







Final Modification Report	At what stage is this document in the process?
<h1>IPL042:</h1> <h2>Removal of Code Credit Rules from IPL Network Code</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>In conjunction with another IGT UNC change proposal to introduce Code Credit Rules into the IGT UNC, this change will remove existing Code Credit Rule obligations from an individual network code to ensure consistency for all parties.</p>	
	<p>Panel consideration is due on <b>24<sup>th</sup> February 2023</b>.</p> <p>The Panel determined that this self-governance Modification be implemented.</p>
	<p>High Impact:</p> <p>N/A</p>
	<p>Medium Impact:</p> <p>N/A</p>
	<p>Low Impact:</p> <p>Pipeline Operators</p>

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## Timeline

**The Proposer recommends the following timetable:**

Initial consideration by Workgroup	5 <sup>th</sup> November 2019
Amended Modification considered by Workgroup	-
Workgroup Report presented to Panel	22 <sup>nd</sup> November 2019
Draft Modification Report issued for consultation	25 <sup>th</sup> November 2019
Consultation Close-out for representations	16 <sup>th</sup> December 2019
Variation Request presented to Panel	-
Final Modification Report (v1.0) available for Panel	17 <sup>th</sup> December 2019
Progression suspension Panel decision	26 <sup>th</sup> February 2021
Final Modification Report (v1.1) available for Panel	17 <sup>th</sup> February 2023
Modification Panel decision	24 <sup>th</sup> February 2023

IPL042 was raised by BUUK on 11<sup>th</sup> September 2019. This Modification was originally progressed in line with related IGT132(VV) but at the February 2021 Panel meeting it was agreed that this Modification would be paused until an Authority Decision was reached on IGT132(VV) (which was approved in December 2022). The above timetable has been updated to reflect the path of the Modification since it was paused.

## 1 Summary

IPL042 was raised by BUUK on 11th September 2019. This Modification was originally progressed in line with related IGT132(VV). At the February 2021 Panel meeting it was agreed that this Modification would be paused because the need for IPL042 was dependent of the approval of IGT132(VV). As the Panel could not approve this Modification on a conditional basis it was agreed that progression would be suspended until an Authority Decision was reached on IGT132(VV).

Following the Authority approval of IGT132VV the Code Administrator confirmed with the Panel at its January 2023 meeting that it would look to progress IPL042 and bring an updated Final Modification Report to the February 2023 meeting for decision. Please note that there have been no changes to the solution or the Legal Drafting, with only necessary context, dates and minor amendments being made to this Final Modification Report to bring it up to date with its current progress position.

In considering this Final Modification Report, the Panel also considered the development and growth of IGT132. They acknowledged that IGT132 and its solution went through two variations, ultimately being approved as IGT132VV. The Panel considered whether the development through to IGT132VV could have an impact on the views provided by the Workgroup. The Panel agreed that IGT132, IGT132V and IGT132VV all looked to introduce Code Credit Rule and regardless IPL042 would have been required to remove credit arrangements from the IPL Network Code. As a result, the Panel felt that there was no need to issue this Modification back to the Workgroup before making its final decision.

### What

With Code Credit Rules already present in the UNC and DCUSA this change is part of a package of modification proposals to efficiently implement similar arrangements into the IGT UNC. Following the same principles as the other codes and by allowing the voluntary use of such arrangements by Transporters. This change is not looking to affect the main body of the IGT UNC and will instead focus on one of the individual network codes, i.e. for Independent Pipelines Limited.

### Why

In 2018 a large number of Suppliers defaulted and entered the Supplier of Last Resort (SoLR) process. One such occasion also had the Pipeline User defaulting at the same time. Due to the IGT UNC not possessing a standard approach to code credit rule, Pipeline Operators were forced to accept any outstanding debt from pipeline users with little to no protection.

To provide protection against these scenarios, rather than attempting to update each individual network code, a sensible approach is to update the IGT UNC and ensure a fair and consistent approach across the market. Therefore, due to this standardised approach, existing individual network code mechanisms need to be removed to ensure consistency across all parties.

### How

By removing existing Code Credit Rule arrangements from within one of the individual network codes this change will ensure consistency across the IGT UNC parties on the assumption that IGT132 is implemented and thus provides a standardised approach for all.

## 2 Governance

### Justification for Self-Governance Procedures

The change has no material impact as it is solely reliant on another IGT UNC change proposals implementation for this change to also be applicable.

### Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance
- be assessed by a Workgroup alongside IGT132

### Workgroup Comments

The Workgroup discussed the governance for this Modification with the Code Administrator noting that the implementation of these Modifications is dependent on the implementation of IGT132. The Workgroup agreed with the proposers view that this Modification should proceed under Self-Governance rules.

### Panel Comments

The Panel reconsidered the governance of IPL042 and agreed that the Modification should still be treated as a Self-Governance Modification for the reasons set out by the Proposer.

## 3 Why Change?

Because another IGT UNC change is designed to implement a set and consistent approach to code credit arrangements within the IGT UNC, existing code credit arrangements need to be removed from the individual network codes to ensure the efficient operation of the code.

## 4 Code Specific Matters

### Technical Skillsets

N/A

### Reference Documents

- [Network Code of Independent Pipelines Limited](#)

## 5 Solution

To ensure consistency across the IGT UNC and those a party to it, with new text is being introduced into the main body of the IGT UNC from modification IGT132, this change will remove existing Code Credit Rule arrangements from one of the individual network codes.

### Workgroup Comments

The Workgroup discussed the solution and agreed that the proposer’s suggestions were appropriate to facilitate the change required.

## 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?

N/A

### Consumer Impacts

N/A

### Environmental Impacts

N/A

### Cross-Code Impacts

N/A

### Workgroup Impact Assessment

The Workgroup noted that there would be no foreseen impact on an SCR from this Modification. The Workgroup noted that there would be no foreseen impacts on Consumers, the environment or cross-code.

### Panel Discussions

The Panel acknowledged that the impacts section of the current set of IGT UNC Modification document templates has come some way since IGT132 was first raised. The Panel considered the Workgroup views and whether IPL042 would have any impacts on any SCRs, Consumers or other Codes and agreed with the Workgroup that there is no impact as a result of this Modification. The Panel therefore felt that there was no need to revisit discussions on impacts with the Workgroup.

## 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

<p>(D) Securing of effective competition:</p> <ul style="list-style-type: none"> <li>(i) between relevant shippers;</li> <li>(ii) between relevant suppliers; and/or</li> <li>(iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers</li> </ul>	None
<p>(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</p>	None
<p>(F) Promotion of efficiency in the implementation and administration of the Code</p>	Positive
<p>(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</p>	None

This change aims to better facilitate Relevant Objective F, by ensuring consistency across the IGT UNC and for the parties acceding to it.

### Workgroup Comments

The Workgroup discussed the proposer’s suggestion that this Modification has a positive impact on Relevant Objective F (Promotion of efficiency in the implementation and administration of the Code) and agreed with this view.

### Panel Comments

The Panel discussed the proposer’s suggestion that this Modification has a positive impact on Relevant Objective F as well as the Workgroups views and agreed that this Modification does have a positive impact on Objective F.

## 8 Implementation

At the time that it was raised the Proposer and the Workgroup agreed that the implementation of this Modification should be considered conditional on IGT132’s approval, and thus any implementation date should be based on that change. It was also agreed that if IGT132 isn’t implemented, then this change should be withdrawn.

Following the approval of IGT132VV the Panel determined that IPL042 should be implemented on the same date as IGT132VV.

### Workgroup Comments

The Workgroup discussed the proposed implementation suggestion and agreed that this approach was suitable as it hinged on the implementation of IGT132 (Introduction of IGT Code Credit Rules).

## Panel Comments

The Panel considered the implementation approach, noting that when IPL042 was raised the implementation was dependent on the approval of IGT132 (later becoming IGT132VV). As IGT132VV has now been approved, the Panel determined that the implementation of this Modification should be aligned with the implementation of IGT132VV.

## 9 Legal Text

### Text Commentary

This change is not meant to add any new text but rather to remove Appendix 1 (i.e. Code Credit Rules and Code Credit Limits) in its entirety from the 'Network Code of Independent Pipelines Limited.' This is to be in conjunction with new text added to the IGT UNC from IGT132.

### Text

A draft Independent Pipelines Individual Network Code can be found [here](#).

### Workgroup Comments

The Workgroup reviewed the suggested Ancillary document changes to the Individual Network Code for Independent Pipelines Ltd and agree that the drafting facilitate the solution of the Modification.

### Panel Comments

The Panel considered the Legal Drafting and agreed that it delivered the intention of the Modifications solution.

## 10 Consultation

Panel invited representations from interested parties, closing on 27<sup>th</sup> January 2021. 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.

### Code Administrator Comments

No direct Consultation responses were received for IPL042, however, parties can look at the Final Modification Report for IGT132 (Introduction of IGT Code Credit Rules) which this Modification is wholly linked to

### Panel Comments

In its consideration of the Modification the Panel acknowledged the comments made by the Code Administrator in the Final Modification Report and noted that this report should also reference the consultation on IGT132VV as that is also relevant to IPL042. Responses to the IGT132VV consultation can be found [here](#).

## 11 Panel Discussions

In considering this Final Modification Report, the Panel also considered the development and growth of IGT132. They acknowledged that IGT132 and its solution went through two variations, ultimately being approved as IGT132VV. The Panel considered whether the development through to IGT132VV could have an impact on the views provided by the Workgroup. The Panel agreed that IGT132, IGT132V and IGT132VV all looked to introduce Code Credit Rule and regardless IPL042 would have been required to remove credit arrangements from the IPL Network Code. As a result, the Panel felt that there was no need to issue this Modification back to the Workgroup before making its final decision.

### Determinations

The Panel considered the IPL042 and unanimously agreed:

- that this Modification does not have an impact on any SCRs;
- that this Modification is a Self-Governance Modification;
- that impacts were accurate and appropriate, and they had nothing new to add;
- that this Modification will have a positive impact on Objective (F);
- with the proposed implementation approach;
- that this solution delivers the intent of the Modification; and
- that the Legal Drafting delivers the intention of the solution.

Further details with regards to Panel discussions can be found in the relevant sections of this Final Modification Report.

## 12 Recommendations

### Panel Determination Self-Governance

The Panel agreed unanimously:

- that Modification IPL042 should be implemented.