

IGT UNC Innovation Derogations Guidance

An ancillary document to the IGT UNC

Version 0.1

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Change History

Version	Change	Date
0.1	Draft for IGT154	1/4/2021
<u>0.2</u>	<u>2nd Draft for IGT 154</u>	<u>27/4/2021</u>

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~~ which are related to one or more of the permitted matters (listed in Section 2).

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~~ part of the IGT UNC whilst carrying out ~~an~~ 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. Permitted Matters for Derogations

1. Delivery of the UK's target of Net Zero Carbon emissions

[IGT UNC Modification required to add items to this list]

2.3. 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 qualitative 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 ~~a~~ 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.

Commented [HW1]: Should there be a fee for application to cover administration costs?

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

3.4. 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 progress towards the relevant Permitted Matter, in relation to further progress towards net-zero targets.

In its assessment the IGT 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
 - Central Data Systems Provider (CDSP)
 - Distribution Network Operators (DNO) (including Independent Gas Transporters (IGT))
 - National Grid Transmission (NGT)
 - Gas Shippers
 - 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(s) where the Derogation is to be discussed to respond to any questions from the Panel.

The Panel will initially consider the application to determine whether it is complete and the appropriate evidence has been included and if so will vote [by majority] to issue for industry consultation. The Panel may also include additional questions within the consultation if they consider them relevant (approval of such questions will be by Panel majority). Consultation responses should be returned using the form in Appendix C.

The Panel will consider the derogation request and consultation responses received. If matters are raised during the consultation that were not fully considered in the initial request, they may ask the applicant to amend their proposal to include actions to mitigate the issue(s) identified. If these matters are material, then the Panel may decide (by majority vote) to send the request out for further consultation.

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).

5. Implementation

A derogation may not be implemented until the end of the appeals window. Where a derogation to the IGT UNC is dependent on the approval of other derogations, the applicant

must notify the IGT UNC Panel once they have received all required approvals and to confirm the start date. The IGT UNC Code administrator will notify market participants and publish this information on the IGT UNC website.

4.6. Appeal

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.

5.7. Amendments and Extensions to approved Derogation requests

Requests for amendment or extension 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 further effect. If another IGT UNC Party takes over the innovation project, trial or demonstration then they will be required to reapply for the derogation.

~~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 <u>Gemserv Code Administrator</u>) 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 – <i>details of the specific obligation(s) to which you are seeking a Derogation, quoting relevant IGT UNC paragraphs</i>

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 and the proposed mitigations for those impacts:

a) ~~–(including specifically the CDSP):~~

b) Consumers

c) Other market participants

a)d) Third parties

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

Appendix C – Consultation Template

Consultation Response

IGTD0XX: Derogation Title

Responses invited by: DD MMM YYYY

Respondent Details

Name:

Organisation:

Support Derogation ☐

Qualified Support ☐

Neutral ☐

Do Not Support ☐

Please briefly summarise the key reason(s) for your support / opposition

Insert text here

Please state any new or additional issues that you believe should be considered

Insert text here

Benefits

Do you agree with the benefits identified

Unmitigated impacts

Are there any consequences that would occur, should this derogation be implemented, on consumers, market participants or third parties that have not been mitigated or considered?

Insert text here

Impacts and Costs

What development and ongoing costs would you face if this derogations was implemented?

Insert text here

Implementation

What lead time would you wish to see prior to this derogation being implemented, and why?

Insert text here

Legal Text

Are you satisfied that the legal text will deliver the intent of the derogation?

Insert text here

Further Comments

Is there anything further you wish to be taken into account?

Insert text here