





Final Modification Report	At what stage is this document in the process?
<h1>IGT167:</h1> <h2>Alignment of the IGT UNC with UNC NGT Demand Side Response Arrangements</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px;">01</span> Modification         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px;">02</span> Workgroup Report         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px;">03</span> Draft Modification Report         </div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 2px; display: flex; align-items: center; gap: 5px;"> <span style="border: 1px solid #ccc; border-radius: 5px; padding: 2px 5px;">04</span> Final Modification Report         </div> </div>
<p><b>Purpose of Modification:</b></p> <p>The purpose of this modification is to incorporate and enable the existing National Gas Transmission Demand Side Response arrangements on IGT networks by aligning the IGT UNC to the UNC.</p>	
	<p>Panel considered the Modification on <b>17<sup>th</sup> August 2023</b></p> <p>The Panel unanimously recommends implementation</p>
	<p>High Impact: None</p>
	<p>Medium Impact: Shippers, Suppliers</p>
	<p>Low Impact: IGTs</p>

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Timeline		
<b>Modification timetable:</b>		
Initial consideration by Workgroup		13 <sup>th</sup> July 2023
Amended Modification considered by Workgroup		-
Workgroup Report presented to Panel		-
Draft Modification Report issued for consultation		28 <sup>th</sup> July 2023
Consultation Close-out for representations		11 <sup>th</sup> August 2023
Variation Request presented to Panel		-
Final Modification Report available for Panel		14 <sup>th</sup> August 2023
Modification Panel (Extraordinary) decision		17 <sup>th</sup> August 2023
Modification sent to Ofgem		18 <sup>th</sup> August 2023
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## 1 Summary

### What

This Modification looks to align the IGT UNC with Demand Side Response (DSR) arrangements implemented as part of UNC modifications 0822, 0833, 0844 and 0845, and so should be read as an enabler Modification. These Modifications have been subject to scrutiny and debate with the usual rigour under the UNC Workgroups.

There are no significant impacts to IGTs and arrangements for Shippers will mirror that of the UNC Modifications.

This Modification will simply enable the relationship between National Gas Transmission and Shippers, and between National Gas Transmission and the Consumer to exist on IGT networks as it does within Large Transporter networks.

It should be noted that currently 0844 and 0845 have not been implemented in the UNC, and the sections of this Modification that relates to them is dependent on them being supported by Authority Direction.<sup>1</sup>

Below is a breakdown of what this Modification looks to replicate from the UNC into the IGT UNC;

#### [0822: Reform of Gas Demand Side Response Arrangements.](#)

- This Modification was implemented on 17<sup>th</sup> October 2022, following an Urgent Authority Decision.
- This Modification allowed for National Gas Transmission to issue a tender to Users seeking commitments, in advance, to offer DSR volumes that would physically be delivered by Class 1 Consumers.
- Where National Gas Transmission accepted a DSR Option offer from a User, it provided for an Option fee to be paid in respect of each month of the Winter Period, alongside an Exercise payment where the User, would be paid if DSR arrangements were triggered.
- The trigger was extended for opening the DSR market, from the issue of a Gas Balancing Notification, to also include issue of a Margins Notice at the day ahead stage.

#### [0833: Enabling Demand Side Response \(DSR\) Market Offers to be made by Non-Trading System Transactions.](#)

- This Modification was implemented on 9<sup>th</sup> December 2022 following an Urgent Authority Decision.
- This enabled National Grid Transmission to effect DSR trades with Users that don't have access to the On-the-day Commodity Market (OCM), and thereby enable their participation in the DSR tender.

#### [0844: Enabling Direct Contractual Arrangements with Consumers for Demand Side Response.](#)

- This Modification is currently at Consultation stage, ahead of being issued for Authority Decision.
- This change builds on 0822 and 0833 to expand the scope of the DSR arrangements set out above to include the ability for National Gas Transmission to establish direct contractual arrangements with individual Class 1 Consumers who wish to volunteer the reduction of their gas demand.

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<sup>1</sup> As has previously been the case with IGT UNC modifications. [IGT138V – Performance Assurance Techniques and Controls](#) sets the precedent that was dependant on the implementation of UNC 0674.

## Why

This Modification is enabling the IGT UNC to be aligned with the UNC, in terms of its governance and to allow Class 1 and 2 Consumers on IGT networks to have the ability to take part in DSR arrangements.

Demand Side Response serves as a mitigating tool against the risk of a Gas Deficit Emergency (GDE). Enhanced measures to safeguard gas security of supply have come into sharper focus since the war in Ukraine and associated reduction in gas supplies to the EU.

## How

The IGT UNC will need to be modified to include references to the changed UNC TPD document to enable the contractual arrangements to be conducted on IGT networks. Currently, there are no references in Code to DSR.

## 2 Governance

### Justification for Normal Procedures

This Modification should be subject to an Authority Decision, to align with that of the UNC modifications, that have either gone through, or are about to go through Ofgem scrutiny before being approved.

### Requested Next Steps

This modification should:

- proceed to Consultation, following initial discussions at July Modification Workgroup. It is recognised that extensive discussions have taken place under the UNC and that this modification will simply replicate the arrangements for Users and Consumers on IGT networks, with no variation required to the arrangements.
- be subject to Authority Decision.

### Panel Discussions (July 2023)

The Panel unanimously agreed with the Modification being subject to an Authority decision in view of the fact that Ofgem have been following these DSR Modifications very closely under the UNC so is right that it mirrors and reflects that approach.

### Panel Discussions (August 2023)

The Panel confirmed that the previous decisions made and the views of the proposer in terms of the governance route for this modification were still relevant.

A Panel member added that as the discussions and challenges of the rationale of the modification had been undertaken under the UNC Modifications process that there is no risk in the mod assessments and to working to the shortened timescales for this Modification.

The Panel unanimously agreed that this Modification should be subject to an Authority decision.

## 3 Why Change?

Currently the IGT UNC is silent on the subject of Demand Side Response. A Modification of the Code is proposed in order to bring the IGT UNC up to speed to allow for Consumers on our networks to be able to partake in DSR Options as they do on Large Transporter networks.

DSR arrangements provide a mechanism for large Consumers (Class 1 & 2) of gas to offer to reduce their demand via their User in return for a payment that they define during times of system stress.

DSR as a whole is required to mitigate the risk of a Gas Deficit Emergency (GDE), and specifically an IGT UNC Modification is required to allow Class 1 and 2 on IGT networks to have the ability to benefit from these arrangements but also assist in the prevention of a GDE occurring. This will then reduce the likelihood, severity or duration of a gas supply emergency and provide a ‘route to market’ for large consumers to potentially receive greater financial compensation than they would under a GDE.

Should this change not be made, supply may not be able to meet demand and could lead to a GDE.

### Panel Discussion (July 2023)

N/A

## 4 Code Specific Matters

### Technical Skillsets

None

### Reference Documents

- [0822: Reform of Gas Demand Side Response Arrangements.](#)
- [0833: Enabling Demand Side Response \(DSR\) Market Offers to be made by Non-Trading System Transactions.](#)
- [0844: Enabling Direct Contractual Arrangements with Consumers for Demand Side Response.](#)
- [0845: Enhancements to Demand Side Response \(DSR\) Arrangements including a D-5 Product.](#)
- [National Grid - DSR Framework and Methodology Document](#)

## 5 Solution

This Modification is simply looking to allow those on IGT sites to do the same as those on GDN sites. In order to facilitate this, the IGT UNC needs to be updated to point to the relevant sections of the UNC that refer to Demand Side Response, within UNC Modifications 0822, 0833, 0844 and 0845.

It should be considered that Modifications 0844 and 0845 have not been implemented yet and are currently at Consultation in the UNC. This Modification has been drafted so that, should either of these Modifications NOT be approved, then this Modification will merely not implement either or both of those elements of DSR arrangements within the IGT UNC. Equally, should Ofgem deem that the 0822 and 0833 elements of this Modification not be implemented, this Modification will be withdrawn. This is reflected in the legal text, attached within the Modification documents on the IGT UNC website.

For clarity;

Modification	Legal Text
0822	TPD Section D, Clauses 5 and 7
0833	TPD Section D, Clauses 5 and 7

0844	TPD Section D, Clauses 7 and 8
0845	TPD Section D, Clause 7

Should 0845 not be approved, there will be no changes to the IGT UNC legal text in this Modification.

Should 0844 not be approved, Clause 8 will not be included in the IGT UNC legal text.

See Appendix 1 for full Solutions to the UNC Modifications.

### Panel Discussion (July 2023)

The Panel highlighted a clerical error within the Solution, where the below sentences were originally incorrect with 0845 and 0844 being the wrong way around. These have now been amended within the Modification.

*Should 0844 not be approved, there will be no changes to the IGT UNC legal text in this Modification.*

*Should 0845 not be approved, Clause 8 will not be included in the IGT UNC legal text.*

The Panel support the proposer’s discussion and arguments on the Modification.

### Panel Discussion (August 2023)

The Panel still support the proposer’s discussion and arguments on the Modification.

## 6 Impacts & Other Considerations

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

No

### Consumer Impacts

#### What is the current consumer experience?

Currently, Consumers on IGT networks are unable to partake in DSR contracts with National Gas Transmission. This prevents them being able to financially benefit from the arrangements and also partake in preventing a Gas Deficit Emergency.

#### What would the new consumer experience be?

This Modification provides Class 1 Consumers with an opportunity to contract directly with National Gas Transmission and Class 1 and 2 Consumers via their Registered User to provide DSR at times when expected available supply is insufficient to meet forecast demand. This would help prevent a supply shortfall situation escalating to a GDE which would have detrimental impacts on a wider group of consumers.

### Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability	Positive

<p>This will allow National Gas Transmission to have foreknowledge about whether any DSR will be available if needed, meaning better reliability. Allowing for the Option Price and lead-times also means for a greater ability for Consumers to partake in the arrangements.</p> <p>Without this, preventing escalation towards a GDE could impact all consumer groups.</p>	
<p><b>Lower bills than would otherwise be the case</b></p> <p>The impacts on consumer bills from a GDE are unquantifiable in advance but are likely to be significant as wholesale gas prices would rise in response to the insufficient supply situation that would trigger such an event.</p> <p>However, if DSR Market Offers are not required during a Winter Period then the option payments would still be funded by Users through balancing neutrality which may then be passed on to consumers.</p>	Positive
<p><b>Reduced environmental damage</b></p> <p>A quantifiable impact on the environment is not envisaged as a result of this Modification. There is potential for consumers to offer DSR that may deliver it via fuel-switching to a more polluting source than natural gas, but this is unknown at this stage.</p>	Unknown/negligible
<p><b>Improved quality of service</b></p> <p>Declaration of a GDE resulting in compulsory firm load shedding would result in a significant impact on quality of service that for those parties that may be unable to continue their gas offtake. This Modification helps to mitigate such a scenario arising.</p>	Positive
<p><b>Benefits for society as a whole</b></p> <p>The potential impact on heating capability, gas fired electricity generation, interruption to industrial production and knock-on impacts into wider supply chains that a GDE is capable of causing could result in a major economic and societal impact for the country. Putting in place a comparatively modest financial incentive relative to the potential scale of these impacts as proposed by this Modification would provide additional mitigation against such risks arising.</p>	Positive

### Cross-Code Impacts

There are Cross-Code Impacts with the UNC as this Modification looks to take on UNC mods to apply to the IGT UNC.

UNC	<input checked="" type="checkbox"/>
REC	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

## Environmental Impacts

No environmental impacts are seen as directly being caused by this Modification.

## Central System Impacts

Central System changes have been implemented and further are proposed, both which look to include IGTs within these changes. This will be centred around invoicing DSR Participants via the RTB process. There is also a focus on data provision for NGT to support the DSR process.

The detailed design change pack for UNC modification 0844 will be issued in July 2023. Currently CDSP do not anticipate an implementation cost, though this would be reassessed should volumes increase above 30 Consumers.

## Panel Discussion (July 2023)

The Panel agreed with the impacts as set out above.

The Panel highlighted that all of these points have been taken in principle from the UNC discussions where full debate has taken place in regard to the Solution/Impacts.

The proposer added that they had been in discussion with CDSP about this Modification and the Central System Impacts. The CDSP have endorsed this section of the Modification.

## Panel Discussion (August 2023)

The Panel agreed that the impacts have had sufficient debate, that what is articulated here is relevant and appropriate and had nothing further to add.

## 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	Positive
(B) Co-ordinated, efficient, and economic operation of <ul style="list-style-type: none"> <li>(i) the combined pipe-line system; and/or</li> <li>(ii) the pipe-line system of one or more other relevant gas transporters</li> </ul>	Positive
(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>	None
<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

**Relevant Objective (a) “efficient and economic operation of the pipe-line system”** is furthered by this Modification, which is designed to encourage voluntary DSR and thus mitigate the risk of a supply shortage escalating to declaration of a GDE. Should a GDE be declared then compulsory firm load shedding would result in disruption and inefficiency in the operation and use of the network as some parties that would wish to be taking gas would be prevented from doing so.

**Relevant Objective (b) “co-ordinated, efficient and economic operation of (i) the combined pipeline system and/or (ii) the pipeline system of one more other relevant gas transporters”** is also furthered by this Modification, also due to its mitigation of a GDE being declared. If such an event occurred, in addition to firm load shedding on the NTS, Independent Gas Networks may be given instructions to implement the shedding of firm loads within their networks resulting in disruption and inefficiency.

### Panel Discussion (July 2023)

The Panel highlighted that these discussions have been had under the UNC and these marry with the UNC Modifications.

The Panel unanimously agreed with the proposers ascertain of the positive impacts of the relevant objectives (A) and (B) and the reasons provided by the proposer.

The Panel unanimously agreed that there are no impacts of the other relevant objectives.

### Panel Discussion (August 2023)

The Panel unanimously agreed that the modification had a positive impact on relevant objectives (A) Efficient and economic operation of the pipe-line system and (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 and that no other relevant objectives were impacted.

The Panel supported the arguments put forward by the proposer and had no further comments to make.

## 8 Implementation

This Modification should be implemented as soon as possible following Authority Decision to allow to be in place for 2023/2024 Winter Period. The relevant UNC Modifications 0844 and 0845 that are currently at Consultation stage, following full workgroup scrutiny have a proposed implementation of 7<sup>th</sup> August 2023, to allow for procurement to be conducted in time for the 2023/2024 Winter Period.

### Reliance of Modifications 0844 and 0845 Approval.

It should be noted that currently 0844 and 0845 have not been implemented in the UNC, and the sections of this Modification that relates to them is dependent on them being supported by Authority Direction.

### Panel Discussion (July 2023)

The proposer confirmed that the Modifications 0844 and 0845 have now passed the Consultation stage and approved by Panel and are now both with Ofgem.

The Panel added that in view of being mindful that they do not want consumers on IGT Networks to be disadvantaged that Ofgem are urged to consider these as quickly as possible so that they can be considered for this Winter's activity.

This will result in an extraordinary release of the IGT UNC so that the Modification will be implemented and effective from that point forwards.

The Panel unanimously agreed with the implementation approach and what is documented above and understand the impacts.

### Panel Discussion (August 2023)

The Chair confirmed that both UNC Modifications 0844 and 0845 have now been approved by Ofgem.

The Panel discussed the modifications implementation and agreed, assuming Authority consent and no implementation direction, that the modification should be implemented as soon as possible to ensure IGT sites are included in the invitation to be issued by National Gas on the 31<sup>st</sup> August.

The Panel unanimously agreed the Modification should be implemented to marry up with UNC 0844 and UNC 0845 implementation and timetable under the UNC or soon as possible after that, subject to any Appeal window and relevant Code governance.

## 9 Legal Text

### Text Commentary

The Legal Drafting for this Modification can be found on the IGT167 webpage [here](#).

### Panel Discussion (July 2023)

The Panel unanimously agreed that the Legal Drafting will become part of Part 'K' of the IGT UNC.

The proposer highlighted that there are two Legal Texts as the first is written with the assumption of UNC0844 being approved and highlights that provisions of clauses 5,7 and 8 of Section D of the UNC TPD would apply. The second is with the assumption of UNC0844 not being approved where it takes away the clause 8 of Section D of the UNC TPD but would leave clauses 5 and 7.

To clarify Ofgem would not need to reject IGT167 Modification if they were to reject UNC0844 and UNC0845. They could still accept IGT167, and this Modification would, with the direction of Ofgem, comply and enable DSR arrangements on IGT Networks in line with UNC Modification 0822 and 0833.

The Legal Text has a strong dependency on the implementation of the UNC Modifications 0844 and 0845.

The Panel agreed that they support this approach and agreed for the Legal Drafts to be amended to reflect the discussions above.

### Panel Discussion (August 2023)

The Panel confirmed that only one set of Legal Text will now be required following the implementation of UNC 0844 and 0845 and the Panel unanimously agreed that this Legal Text provides the Solution.

## 10 Consultation

Panel invited representations from interested parties on 28<sup>th</sup> July 2023. The summaries in the following table are provided for reference on a reasonable endeavour's 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
BUUK	Support	A – Positive B – Positive	<ul style="list-style-type: none"> <li>• As proposer of this Modification, they fully support it being implemented. This proposal seeks to align the IGT UNC with the UNC governance. It will also allow for Class 1 and 2 Consumers on IGT sites to be able to access DSR arrangements.</li> <li>• They support the Panel's determination that this should be an Authority Decision modification to align with that of the UNC modification this looks to replicate.</li> <li>• No new issues identified.</li> <li>• They believe that this modification will have a positive impact on relevant objectives (A) and (B), as was also highlighted in the UNC modification discussions.</li> <li>• No impacts and costs were identified.</li> <li>• They believe that this modification should be implemented as soon as possible to prevent Consumers on IGT networks being disadvantaged.</li> <li>• Support the legal text in this modification, including the variations should UNC modifications 0844 or 0845 not be approved.</li> </ul>

			<ul style="list-style-type: none"> <li>• It should be noted that although this modification has had a shortened turnaround than that which is usual, the sections in this modification are replicated from the four UNC modifications that have all been through full debate and scrutiny under the UNC. This has been through workgroups and Panel, with Modifications 0822 and 0833 being approved by Ofgem already and 0844 and 0845 awaiting decision following support from Panel after Consultation stage.</li> </ul>
Indigo Pipelines Limited.	Support	A – Positive B – Positive	<ul style="list-style-type: none"> <li>• In support of this Modification being implemented so that customers connected to IGT Networks are able to engage with Demand Side Response arrangements and receive the same advantages as customers on GDN Networks.</li> <li>• Agree with the proposer that this modification should be subject to Authority decision and mirror the approach taken for the UNC equivalent modifications.</li> <li>• No new issues identified.</li> <li>• Agree with the proposer that Relevant Objectives A &amp; B are positively impacted as opening DSR arrangements to IGT customers helps to reduce the risk of a Gas Deficit Emergency occurring by widening the pool of customers who can voluntarily shed load to prevent a gas shortage from escalating into a national emergency.</li> <li>• No impacts and costs identified.</li> <li>• Agree to implementation as soon as possible after Authority consent with the aim of aligning as close as possible with the implementation of the UNC equivalent Mods and in time for Winter 23/24.</li> <li>• Accept the proposed legal text.</li> </ul>

## Summary of Responses

There were 2 responses to the IGT167 Consultation, both from IGT's. Both respondents:

- Support the implementation of this Modification;
- Agree that this Modification should be subject to Authority Decision;
- Agree that this Modification has a positive impact on Relevant Objectives (A) and (B);
- Agree with the implementation approach;
- Agree the Legal Drafting delivers the intent of the Modification.

All responses have been published on the [IGT167 page](#) of the IGT UNC website.

## 11 Panel Discussions

### Panel Discussions and Decisions (July 2023)

A summary of the Panel's discussions and decisions is set out below. Additional information regarding these can be found in the relevant sections of this document.

The Panel unanimously agreed:

- with the Proposer's request in that IGT167 should be treated as an Authority Decision Modification being subject to an Authority decision in view of the fact that Ofgem have been following these DSR Modifications very closely under the UNC so is right that it mirrors and reflects that approach;
- that following initial discussions at July Modification Workgroup, the Modification should be issued out for a shortened Consultation as it is recognised that extensive discussions have taken place under the UNC;
- that the solution delivers the intent of the Modification and meets the needs identified by the Panel;
- that the impacts highlighted within the Modification are an accurate reflection and that all of these points have been taken in principle from the UNC discussions where full debate has taken place in regard to the Solution/Impacts;
- the Modification will have a positive impact on Relevant Objectives (A) and (B);
- with the proposed implementation approach, as they do not want consumers on IGT Networks to be disadvantaged, and they understand the impacts;
- that the Legal Drafting delivers the intent of the IGT167 solution.

### Panel Discussions and Decisions (August 2023)

The Panel, having considered responses to the IGT167 consultation, unanimously agreed:

- that IGT167 should be subject to an Authority decision.
- that the solution delivers the intent of the Modification and meets the needs identified by the Panel;
- that the impacts highlighted within the Modification are an accurate reflection and had nothing more to add;
- the Modification will have a positive impact on Relevant Objectives (A) and (B);
- with the proposed implementation approach, and that this Modification should be implemented to marry up with 0844 and 0845 under the UNC, subject to any Appeal window, or as soon as possible after that.
- that the Legal Drafting delivers the intent of the IGT167 solution; and
- that no further work is required on this Modification, and it could proceed to the Authority for decision.

## 12 Recommendations

### Panel Determination Authority Decision

Members unanimously agreed:

- that Modification 167 should be implemented.

### Panel Recommendation to Authority

Members recommended:

- that Modification 167 should be implemented.

The Panel confirmed this Modification is to enable customers on IGT Networks to be treated fairly and given the same opportunities as customers on GDN Networks.

The Panel respectfully requested that the Authority make their decision as quickly as possible recognising that IGT's are trying to be fair to their consumers with this Modification and the hope is that the IGT UNC modification can meet the timescales for National Gas Transmission's invitation letter.