IGT | UNC

Draft Modification Report	At what stage is this document in the process?

IGT181:

Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers

01 Modification
02 Workgroup Report
03 Draft Modification Report
04 Final Modification Report

Purpose of Modification:

This Modification seeks to align the IGT UNC with the changes implemented into the Uniform Network Code (UNC) under 0854 'Revision of Virtual Last Resort User and Contingent Procurement of Supplier Demand Event Triggers' in May 2024. This will ensure that the UNC processes can apply to IGT Supply Meter Points (SMPs) as intended under UNC0854.

This Draft Modification Report is issued for consultation at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Self-Governance Modification Proposal.

The close-out date for responses is **22nd June 2026**, which should be sent to IGTUNC@talan.com. A bespoke response form, which you may wish to use, can be found on the IGT181 webpage.

The Panel will consider the responses and agree whether or not this Self-Governance Modification Proposal should be made.

High Impact:

Independent Gas Transporters (IGTs), Shippers, Suppliers

Medium Impact:

None

Low Impact:

CDSP

Priority Category:

Standard

Contents

Timetable

Progression Timetable:	
Modification Proposal Raised	18th February 2026
Initial consideration by Panel	27th February 2026
Initial consideration by Workgroup	12th March 2026
Workgroup Report presented to Panel	29th May 2026
Draft Modification Report issued for consultation	1st June 2026
Consultation Close-out for representations	22nd June 2026
Final Modification Report available for Panel	17th July 2026
Modification Panel decision	24th July 2026

Any questions?

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1 Summary

What

If a User Termination occurs, the UNC allows the Supplier to operate under the terms of a binding 'Supplier Undertaking' which it has given to Gas Distribution Networks (GDN) and IGTs. This means that even though there is no Registered User in place for the relevant SMPs, the UNC provides for:

- A Virtual Last Resort User ('VLRU'): Enabling the relevant Supplier to utilise other existing User relationships to source additional supplies of gas and make trade nominations to the Terminated User account to balance that portfolio and mitigate increased costs, until a new Registered User is appointed.
- Contingent Procurement of Supplier Demand ('CPSD'): Requiring that, separate to its role as residual balancer, National Gas Transmission (NGT) procures gas to meet the forecast demand of Terminated SMPs that are temporarily without a Registered User. In this ringfenced role, gas can be procured more efficiently compared to purchases actioned via the residual balancer role.

Prior to the implementation of UNC0854, if a User was sanctioned by the UK Government it would not constitute a user default event under UNC which meant that NGT was unable to issue a Termination Notice to the User and make use of the 'Supplier Undertaking,' 'VLRU' or 'CPSD' processes.

UNC0854 introduced the concept of a User Premises Termination Notice (UPTN) into the UNC. This means that NGT are now able to issue this suspension notice (UPTN) to Users in the event of Government sanctions. This allows the utilisation of the two mechanisms detailed above and therefore facilitates the maintenance, ongoing integrity and continued effective operation of the commercial Energy Balancing and Transportation arrangements in the immediate/short term until an alternative User Registration is in place for the relevant SMPs.

For the avoidance of doubt a UPTN is not defined as a 'User Default' and will not trigger a termination, rather a suspension of the User. In theory this means that a previously sanctioned User could re-enter the Gas Market as the same legal entity. However, this scenario is highly unlikely and outside the scope of this Modification.

UNC0854 states that IGTs are 'highly impacted' by UNC0854 and that the IGT UNC points to UNC and that it would be up to the IGT UNC Code Administrator to determine if anything further is required. This IGT enabling Modification has been raised as IGT UNC does not currently point across to all sections of the UNC relevant to UNC0854.

Why

This IGT UNC Modification has been raised to ensure that the same protections available to Gas Distribution Network (GDN) SMPs are available to IGT SMPs.

Although IGT UNC allows for "User Default" in Part K Clause 7, the definition of the 'User Default' as outlined in Clause 7.1 a – d does not include Government sanctions as a reason for 'User Default'. Therefore, Government sanctions cannot constitute a 'User Default' under the IGT UNC.

This aligns with UNC0854, which also acknowledges that Government sanctions are not a 'User Default' event under UNC. Please see extract from UNC0854 below:

> As the application of sanctions on a User by the UK government does not constitute a User Default event under the UNC, a Transporter is not able to issue a Termination Notice as a direct consequence. Hence a mechanism

The UNC0854 decision letter also concurs that a UK Government Sanction on a User does not constitute a 'User Default'. Please see extract below:

> If a gas shipper were to be subject to sanctions by the United Kingdom ("UK") Government, its ability to deliver gas to registered Supply Meter Points in the Great Britain ("GB") market would be inhibited. The application of sanctions would not, however, constitute a User Default under the UNC. The shipper would not be terminated from the UNC, its registration to Supply Meter Points would not be terminated, and the terms of a binding Undertaking ("Supplier Undertaking") would not be triggered. The VLRU and CPSD mechanisms could therefore not be activated, so consumers would not be protected through these mechanisms. For as long as a sanctioned shipper remained an active User under the UNC but is not able to flow gas to registered Supply Meter Points, NGT would procure gas via the OCM to balance the market as necessary, in its residual balancer role. Only if and when affected Supply Meter Points are transferred to another operational shipper in the industry systems, would the new shipper take on the associated rights and obligations (including the ability to trade).

The full Ofgem decision letter can be accessed here.

An IGT UNC Modification is required to ensure 'activation' of the Supplier Undertaking (i.e. for arrangements between the IGT and the relevant User at the relevant premises to 'come to an end'). Further, in order to mitigate the consequential imbalance risk, the triggers for availability of the VLRU and CPSD mechanisms need to be extended to where the aforementioned arrangements have 'come to an end' in these circumstances.

How

The IGT UNC needs to be amended to introduce the concept of a new suspension notice (a UPTN) to a User sanctioned by the UK Government.

This suspension notice will discontinue the relevant User's Registration for any SMPs for which it is the prevailing Registered User whilst it remains a 'live' (i.e. not terminated) User. The UPTN will set out the reason(s) for the issue of the UPTN and the date from which the registration of the relevant SMPs is to be discontinued.

The IGT UNC needs to allow the 'activation' of the Supplier Undertaking. It also needs to trigger the VLRU and CPSD mechanisms to 'activate' for recipients of the UPTN in order to mitigate the consequential imbalance risk. For reference, UNC TPD E10.1.1(a) and D6.1.2(a) address both the VLRU and CPSD mechanisms respectively if not outlined in the IGT UNC.

For avoidance of doubt, from the effective date on which the registration of relevant SMPs are discontinued, the relevant SMPs shall be subject to the same provisions as Terminated SMPs.

2 Governance

Justification for Self-Governance procedures

At the time of submission, the Proposer felt that this Modification met the requirements for Self-Governance and there are no identified material impacts and was unlikely to have a material effect on:

i._existing or future gas consumers;

ii. competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes;

iii. the operation of one or more pipeline system(s);

iv. matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and

v. the network code modification procedures; and

vi. is unlikely to discriminate between different classes of parties to the Uniform Network Code / relevant gas transporters or gas shippers.

IGT181 seeks to allow under the IGT UNC the ability to utilise certain mechanisms in the event of a UPTN being issued. This is as per the intent of UNC0854. As a UK government sanction is not considered a 'User Default' event and IGT UNC does not point to all relevant sections of UNC relating to UNC0854, IGT181 is required to enable a UPTN to trigger the risk mitigating mechanisms previously available only in the event of a Termination.

This Modification seeks to ensure the treatment of IGT SMPs aligns with GDN SMPs in the case of UK government sanctions.

Although UNC0854 was Authority Consent, this was in part due to the risk of a User being subject to a UPTN. As we are not aware of this risk currently, IGT181 has been raised with the intention of aligning the IGT UNC process and treatment of IGT SMPs with UNC. Therefore, Self-Governance is deemed the most appropriate route.

Requested next steps

This Modification should:

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

Panel discussion (February 2026)

IGT181 was presented to the Panel for initial consideration in on 27th February 2026. During the discussions, the Chair noted that the Modification had been submitted indicating that it should be subject to Self-Governance procedures.

A Panel member raised concerns that IGT181 did not meet the criteria for a Self-Governance Modification Proposal. They acknowledge that IGT181 was seeking to mirror UNC0854, which had already been approved by Ofgem. However, they advised that Ofgem has also previously made it clear that all Modifications must be progressed on their own merits, regardless of the progression of related Modifications elsewhere. While the history of UNC0854 is relevant context, the Panel must be satisfied that IGT181 independently meets the Self-Governance Criteria.

The Panel member questioned whether IGT181 had an impact on competition, given the Modification's purpose is to enable intervention in the event of sanctioned Shippers.

Another member agreed with this view, and felt that the Modification may have an impact on competition.

Two Panel members voted for IGT181 to be subject to an Authority Decision, while the other two voted for Self-Governance. This resulted in a split decision. The Code Administrator clarified that the Governance route for a Modification can be changed at any point and suggested that the Modification progress as is, and the Panel discussions relayed to the Workgroup. The Workgroup can then develop the Modification with the Proposer and deliberate on this matter as part of the Modifications assessment.

The Panel agreed with the approach.

Workgroup discussions (March 2026)

Xoserve advised the Workgroup that the Panel had a split view when voting on the Governance route for IGT181. They advised that the Proposer had opted for Self-Governance initially, due to the Modification looking to align the IGT UNC with UNC following the implementation of UNC0854, which had also been approved by Ofgem.

The Code Administrator explained that two Panel members had agreed with this rationale and voted for Self-Governance, with the other two Panel members voting for IGT181 to be subject to an Authority Decision, for reasons as set out above.

The Code Administrator confirmed that Panel will make the final decision on the Governance route but were keen for the Workgroup to discuss this matter in further detail. Xoserve added that they and the Proposer would be happy to change their view if the Workgroup decided that IGT181 should be subject to an Authority Decision.

A member, who supported an Authority Decision, referenced current affairs that might make this Modification more urgent, and so it would be sensible for Ofgem to decide on IGT181. Xoserve and another member agreed with the rationale, adding that the global situation has changed since the Modification was drafted.

The Workgroup's initial view was taken that IGT181 should be subject to an Authority Decision, though it was noted that a final view will be taken before the Workgroup Report is submitted to Panel.

Workgroup discussions (May 2026)

The Proposer asked about precedence and whether there have been IGT UNC Modifications going to the Authority where there has also been an UNC Modification going alongside it. The Chair advised that this does happen, but we have never had a split IGT UNC Panel decision on the Governance route.

The NESO representative acknowledged the fact that these are two separate Codes, and the two Modifications should be treated separately but would consider the best route for this Modification is for it to require an Authority decision.

The Workgroup members revisited the Panel's views and rationale on Governance. Xoserve advised that the rationale for Self-Governance when the Modification was raised was because UNG0854's intent was for it to apply to IGT sites and that the UNC Modification had already been approved by Ofgem. They referenced the rationale for the two Modifications being treated as separate changes and acknowledged the impacts identified by some Panel members with regards to Authority Direction. They confirmed that they would support the Modification going to the Authority if that's what the Workgroup and the Panel agree is appropriate. Though they noted the lower administrative effort of Self-Governance.

A Workgroup member asked how quickly Ofgem would be able to make a decision on this Modification. Noting that if they are able to make a decision quickly it would be beneficial to know. They added that they see the value of both governance routes, though they are leaning towards Authority Direction.

The Code Administrator advised the Workgroup that while knowing the potential timescales for an Authority decision is important information, we need to assess the Modification against the Self-Governance criteria as it is now. A Workgroup member agreed with this view and suggested that clear references to UNC0854 should be made to ensure the links to that Modification are clear.

The Proposer confirmed that they still feel this Modification should be treated as a Self-Governance Modification Proposal. The Workgroup provided an overall neutral view and noted that further information on the governance route could be obtained via consultation.

The Code Administrator confirmed that the Modification will proceed under Self-Governance as proposed and that the Panel will make the final decision with regards to Governance. The Workgroup raised no concerns with regards to this approach.

Panel discussions (May 2026)

The Code Administrator provided Panel members with an overview of the Workgroup discussions on Modification Governance. In response, Ofgem provided members with the following written statement, read verbatim:

“The final decision on Governance would be up to Panel, but our feeling is that IGT181 could remain a Self-Governance Modification at present. We will be reviewing the consultation responses to see whether the respondents highlight any issues or concerns, which may change our perspective on the Governance question.”

Panel members thanked Ofgem for this statement and were supportive of Ofgem in their intervention. Panel members indicated that they would be supportive of a bespoke question in the Consultation on whether this Modification should be Self-Governance or Authority-Determined, with reference to the Ofgem statement.

The Panel Chair asked Panel members whether this Modification should proceed as Self-Governance. A member indicated that they agree that the Modification is Self-Governance, with the caveat that the Modification may change to Authority-Determined should the responses from the Consultation support such a change. Another member indicated that they have changed their view, and now agree that this is a Self-Governance Modification, subject to the same caveat given by the other Panel member. Another Panel Member also agreed that IGT181 is a Self-Governance Modification.

As a result, the Panel considered Proposer and Workgroup views with regards to Governance and unanimously agreed that IGT181 should be treated as a Self-Governance Modification Proposal.

Prioritisation Criteria

Prioritisation Criteria	High Impact
Strongly aligns with the Strategic Direction Statement The Modification strongly supports key government energy policy actions that require immediate progress and aligns with SDS priorities under the Act Now category.	No

Complexity The Modification is highly complex, with a fast-approaching deadline, significant implementation challenges, and a requirement for extensive stakeholder engagement.	No
Importance The Modification addresses a high-risk or critical issue, making timely action important for stakeholders as it is anticipated to deliver substantial benefits and value.	No
Priority Category	Standard

In preparation for the new Prioritisation process being implemented into the IGT UNC on 29th May 2026, the Code Administrator has assessed all in flight Modifications against the Prioritisation Criteria above, and in line with Ofgem's guidance document.

The Code Administrator suggests that IGT181 have a Priority Category of Standard. The Code Administrator informed the Proposer of the suggested Priority Category, and they attended the Workgroup Meeting on 14th May 2026 where the categories of all Modifications were discussed. The Proposer and the Workgroup raised no issues or concerns regarding IGT181 having a Priority Category of Standard.

The Panel will consider and agree the Priority Category at its meeting on 29th May 2026.

Panel discussions (May 2026)

The Proposer advised the Panel of their rationale for the Priority Category, as per the table above. The Panel considered the suggested Priority Category and unanimously agreed that IGT181 should be treated as Standard.

3 Why Change?

IGT UNC Part K Clause 7 outlines the triggers which constitute a "User Default" event. The application of UK Government Sanctions on a User is **not** included in the list provided in Part K Clause 7.1 a-d. In addition, Government sanctions do not constitute a 'User Default' under the UNC.

The IGT UNC has no concept of a 'suspension' notice such as a UPTN which has the effect of discontinuing the prevailing User's Registration of their SMPs without terminating the User.

As a result, the IGT UNC does not allow the 'activation' of the Supplier Undertaking in the event of a User being sanctioned by the UK Government and receiving a UPTN.

Other mechanisms available due to a 'User Default' are also unavailable in the case of Government sanctions leaving a consequential risk of a material system imbalance (shortfall). To mitigate the risk of this occurring, the IGT UNC needs to allow the 'activation' of the VLRU and CPSD mechanisms as per UNC TPD E10 & UNC TPD D6 respectively.

This Modification therefore seeks to rectify the above by amended the IGT UNC to include the concept of:

- UPTN;
- Premises Termination User (who is in receipt of the UPTN);
- Activation of the 'Supplier Undertaking' as a result a UPTN;

- Activation of the VLRU and CPSD processes outlined in UNC TPD E10 and TPD D6 as a result of a UPTN.
- Activation of other activities which occur as a result of a 'User Default'.

For the avoidance of doubt, a UPTN is a suspension notice and a discontinuation of the User's Registration at their SMPs and is not a Termination Notice.

4 Code Specific Matters

Reference documents

UNC Modification 0854

UNC TPD Section D

UNC TPD Section E

UNC TPD Section G

Knowledge/skills

Terminations

User Premises Termination Notice / Premises Termination User

Supplier Undertaking

Virtual Last Resort User & Contingent Procurement of Supplier Demand Event Triggers

5 Solution

Proposed solution

Please note that the Proposed Solution set out below has been designed to align with a staged implementation approach. This approach has been adopted to enable the efficient implementation of required changes to the IGT UNC associated with UNC0854, while also accommodating the implementation of the approved **IGT UNC Modification 176 - Changes to IGT UNC to enable UNC0887 'Facilitating Bi-Directional Connections Between IGT Pipelines and the NTS'**.

IGT176 is currently expected to be implemented in August 2026. However, a firm implementation date has not yet been confirmed. To ensure that the National Transmission System (NTS) related changes introduced under UNC0854 are appropriately addressed, a staged implementation approach is therefore required.

Implementation Stage 1 Business Rules (BRs)

Please note that Stage 1 BRs can be delivered any time, regardless of the implementation of IGT176.

BR1: Introduce the concept of a UPTN as a suspension notice that triggers the discontinuation of a User's Registration of SMPs from the effective date of the notice.

(See UNC TPD G 4.8.9, 4.8.10 and 4.8.11)

BR2: Introduce the concept of a Premises Termination User who is a Registered User in receipt of a UPTN.

(See UNC TPD G 4.8.9, 4.8.10 and 4.8.11)

BR3: Introduce trigger for the 'activation' of the 'Supplier Undertaking' within the IGT UNC as a result of a UPTN. For avoidance of doubt this includes the Supplier of Last Resort process which would apply if both the User (Shipper) & Supplier for a Supply Point are sanctioned by the UK Government.

(See UNC TPD D 6.1.2, UNC TPD E 10.1.1, UNC TPD G 4.8.1 to 4.8.8)

BR4: Introduce trigger for the 'activation' of VLRU mechanism as a result of a UPTN.

(See UNC TPD E10.1.1 to 10.1.2, 10.2.1 to 10.2.2 and 10.3).

BR5: Introduce trigger for the 'activation' of the Contingent Procurement of Supplier Demand (CPSD) mechanism as a result of a UPTN.

(See UNC TPD D6.1.2a).

BR6: From the date that the UPTN discontinues a User's Registration of SMP, the relevant SMP shall be subject to the same provisions as Terminated SMPs as outlined in the remaining provisions of:

1. UNC TPD E10.1.1;
2. UNC TPD D 6.1.1 and 6.1.2; and
3. UNC TPD G 4.8.11, 4.8.12 a) b) i), ii) & iv), 4.8.13 to 4.8.16.

Please note that Stage 2 BR1a is an extension to this BR.

BR7: In respect of CSS SMPs, the User subject to the UPTN will cease to be the Registered User. *(See UNC TPD G5.1.3)* Further, the CDSP will:

1. Modify the Shipper-Supplier Association Data to remove the User subject to the UPTN *(as per UNC TPD G5.7.8/5.8.2);* and
2. Update the Shipper-Transporter Association Data to reflect a Registration Block Notice in relation to the User subject to the UPTN *(as per UNC TPD G 4.8.14 and5.8.3).*

BR8: The User subject to a UPTN will no longer hold Supply Point Capacity at, or Local Distribution Zone (LDZ) Capacity at, the relevant Supply Meter Points.

(See UNC TPD G 4.8.12 iv)

Note 1:

For the avoidance of doubt, from the effective date of the UPTN and for the duration of the UPTN, the CDSP will cease to provide its services to the User under the Data Services Contract (DSC). An update to the Data Services Contract DSC Terms and Conditions Clause 16.7 was carried out under UNC0854 to allow the CDSP to suspend the provision of Services to a User from the effective date of the User Premises Termination Notice.

Note 2:

For the avoidance of doubt UNC TPD G 4.8.12 iii) does not apply in IGT UNC as it refers to Shared Supply Meter Point which are no applicable in IGT UNC.

Implementation Stage 2 BRs

Please note that Stage 2 BRs <u>cannot</u> be implemented before the approved implementation date for IGT176. However, they can be implemented on the same day as IGT176 or any time after.

BR1a: From the date that the UPTN discontinues a User's Registration of SMP, the relevant SMP shall be subject to the same provisions as Terminated SMPs as outlined in the remaining provisions of:

1. UNC TPD G 4.8.12 v).

BR2a: Where the relevant Supply Meter Point is an NTS Supply Meter Point, the NTS Exit Capacity (of the User subject to the UPTN) shall confer any rights in respect of the offtake of gas. *(See UNC TPD G 4.8.12 v).*

Workgroup discussions (March 2026)

Xoserve took the Workgroup through the proposed Business Rules (BRs) for IGT181 and sought initial questions and feedback from Workgroup members.

A Workgroup member asked what happens when a user's sanction concludes. They questioned whether any Supply Points that were removed from the User as part of the sanction would be transferred back or remain with the new User.

Xoserve responded that National Gas Transmission (NGT), the Proposer for UNC0854, had chosen not to include such a provision within the UNC Modification. This was because NGT felt in any eventuality, a determination would swiftly follow the suspension. Following discussions in the UNC Transmission Working Group, a decision was taken that in the event of a suspension being lifted prior to termination, an urgent Modification would be raised to establish a process should it be needed.

Xoserve added that NGT had provided their view that in the event that a suspension was lifted on a User, that User would be able to re-enter the market under the same legal entity, but their previous Supply Points would not be returned.

The Chair advised that in the event that the Shipper has been sanctioned, but the Supplier has not, the Supplier would have almost certainly transferred the Supply Points to a new Shipper. They asked about a scenario where the Supplier and Shipper are the same entity. Xoserve responded that this had been discussed under UNC0854 but would pull together some information for the April Workgroup meeting on this point.

A Workgroup member asked about the legal drafting and what the timeline was for that. The Code Administrator responded that they would be looking to directly reference the UNC, where possible to future-proof the IGT UNC ahead of Code Consolidation. They added that for new defined terms in the IGT UNC, these will have to be pulled out of the UNC and added into Code.

The Code Administrator took the Workgroup through the proposed timeline for IGT181. They advised that the plan was for the Legal Drafting to be taken to the April 2026 Workgroup for discussion with a final version and the Draft Workgroup Report to be completed and agreed at the May Workgroup. This would allow for the Panel to consider the Report at its May 2026 meeting. The Chair suggested that Workgroup attendees review the BRs ahead of the April Workgroup meeting and any legal text that's provided ahead of time.

Workgroup discussions (April 2026)

Xoserve suggested that the Workgroup revisit previous discussions regarding the governance route for IGT181, noting that the Workgroup Report may need to be amended prior to completion at the May Workgroup meeting.

The Code Administrator remined the Workgroup of the Panel's split view when voting on the Governance route for IGT181 and voting rationale. They reminded the Workgroup that Panel will make the final decision on the Governance route, but were keen for the Workgroup to discuss this matter in further detail.

The Chair reiterated that IGT UNC Modifications must be assessed on a standalone basis, regardless of whether equivalent UNC changes have already been approved. A Workgroup member (who is also a Panel member) advised that this was why they supported an Authority decision at Panel.

The original rationale for proposing Self-Governance was discussed. Xoserve acknowledged that, when assessed independently, an Authority decision may be more appropriate. They also highlighted concerns about timing and risk, noting that current geopolitical conditions might increase the likelihood of these provisions being needed, and that delayed approval could disadvantage IGTs.

The Chair observed that IGT181 could have a material impact on consumers, particularly where SoLR arrangements may be triggered, potentially undermining the Self-Governance criteria. A Workgroup member highlighted potential competition considerations, though acknowledged this was finely balanced.

Ofgem advised that they were awaiting internal input on this Modification and its Governance route an were aiming to provide indicative feedback for Panel on views and likely timescales if an Authority decision was pursued.

The Workgroup agreed to discuss the governance route further when finalising the Workgroup Report next month.

Workgroup discussions (May 2026)

The Code Administrator and Xoserve provided an update on IGT181 to the Workgroup, including a detailed update to the changes to the Modification since the last meeting and subsequent updates to the BRs and legal text.

The Workgroup was advised of how the solution, implementation approach and legal text had been amended to allow for a staged implementation approach to be taken, noting that the reasons for this were to allow for the core requirements of IGT181 to be delivered into Code whilst also preparing for the anticipated implementation of UNC0887 and IGT176.

Xoserve explained the updates to the BRs, focusing on changes to Stage 1 BR 6, BR7 and the introduction of Stage 2 BR1a and BR2a.

The NESO representative asked why a staged implementation approach was taken rather than there being an alternate or a second Modification approach taken. The Chair advised that a staged implementation is more efficient and pragmatic as the changes are contained within one Modification. Whereas if there was an alternate or a second Modification it would increase the administrative effort and delay the implementation of the Modification. They noted that IGT176 and UNC0887 have already been approved and so we know they will be implemented at some point. Which puts us in a good position for a staged implementation approach.

The Chair acknowledged concerns regarding how long industry might have to wait for the stage 2 legal text to be implemented. They advised that it is the role of the Code Administrator to track the implementation of the UNC0887 and IGT176 changes and that in this case, we are not anticipating a long wait for the implementation of the NTS Modifications.

Xoserve added that they do not want to delay the delivery of the provisions in stage 1 which will provide necessary protection for parties and a staged implementation approach facilitates this.

There were no other questions or concerns raised by Workgroup regarding the changes to the BRs or the staged implementation approach.

Panel discussions (May 2026)

The Code Administrator provided an overview of the solution, placing additional emphasis on the rationale for the proposed two-phase approach to implementation arising from a dependency on the implementation of the IGT176. All Panel Members agreed unanimously with the discussions that had taken place in Workgroup in respect of the solution, affirming that they have been sufficiently thorough, and agreed with the proposed two-phase approach.

Following this discussion, a Panel member indicated that they had to leave the meeting and advised the Code Administrator that they support the implementation approach, the position on Self-Governance and priority status and confirmed that they had no updates to the current Objectives and no suggested changes to raise.

6 Impacts & Other Considerations

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

None.

Workgroup discussions (May 2026)

The Workgroup considered impacts on SCRs and significant industry change projects. Xoserve noted that this Modification would ensure that the UNC and the IGT UNC remain aligned and that this would support Code Consolidation under Code Reform. The Workgroup unanimously agree with this view and that there were no impacts.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding impacts to SCRs and other industry change projects an agreed unanimously that there were no impacts.

Consumer impacts

What is the current consumer experience?

If the UK Government sanctions a User, UNC0854 allows NGT to issue a UPTN to the sanctioned User. This allows the ‘Supplier Undertaking’ to be invoked and ‘VLRU’ and ‘CPSD’ processes to apply. Although UNC0854 was intended to apply to both GDNs and IGT SMPs, the IGT UNC does not have the concept of a UPTN to ensure that this can occur. This means the costs of any consequential residual balancing actions for IGT SMPs are likely to be socialised across all Shipper Users. This would be expected to result in higher system prices and ultimately higher cost to be passed through to end consumers.

What would the new consumer experience be?

If this enabling Modification is implemented, the ‘Supplier Undertaking’ would be invoked for IGT SMPs, and the ‘VLRU’ and ‘CPSD’ mechanisms would also be available in the identified scenario of NGT issuing a UPTN. This is expected to result in lower system prices, and ultimately lower costs to be passed through to consumers.

Impact of the change on Consumer Benefit Areas

Area	Identified Impact
Improved safety and reliability	None
Lower bills than would otherwise be the case This Modification is expected to enable NGT to secure additional supplies of gas at a lower unit cost than would otherwise be the case if it were taking such action on the day in its residual balancer role via the OCM. This is expected to result in SAP and marginal prices on the day being lower than would otherwise be the case. Thus, such a reduction should be passed through to consumers and have lower cost impacts on the market.	Positive
Reduced environmental damage	None
Improved quality of service	None
Benefits for society as a whole By seeking to mitigate upward pressure on system prices when a Supplier is operating under a deed of undertaking, this Proposal is expected to lead to lower wholesale prices than would otherwise be the case and to reduce the risk of further financial challenges for market participants and thereby minimise disruption for consumers.	Positive

Workgroup discussions (May 2026)

Xoserve took the Workgroup through the consumer impacts and benefits areas. The Workgroup considered these and unanimously agreed with the impacts and benefits as set out above.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding impacts on consumers and agreed unanimously (barring the Shipper Panel member, who left the meeting prior to this part of the discussion) with the impacts and benefits as set out above.

Cross-Code impacts

This Modification will not have a direct impact on the UNC. However, it will have an indirect impact in that UNC0854 was intended to apply to both GDN & IGT SMPs, and this IGT enabling Modification facilitates this by ensuring IGT UNC and UNC are aligned.

UNC	☐
REC	☐

Other	☐
None	☒

Workgroup discussions (May 2026)

The Workgroup considered the cross-Code impacts and unanimously agree that there were no direct impacts to any other Codes as set out above.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding cross-Code impacts and agreed unanimously (barring the Shipper Panel member, who left the meeting prior to this part of the discussion) that there were no direct impacts to any other Codes as set out above.

Environmental impacts

None

Workgroup discussions (May 2026)

The Workgroup considered environmental impacts and unanimously agreed with the proposer that there are none.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding environmental impacts and agreed unanimously (barring the Shipper Panel member, who left the meeting prior to this part of the discussion) that there were no impacts.

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	None

(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

The Modification furthers Relevant Objective (F), as follows:

Objective F) Promotion of efficiency in the implementation and administration of the Code

UNC0854 was approved by the Authority in May 2024. The original intent of this Modification was for the solution to apply to both GDN and IGT SMPs. This IGT enabling Modification has been raised to align the IGT UNC with UNC and therefore achieves Objective F) to promote the efficient implementation and administration of the Code.

Workgroup discussions (May 2026)

The Workgroup considered the Proposer's views against the Objectives and unanimously agreed with the positive impact to (F) for the reasons set out by the Proposer.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views against the Objectives and unanimously agreed with the positive impact to (F) for the reasons set out above.

Panel members were prompted by the Chair to state whether they agreed that (F) was positively impacted, and that no other Objectives were subject to either a positive or negative impact. Both remaining Panel members (the Shipper member having left by this part of the discussion) agreed unanimously with the above position, noting that the discussions in Workgroup have been sufficiently thorough.

8 Implementation

The implementation of IGT181 should be as soon as practicable after a final decision to implement has been made, subject to no Appeal being raised. It should be noted that UNC0854 was implemented in May 2024 and for this reason implementation at the earliest opportunity is preferred.

There is no impact to Central Systems **if this IGT enabling Modification is approved**. If IGT181 were to be disapproved, there would be a Central System impact, which would be managed via the DSC Change process and affect the timeline for implementation. It is also likely a cost would be associated with this change to carve out an exemption for IGTs from the UNC0854 solution.

Staged implementation appraoch

In addition to the above, a staged implementation approach is also proposed. This approach has been suggested to enable the efficient implementation of the required changes to the IGT UNC associated with UNC0854, while also accommodating the implementation of the approved IGT UNC Modification 176.

IGT176 introduces the concept of NTS Supply Meter Points into the IGT UNC, and it is currently expected to be implemented in August 2026. It is felt that a staged implementation approach will ensure that the NTS-related changes introduced under UNC0854 are appropriately addressed without delaying the rest of the required changes from being introduced.

The stages of implementation are proposed as follows:

Stage 1: All Stage 1 BRs and legal text to be implemented 1 Working Day following the closure of the 15 Working Day Appeal Window should IGT181 be approved.

Stage 2: All Stage 2 BRs and legal text to be implemented on or after the implementation of IGT176.

Workgroup discussions (May 2026)

The Workgroup considered the implementation approach as set out above and unanimously agreed with the stages approach.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding the staged implementation approach and agreed unanimously (barring the Shipper Panel member, who left the meeting prior to this part of the discussion) with the approach as set out above.

9 Legal Text

Text commentary

Please refer to the IGT181 webpage for the latest version of the legal text.

Please note that the legal text has been designed in such a way to accommodate a staged implementation approach.

Workgroup discussions (April 2026)

The Code Administrator took the Workgroup through the proposed legal text for IGT181.

The Workgroup was advised that the legal text primarily affects IGTUNC Parts CI[1], G[2] and some definitions in Part M[3]. The Code Administrator explained that the changes are broadly split across these areas and are designed to ensure alignment with relevant UNC provisions, particularly around termination, insolvency, and Supplier of Last Resort (SoLR) arrangements.

The Code Administrator advised that in order to address gaps in how termination provisions currently operate, they introduced a new catch-all Clause (7.5 in Part G). This Clause would apply where a UPTN has been issued and ring-fences the application of relevant UNC provisions by reference. Because IGT UNC cannot directly reference NGT directly, specific UNC paragraphs have been referenced to ensure the appropriate UNC provisions are applied.

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[1] Part CI – Supply Points

[2] Part G – Pipeline Transportation Charges, Invoicing, Payment and Code Credit

[3] Part M - Definitions

The Code Administrator advised that the legal text has been annotated to show which BRs are being satisfied by each reference, showing a clear link between the intent of the Modification and the legal text. For SoLR, they explained that, unlike other areas where wide cross-references can be used, the IGT UNC contains a standalone SoLR section. As a result, equivalent UNC wording has been replicated rather than cross-referenced, with minor adjustments to reflect IGT context. Changes made to align Transporter Payment Default (TPD) provisions with the UNC have been highlighted, again using section-level UNC references rather than NGT-specific references. They also noted explicit exclusions where certain UNC provisions do not apply, including those relating to shared supply points, which are not permitted under IGT arrangements, and provisions referring to NTS supply points, which currently do not exist within the IGT framework.

Xoserve outlined updates made to the BRs and solution section of the Modification to improve clarity and traceability. These included adding specific UNC references under each BR so stakeholders can clearly see which UNC provisions are being imported into the IGT UNC and why. Additional avoidance of doubt statements were also included, particularly to clarify that UNC TPD G 4.8.125 does not currently apply to the IGT UNC because it relates to NTS Supply Point Capacity, which is not presently an IGT concept.

The Chair asked about future NTS direct-connect Supply Points, particularly in light of IGT176, which has been approved and will enable bi-directional connections between IGT networks and the NTS. The Code Administrator Advised that IGT176 would make amendments to Part CI to introduce the concept of NTS Supply Meter Points as a subset of non-CSS Supply Meter Points, meaning UNC 4.8.125 could become relevant once IGT176 is implemented. While such Supply Points do not exist today, the Chair and Xoserve highlighted the importance of future-proofing the drafting if these sites are likely to materialise. The Code Administrator agreed to note this and confirmed that the implementation of IGT176 is still pending system changes to the related XRN, with the implementation date not yet confirmed.

The Workgroup agreed that definitions and applicability should be checked offline and, if necessary, addressed either through aligned implementation dates or a subsequent housekeeping or consequential Modification that could be implemented at the same time as IGT176 to ensure there is no gap in the governance.

Xoserve clarified the application of the SoLR process, explaining that it is triggered in situations where the shipper and supplier are the same legal entity and both are sanctioned simultaneously. In such circumstances, Ofgem would be required to designate a supplier. They confirmed this scenario has now been explicitly addressed in the proposed solution through an avoidance of doubt statement.

The Code Administrator confirmed that the matters raised in the meeting would be considered and discussed ahead of the April Workgroup meeting. They added that any updates to the Modification and/or legal text would be brought to the April meeting, alongside the draft Workgroup Report.

Workgroup discussions (May 2026)

The Code Administrator took the Workgroup through the updated legal text, explaining how the changes to the drafting linked to the updated BRs and how the legal text had been split to account for the staged implementation approach.

A question was raised regarding IGT176 and whether any further changes would be required in addition to those under Stage 2. The Code Administrator confirmed that there should be no further changes required after the Stage 2 changes are delivered in relation to this Modification.

The Workgroup reviewed the updated legal text and considered the staged approach. The Workgroup unanimously agreed that the legal text delivered intent of the solution.

Panel discussions (May 2026)

The Panel considered the Proposer and Workgroup views regarding the legal text and unanimously (barring the Shipper Panel member, who left the meeting prior to this part of the discussion) agreed that no further work was required on the legal text.

10 Recommendations

Panel's recommendation to interested parties

The Panel Chair asked Panel members if they supported this Self-Governance Modification Proposal being issued for a 15 Working Day consultation. Panel members indicated that they did support this position, with the caveat that the consultation should be issued with a bespoke question asking respondents if they supported this Modification being subject to Self-Governance.

Members further asked that this bespoke question reference the position given by Ofgem in respect of the Governance. On this basis, Panel members unanimously supported this Modification being issued for consultation. Of this unanimous vote, two members indicated their views in person, and one member, the Shipper who had to leave prior to this stage of the discussion, indicated their support in a written statement given to the Panel prior to their leaving.

As a result, the Panel have recommended that this report is issued to consultation for a period of 15 Working Days and all parties should consider whether they wish to submit views regarding this Self-Governance Modification Proposal.