 - Present				

- “IGT UNC Modification Panel Guidelines” accompanying ancillary document – see separate document