IGT UNC Innovation Derogations Guidance

An ancillary document to the IGT UNC

Version 0.1

Contents

Change History

Version	Change	Date
0.1	Draft for IGT154	1/4/2021

Document Overview

This ancillary document was created set out the process by which parties request a Derogation to the IGT UNC to facilitate trials for innovation projects which are related to the delivery of the UK's target of Net Zero Carbon emissions by 2050.

A Derogation is a permission given by the IGT UNC Panel to relieve a party from its obligation to comply with one or more paragraphs of the IGT UNC for a defined time period and in a specific location. This document sets out the process for IGT UNC parties to apply for a Derogation and the issues the Panel should consider when determining whether to approve a Derogation.

This guidance on Derogations defines the type of information expected to be included in a request for a Derogation, including, a quantitative and qualitative assessment of the impacts of the potential Derogation on, amongst other things, competition, consumers, and where relevant, impact towards net zero.

Every Derogation decision will be published on the IGT UNC website, regardless of the outcome of the decision.

1. When would a Derogation be required?

Continued compliance with Codes is not only a code obligation but also ties into Parties' licence obligations and is the responsibility of each relevant party. Failure to comply, unless permitted by a Derogation, is a contravention of the IGT UNC and therefore licence for which Ofgem may take enforcement action and consequently issue an order and/or impose a penalty.

However, there may be occasions when a Party is aware they will not be able to comply with a particular paragraph or paragraphs whilst carrying out innovation trials, pilots or demonstrations. In these circumstances the party should apply for a Derogation which is limited in location and timescale to allow for the testing or trial to take place. Should the trial be successful a more permanent solution (e.g. a change to the Code) should then be sought.

2. Application Process

A request for a Derogation should be submitted in writing to the IGT UNC Code Administrator as the Code Administrator for the IGT UNC, and should include sufficient information to enable the IGT UNC Modification Panel to make a decision, including a comprehensive, and where possible, quantitative and qualitive assessment, of the impact of the proposed Derogation. The application should use the form in Appendix A and should include all relevant supporting information as set out in Appendix B.

An application should be made as soon as possible after the need for a Derogation becomes apparent and may never be retrospective.

Applications can only be made by the IGT UNC party that the Derogation will apply to.

Only one party can be named as seeking a Derogation per request, however additional parties may submit associated Derogation requests to be considered at the same time (for example joint innovation projects with trials occurring on different networks, on the same, or differing timelines). The association should be noted in the request.

The Code Administrator will notify IGT UNC Parties of a new request for Derogation using the same distribution list as for IGT UNC Modifications.

3. Assessment by IGT UNC Panel

Each Derogation request is assessed by the IGT UNC Panel individually on its merits in terms of meeting the minimum requirements set out in this document and the likely effect

on other IGT UNC Parties, wider industry, and consumers. It will also consider the intended outcome of the trial and project as a whole in relation to further progress towards net zero targets.

In its assessment the UNC Modification Panel will consider amongst other things the impact on:

- Consumers – the extent to which the non-compliance impacts on consumers, for example through increased costs, or risks of failure of supply

- Competition – for example, any competitive advantage that may arise from granting the Derogation

- Other parties affected by the non-compliance, including where relevant, but not limited to

  o Central Data Systems Provider (CDSP)

  o Distribution Network Operators (DNO) (including Independent Gas Transporters (IGT))

  o National Grid Transmission (NGT)

  o Gas Shippers

  o Any other parties (e.g. Suppliers, consumers)

A representative of the Party making the Derogation request is expected to attend the relevant IGT UNC Panel meeting where the Derogation is to be discussed to respond to any questions from the Panel.

A Derogation will only be granted where there is a [unanimous] vote of support from IGT UNC Panel members recorded as present. Should any vote not be [unanimous] the vote will be deemed to have resulted in non-support for the request, and the Derogation will not be granted.

The Panel reserve the right to revoke a Derogation at any time. A Derogation may be granted for a shorter time than requested with additional extension subject to certain conditions being satisfied (e.g. interim reporting).

4. <u>Appeal</u>

Any Party impacted by the Derogation who wishes to appeal a Panel decision with regard to a Derogation should do so in writing to Ofgem (with a copy to the IGT UNC Panel) to be received no later than the 15th day following the IGT UNC Panel decision. Ofgem may then choose to support the Panel decision or overturn it.

In the event of an appeal, the Derogation will not be implemented until Ofgem have advised of their decision.

5. <u>Amendments to approved Derogation requests</u>

Requests for amendment of an existing approved Derogation request may only be made by the Party holding the original Derogation. Amendment requests must include details of why the amendment is required, a statement as to the impact if the amendment is not approved and a description of any changes to the impact of the Derogation.

Should IGT UNC Panel not approve an amendment, then the existing Derogation will remain valid.

Should a party who has successfully had a Derogation granted cease to be a valid IGT UNC Party before the start of the Derogation, the Derogation will fall away and have no effect.

Should a party who has successfully had a Derogation granted cease to be a valid IGT UNC Party during the terms of the Derogation, IGT UNC Panel will consider the implications on a case by case basis. The Panel will take into account the steps needed to reverse any system and/or network changes, and will also consider whether any other IGT UNC Party has, or is in the process of, formally taking over the innovation project, trial or demonstration.

Appendix A – Application Form

IGT UNIFORM NETWORK CODE
Application for a Derogation for Innovation Purposes
This document should be completed in accordance with the **Innovation Derogation Guidance Document** (which can be found at ….)
Completed forms, along with any accompanying evidence should be sent to: iGTUNC@gemserv.com

(for completion by Gemserv)
Date of application:
Derogation reference no.

Applicant details:
Company UK Link short code:
Company Name:
Company Address:
Company Registered Number:
Authorised signature:
Name:
Position within company
Contact details for project lead:
Name:
Tel:
E-mail:

Summary of Derogation – *details of the specific obligation(s) to which you are seeking a Derogation, quoting relevant IGT UNC paragraphs*

Reason for Application – details of the justification for seeking this Derogation *(include any alternative actions that have been considered, and reason that these are not being pursued)*:

Project Benefits – for both the individual party/parties and the wider industry and in relation to the path to net zero.

Conditions – description of the conditions of this Derogation (i.e. location or other restrictions):
Timescale – period of time for which the Derogation is sought (please include start and end dates):
Associated Derogations or similar – details of any previous or current Derogations or permissions (for example licence, HSE, other codes) which are related to this one. *These can be pending decision, however any approval of Derogation for the IGT UNC will be subject to relevant Derogations or permissions also being granted*

Corrective Action – Where relevant, details of the action you will take to become compliant with the obligation to which you are seeking a Derogation including dates of any key milestones associated with these actions *(including, where relevant, consumer compensation):*

Effect on other Parties – details of the requested Derogation's anticipated impact on the costs and operations of other parties (including specifically the CDSP):

Supporting documentation – description of any attached supporting documents: (Please clearly reference and list all attachments)

(for completion by Gemserv)

Considered at IGT UNC Panel on:

Outcome:

Additional notes:

Appendix B – Supporting Information

- Copy of 'Innovation Pack' that has been created to support a funding application or other related applications. [Commercially sensitive information may be redacted; provided it has no bearing on the actual nature and impact of the Derogation being requested.]

- Statement from the CDSP that they are able to facilitate data and systems impacts.

- Evidence that other, required Derogation applications have been made (e.g. Safety Case (HSE), Licence (Ofgem) and have been approved (or not been rejected)

- Evidence of any consultation with IGT UNC parties and/or affected consumers including responses to such consultation