

UNC Workgroup Report	At what stage is this document in the process?
<h1>UNC 0623:</h1> <h2>Governance Arrangements for Alternatives to Self-Governance Modification Proposals</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100%;">01 Modification</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100%; background-color: #0070c0; color: white;">02 Workgroup Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100%; background-color: #d9ead3;">03 Draft Modification Report</div> <div style="border: 1px solid #ccc; border-radius: 5px; padding: 5px; width: 100%; background-color: #f4cccc;">04 Final Modification Report</div> </div>
<p><b>Purpose of Modification:</b></p> <p>This is a Governance Modification proposal that seeks to amend the Self-Governance rules in the Modification Rules. Should a Self-Governance Modification proposal have alternatives, this modification sets out how they should be treated and clarifies Panel voting arrangements.</p>	
	<p>The Workgroup recommends that this modification should be:</p> <ul style="list-style-type: none"> <li>considered a material change and not subject to self-governance</li> <li>proceed to Consultation</li> </ul> <p>The Panel will consider this Workgroup Report on <b>21 December 2017</b>. The Panel will consider the recommendations and determine the appropriate next steps.</p>
	<p>High Impact: None</p>
	<p>Medium Impact: UNC Modification Panel Members</p>
	<p>Low Impact: All Code Parties</p>

Contents		 Any questions?
1	<b>Summary</b>	3
2	<b>Governance</b>	3
3	<b>Why Change?</b>	4
4	<b>Code Specific Matters</b>	6
5	<b>Solution</b>	7
6	<b>Impacts &amp; Other Considerations</b>	7
7	<b>Relevant Objectives</b>	8
8	<b>Implementation</b>	9
9	<b>Legal Text</b>	9
10	<b>Recommendations</b>	15
<b>Timetable</b>		
<b>Modification timetable:</b>		
Initial consideration by Workgroup	21 August 2017	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
Amended Modification considered by Workgroup	29 September 2017	 0121 288 2107
Workgroup Report presented to Panel	21 December 2017	Proposer: <b>Richard Pomroy</b>
Draft Modification Report issued for consultation	21 December 2017	 <a href="mailto:Richard.Pomroy@wwutilities.co.uk">Richard.Pomroy@wwutilities.co.uk</a>
Consultation Close-out for representations	22 January 2018	 029 2027 8552 Or 07812 973337
Final Modification Report available for Panel	24 January 2018	Transporter: <b>Wales &amp; West Utilities</b>
Modification Panel decision	15 February 2018	 <a href="mailto:Richard.Pomroy@wwutilities.co.uk">Richard.Pomroy@wwutilities.co.uk</a>
		 029 2027 8552 Or 07812 973337
		Systems Provider: <b>Xoserve</b>
		 <a href="mailto:commercial.enquiries@xoserve.com">commercial.enquiries@xoserve.com</a>

## 1 Summary

### What

Clear governance arrangements are required for Self-Governance (SG) where there are Alternative modifications on a common matter. This proposal sets out rules that are consistent with how Authority Direction Alternative modifications are processed and seeks to enable the UNC Modification Panel to provide effective and timely governance of SG Alternatives. It also addresses the issues raised by modifications and alternatives that are not all Self-Governance or Authority Decision.

### Why

With the implementation of UNC Modification 0596 (Implementing CGR3 decisions on Significant Code Reviews and self-governance) the higher materiality threshold for Authority Direction, leading to more SG modifications, means that it is more likely now that SG Alternatives will arise. Clear governance rules are required for SG Alternatives in particular what to do if there is not a Panel majority in favour of implementing the original SG modification or one of its Alternatives. This situation does not arise with Authority Direction modifications and Alternatives as the Modification Rules set out how to process Alternatives. It should be noted that the GT licence does not require an Alternate or the original Modification Proposal to be implemented although in the case of modifications that require an Authority Determination this has been the case in the vast majority of modifications.

Having modifications and alternatives that are not all Self-Governance or Authority Decision is not handled well by the current Modification Rules and it is sensible to look at this while making changes to the Modification Rules.

### How

New arrangements are proposed to the Modification Rules that are consistent with how Authority Direction modifications proceed to an implementation decision.

The Modification Rules already contain provisions relating to alternatives, which apply equally to SG Alternatives. Changes are required to ensure that this is clear and to introduce new rules when required to deal with specific circumstances peculiar to SG Alternatives. For example, rules are provided that enable Panel to consider individually the SG Alternatives' suitability for implementation and then to determine which one best furthers the relevant objectives and therefore should be implemented. It also provides for the situation where Panel considers that none of the Alternatives should be implemented, and the implications for Appeals.

## 2 Governance

### Justification for Self-Governance, Authority Direction or Urgency

Panel determined the modification is likely to have a material effect on the UNC Modification Rules because they introduce additional rules to accommodate Alternatives to Self-Governance Modification Proposals and for Panel to determine their implementation. Consequently, this represents a material impact on self-governance criterion (e) 'the uniform network code governance procedures or the network code modification procedures' and Authority Direction is appropriate.

Modification 0623 will therefore follow Authority Direction procedures.

## Requested Next Steps

This modification should:

- be considered a material change and not subject to self-governance
- proceed to Consultation

The Workgroup agreed with the Panels view that the proposals in this modification are likely to have a material impact on the Modification Rules as they would impact the implementation rules for Self-Governance Modifications and their alternates. Therefore, Authority Direction is appropriate.

The proposals in this modification are sufficiently developed for the modification to proceed to consultation.

## 3 Why Change?

### Background

The GT licence Standard Special Condition A11 (7) requires Gas Transporters to establish and operate modification procedures so as to better facilitate the achievement of the Uniform Network Code or Network Code relevant objectives. A11 (9) (ac) (c) requires that the modification rules provide for the making of alternative modification proposals and A11 (9) (ac) (da) requires proper evaluation of whether Self-Governance is appropriate. The licence does not require an Alternate or the original Modification Proposal to be implemented although in the case of modifications that require an Authority Determination this has been the case in the vast majority of modifications. Since the implementation of the UNC in June 2005 there have been 12 cases where the authority has rejected both a Modification Proposal and its Alternatives.<sup>1</sup>

The recent changes to the Self-Governance arrangements as a result of UNC Modification 0596 (Implementing CGR3 decisions on Significant Code Reviews and self-governance), mean that more modification proposals are likely to follow the Self-Governance route, with a corresponding increase in likelihood that Alternate proposals will arise. This means that providing clear governance for Alternatives to Self-Governance Modification Proposals is increasingly important.

There is also the possibility of “mixed modifications” where the original is SG or Authority Decision but the Alternative is the other. Although rare this has occurred in the past.<sup>2</sup> The existing governance process does not fully handle this situation.

### Why Change

Should a party wish to propose an Alternate to a SG proposal now the Joint Office, as Code Administrator, is of the opinion that it would not be able to accept that Alternative since the Modification Rules do not explicitly provide for it. This is unsatisfactory and inefficient.

Amendment to the Modification Rules is the preferred route to ensure that the intent of the Self-Governance procedures are maintained; that Panel determines implementation for matters that are not

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<sup>1</sup> 0054, 0115, 0150, 0151, 0156, 0194, 0228, 0246 (including two alternatives), 0282, 0335, 0369 and 0418 (information provided by Joint Office).

<sup>2</sup> 0479S was raised as an alternative to 0479, it was later, in December 2014, determined not to be an alternative and was re-numbered 0522

likely to have a material impact on the Self-Governance Criteria that are described in the GT Licence. The option to escalate such Self-Governance (competing) Alternatives to Ofgem for Direction is not considered to be a suitable solution simply because the presence of an Alternative does not, in itself, constitute a material impact on one or more of the Self-Governance Criteria.

Without the change then Self-Governance Modifications with Alternatives might fail before even being considered at Panel and this is potentially contrary to the obligations set out in the GT Licence. It is sensible to put in place Modification Panel processes that allow some reconsideration of these proposals with the aim maximising the implementation of a modification that satisfies the Relevant Objectives rather than none being implemented.

“Mixed modifications” will result in conflicting governance which is at best undesirable.

The **section** below discusses options **for** Panel voting and “mixed modifications”

## Options

### Panel voting

The key issue is the voting arrangements at Panel in relation to determining which should be implemented if Panel determines that two or more modifications satisfy the relevant objectives. Currently Modification Rules (MR) 9.4.2 provides a process for Panel to provide a view to the Authority in the case of Authority Decision modifications. This needs to be replicated for Self-Governance proposals except that in this case Panel needs to make a determination. A problem occurs where Panel voting does not result in a Panel Determination to implement one of the proposals but the proposals facilitated the relevant objectives and as a result no proposal is implemented because panel could not make a determination. There are two possible ways forward for SG Modifications Proposals with one or more Alternatives:

- 1) Resolve the issue at the panel meeting.
  
- 2) Resolve elsewhere and / or at a future panel meeting.

Resolve at the panel meeting:

This is the fastest path to resolution and includes:

1. Do nothing – this is the current position, no majority exists and none can be implemented. A new modification proposal would need to be raised to address the issue.
  
2. Have a second Panel Vote on the tied mods only (in case there are two or more alternatives). This does not work in the case of one alternative and is therefore incomplete in itself.
  
3. The Chairperson to have a casting vote only in this specific circumstance. It should be noted that the Chairperson does not have the casting vote on implementation matters for Authority Direction Modifications Proposals.

Refer elsewhere and / or resolve at a future panel meeting

4. The modifications become Material and require Authority – this would require a change to the Self-Governance criteria which would require a change to the GT licence, it also abrogates the Panel’s responsibilities in respect of Self-Governance.

5. Refer to the Authority for a View (existing Modification Rules 12.8 would need extending) and return to a subsequent Panel for re-vote. Note that a View is generally binding on Panel – this abrogates the Panel’s responsibilities in respect of Self-Governance.
6. Defer to a future Panel meeting to allow for wider informal consideration by the proposers, Shipper and IGT parties and re-vote. Also allow the one or more of the proposers to request, or for Panel to decide, that Panel refers the issue back to workgroup if the Panel has a reasonable expectation that this further period will result in a revised proposal that has more support.
7. Amend the call in rules to allow Ofgem to call in the proposals after a Panel vote.
8. Clarify the Appeal provisions to allow a Party to appeal to Ofgem in the case where the new rule on making a Panel Determination of which proposal it prefers does not lead to a determination to implement one of them. The current Appeal Criteria (see Appendix 1) is written to refer to the case of one SG Modification Proposal and this needs amending to clarify that this also applies to the case where the Panel does not determine a preference where there are Alternatives.

Of the above options 1, 3, 6, 7, 8 and possibly 5 are feasible. Option 1 is the current unsatisfactory position. Option 3 means a decision is made but not by panel members and is preferable to option 5 and 7 which passes the responsibility to the Authority. As noted above the Chairperson does not have a casting vote on implementation for Authority Decision Modification Proposals so to introduce it for Self-Governance Modification Proposals only would not be consistent. Option 6 means Panel Representatives and the wider UNC Parties take responsibility for making the decision but it would not necessarily result in decision to implement one proposal. Option 8 is the proposed option as this maintains the decision making with industry parties, which enables a party to appeal a non-implementation decision to Ofgem for resolution, but does not require it and allows industry parties to raise another proposal, should they wish, which they believe would have more support.

#### Mixed Modifications

For mixed modifications options include:

1. Redefining them all as Authority Direction modifications but it is difficult to justify changing from Self-Governance to Authority Direction solely because another proposal has been raised.
2. Treating (as opposed to defining them as Authority Decision) the Self-Governance Modification Proposals as Authority Direction and have them follow the Authority Direction route.
3. Giving Panel the power to request that the Authority reject the Self-Governance statement on the grounds that all proposals should follow the same governance process.

Option 1 will require a change to the Self-Governance criteria which would require a change to the GT licence and option 3 seems overly cumbersome. This leaves option 2 as the preferred way forward if change is required.

## 4 Code Specific Matters

### Reference Documents

UNC Modification Rules: [https://www.gasgovernance.co.uk/sites/default/files/ggf/Modification Rules\\_30.pdf](https://www.gasgovernance.co.uk/sites/default/files/ggf/Modification_Rules_30.pdf) published at <https://www.gasgovernance.co.uk/general>

### Knowledge/Skills

No special knowledge or skills are required.

## 5 Solution

### Panel voting

The Modification Rules are to be amended to put in place a new clause describing the process for Panel to determine its preferred modification status. This will be identical to 9.4.2 which describes how Panel forms a view on which proposal is preferred for Authority Decision proposals except were required to allow Panel to make a determination. 9.4.2 will be dis-applied for Self-Governance proposals.

The proposed solution puts the responsibility for progressing the issue in the hands of the Parties to the UNC. This is consistent with the concept of Self-Governance.

### Mixed Modifications

For mixed governance modifications, the Modification Rules will be amended to enable the Panel to treat the Self-Governance Modification Proposals or Alternatives as following the Authority Decision path. The Modification Rules need to cater for both the case where the first proposal was Self Governance and a subsequent proposal was Authority Decision and the case where the first proposal was Authority Decision and a subsequent proposal was Self Governance.

## 6 Impacts & Other Considerations

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

This modification does not impact a Significant Code Review (SCR) or other significant industry change projects.

### **Consumer Impacts**

There is no direct impact on consumers, although since this proposal will improve the modification process there will be some indirect benefit for consumers as some modifications are likely to be implemented more quickly.

#### **Consumer Impact Assessment**

<b>Criteria</b>	<b>Extent of Impact</b>
Which Consumer groups are affected?	No consumers are directly impacted by this modification.
What costs or benefits will pass through to them?	None identified.
When will these costs/benefits impact upon consumers?	No costs or benefits directly impacting consumers.
Are there any other Consumer Impacts?	None identified.

### **Cross Code Impacts**

No Cross Code impacts identified.

## EU Code Impacts

None identified.

## Central Systems Impacts

There would be no Central System impact should this modification be implemented.

## Workgroup Impact Assessment

The Workgroup considers this modification clarifies the UNC Modification Rules and associated change process to manage Self Governance modifications and their associated alternatives, or in scenarios where the one or more of the modifications and its alternatives is Self Governance and one or more is Authority Direction.

## Rough Order of Magnitude (ROM) Assessment

Not applicable.

## 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) Coordinated, 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.	Positive
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements 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 Co-operation of Energy Regulators.	None

This proposal is positive for relevant objective (c) as it supports compliance with A11 (9) (ac) (c). It is positive for relevant objective (f) as it makes the process for making determinations for Self-Governance Modification Proposals which have Alternatives more likely to produce a decision to implement one of the proposals.

## 8 Implementation

No implementation timescales are proposed. It is noted that this modification would be best implemented at a quiet time in the monthly cycle of Modification Panel meetings subject to an Authority decision to do so.

## 9 Legal Text

Legal Text has been provided by Wales & West Utilities and is included below. The Workgroup has considered the Legal Text and is satisfied that it meets the intent of the Solution.

### Text Commentary

The definition of “Self-Governance Modification Proposal” has been amended to reflect the fact that, even though it may meet the Self-Governance Criteria a Modification Proposal will not be a Self-Governance Modification Proposal if it is: (a) an alternative Modification Proposal to a Modification Proposal which isn’t a Self-Governance Modification Proposal; or (b) a Modification Proposal in respect which an alternative Modification Proposal has been made which is not a Self-Governance Modification Proposal.

New paragraph 6.6.2 provides that a Self-Governance Statement may not be submitted in respect of a Modification Proposal which is an alternative to a Modification Proposal which isn’t itself a Self-Governance Modification Proposal and paragraph 6.6.4 (as renumbered and revised) provides for such a Modification Proposal to be treated accordingly.

New paragraph 6.6.6 provides that where an alternative Modification Proposal is made which isn’t a Self-Governance Modification Proposal or where an alternative Modification Proposal ceases to be a Self-Governance Modification Proposal, the Modification Proposal to which it is an alternative loses its status as Self-Governance Modification Proposal (if any). Paragraph 6.6.7 (as renumbered and revised) provides that where an original Modification Proposal has ceased to be a Self-Governance Modification Proposal in such circumstances and Ofgem subsequently determines that the alternative Modification Proposal should in fact have Self-Governance Modification Proposal status, the alternative Modification Proposal will also resume its Self-Governance Modification Proposal status.

Paragraph 9.3.10 has been amended to make it clear that where the Panel is called to assess a Self-Governance Modification Proposal alongside any alternative Modification Proposals (which will necessarily also be Self-Governance Modification Proposals), the Panel must, in addition to assessing them against the status quo, weigh each up against the other in deciding whether or not to implement them.

The changes to paragraph 9.3.10 and a minor change to paragraph 9.3.9(b) address, to the extent necessary and consistent with the Transporters’ Licence conditions, the concerns expressed in the Modification Report that the Modification Rules should allow the Panel to consider alternative Modification Proposals in the light of each other and the original Modification Proposal with the aim of maximising the implementation of a modification that satisfies the Relevant Objectives. The changes to the definition of “Self-Governance Modification Proposal” and the new paragraphs 6.6.2 and 6.6.6 and related changes to

section 6.6 implement Option 2 with regard to mixed modifications as set out in the Modification Report: where an alternative to any Modification Proposal is not a Self-Governance Modification Proposal, the original will not be one either, and vice versa. Cross references to section 6.6 at paragraphs 9.3.14, 9.7.2 and 12.12.5 are revised as appropriate.

The table below sets out the Legal Draftsman’s response to the table of suggested amendments to the text of the Modification Rules set out in the Solutions section of the Modification Proposal.

<b>Modification Rules para</b>	<b>Purpose</b>	<b>Amendment required?</b>	<b>Legal Draftsman’s Comment</b>
<b>Panel voting on SG preference</b>			
Appeals Criteria	Describes the criteria for an appeal	Yes Probably requires clarification to allow an appeal if there is a non –implementation determination for a Self-Governance Modification Proposal with Alternatives	No change required. The Appeal Criteria relate to whether the appeal is legitimate and the appellant is, or is likely to be, unfairly prejudiced by the implementation or non-implementation of the relevant Self-Governance Modification Proposal. The criteria already apply equally to Self-Governance Modification Proposals whether they have alternatives or not.
9.3.9	Dis-applies some of the previous provisions in the case of Self-Governance modifications	Add 9.4.2 to this carve out	Agreed. Done.
New clause	Mirrors 9.4.2 but relates to process by which Panel Determines a Self-Governance preference (rather than a view on an Authority Determined proposal)	[Yes]	It is not necessary to introduce a new clause to enable the Panel to decide on a preference as to competing Self-Governance Modification Proposals. The equivalent to the Panel’s recommendation under 9.4.2 for Self-Governance Modification Proposals is the decision at 9.3.10(a) as to whether or not to implement them. See below.
9.3.10(a)	Process by which panel makes an implementation decision on Self-Governance Modifications	May need amending or deleting to work with the new clause above	9.3.10(a) has been tweaked to indicate that where required to consider Self-Governance Modification Proposals alongside Self-Governance alternatives, the Panel must, in addition to assessing them against the status quo, weigh each up against the other in deciding whether

Modification Rules para	Purpose	Amendment required?	Legal Draftsman's Comment
			to implement them.
13	Appeals	No. No changes to the appeal process are proposed.	Agreed, no change required.
<b>Mixed modifications</b>			
6.6.1	Process for Panel to issue Self-Governance statement	Yes. Modified to say that Panel cannot issue a Self-Governance statement for alternatives to an Authority Decision Modification Proposal and that it should be treated as Authority Decision.	6.6.1 is made subject to a new 6.6.2 which provides that a Self-Governance Statement cannot be submitted in respect of a Modification Proposal which is an alternative to a Modification Proposal which isn't itself a Self-Governance Modification Proposal. 6.6.3 (now 6.6.4) and the definition of Self-Governance Modification Proposal have been amended to make it clear that in these circumstances the alternative Modification Proposal will not be a Self-Governance Modification Proposal (even though it may meet the Self-Governance Criteria itself).
7.2.3	Process for Panel to issue materiality statement where Self-Governance criteria are not satisfied	Yes. Needs to be modified in case where Panel has issued a Self-Governance statement for a Modification Proposal but an alternative proposal is raised that Panel believes should be Authority Decision. This would require the original proposal to be treated as Authority Decision.	<p>The Panel may have already have made a determination that a Modification Proposal meets the Self-Governance Criteria, when an alternative is assessed under 7.2.3, so another process needs to be undertaken in order to change the status of the original Modification Proposal . Moreover the Self-Governance Criteria are defined in the gas transporter's licence and cannot be changed to so that they take into account the existence of alternative Modification Proposal which does not meet the criteria.</p> <p>Rather than change 7.2.3, a new process has been introduced at 6.6.6 so that the Self -Governance statement in respect of a Modification Proposal is withdrawn if an alternative Modification Proposal is made which</p>

Modification Rules para	Purpose	Amendment required?	Legal Draftsman's Comment
			<p>does not meet the Self-Governance Criteria. The definition of Self-Governance Modification Proposal has been amended to make it clear that in these circumstances the original Modification Proposal ceases to be a Self-Governance Modification Proposal (even though in itself it meets the Self-Governance Criteria).</p> <p>6.6.5 (now 6.6.7) has been amended so that if Ofgem determines that a Modification Proposal that the Panel has determined not to be a Self-Governance Modification Proposal (either initially under paragraph 7.2.3(a)(i) or by means of withdrawing a Self-Governance Statement under 6.6.5 (as renumbered) is in fact a Self-Governance Modification Proposal, any other related Modification Proposal that had ceased to be a Self-Governance Modification Proposal by virtue of 6.6.6 will be reinstated as a Self-Governance Modification Proposal. The Code Administrator is required to resubmit the Self-Governance Statement as part of the reinstatement process so that the Modification Rules continue to meet the requirements of</p> <p>standard licence condition 9.12D.a.(i) of the gas transporter's licence:</p> <p style="padding-left: 40px;">The network code modification procedures shall provide that modification proposals shall only be implemented without the Authority's approval pursuant to this paragraph 12D (the "self-governance route") where:</p> <p style="padding-left: 40px;">a.(i) in the view of the panel, the modification proposal meets all of the self-governance criteria and the panel has submitted to the Authority in</p>

Modification Rules para	Purpose	Amendment required?	Legal Draftsman's Comment
			respect of the modification proposal and not withdrawn a self-governance statement;

## Text

### Modification Rules

In paragraph 2.1 (Defined terms) delete the definition of “Self-Governance Modification Proposal” and replace it with the following new definition:

"Self-Governance Modification Proposal": a Modification Proposal or an alternative to such proposal which:

- (a) the Modification Panel has determined satisfies the Self-Governance Criteria under paragraph 7.2.3(a)(i) (including after any variation of such proposal under paragraph 6.5) and in respect of which the Code Administrator on behalf of the Modification Panel has submitted to the Authority a Self-Governance Statement (which has not been rejected by the Authority by the Self-Governance Modification Proposal Determination Date or withdrawn by the Code Administrator on behalf of the Modification Panel pursuant to paragraph 6.6.6 without having been subsequently reinstated pursuant to paragraph 6.6.7 ~~or rejected by the Authority by the Self-Governance Modification Proposal Determination Date~~); or
- (b) the Authority has determined satisfies the Self-Governance Criteria under paragraph 6.6.7~~5~~;

In paragraph 6.6.1, delete the word “Where” and replace it with the words “Subject to paragraph 6.6.2, where”.

Delete paragraphs 6.6.3 and 6.6.5, renumber paragraph 6.6.2 as paragraph 6.6.3, renumber paragraph 6.6.4 as paragraph 6.6.5 and renumber paragraphs 6.6.6 and 6.6.7 as paragraphs 6.6.8 and 6.6.9 respectively.

Insert the following new paragraph 6.6.2:

6.6.2 The Code Administrator shall not submit to the Authority a Self-Governance Statement in respect of a Modification Proposal (or set a Proposed Self-Governance Modification Proposal Determination Date in relation to it) pursuant to paragraph 6.6.1 where such Modification Proposal is an alternative Modification Proposal made under paragraph 6.4.1 or 6.4.2 in respect of an original Modification Proposal which is not itself a Self-Governance Modification Proposal unless that original Modification Proposal has been withdrawn.

Insert the following new paragraph 6.6.4:

6.6. ~~34~~ Where the Authority rejects a Self-Governance Statement in respect of a Modification Proposal or the Code Administrator is prohibited from submitting to the Authority a Self-Governance Statement in respect of a Modification Proposal by paragraph 6.6.2, such the Modification Proposal which is the subject of such Self-Governance Statement shall:

- (a) not be a Self-Governance Modification Proposal; and
- (b) be subject to the Modification Procedures.

Insert the following new paragraphs 6.6.6 and 6.6.7:

6.6.6 The Modification Panel shall withdraw a Self-Governance Statement in respect of a Self-Governance Modification Proposal where, prior to the Self-Governance Modification Proposal Determination Date, an alternative Modification Proposal is made in respect of such Self-Governance Modification Proposal under paragraph 6.4.1 or 6.4.2 and:

- (a) the Modification Panel determines under paragraph 7.2.3(a)(i) that such alternative Modification Proposal does not satisfy the Self-Governance Criteria;
- (b) the Authority rejects a Self-Governance Statement in respect of such alternative Modification Proposal, or
- (c) the Modification Panel, pursuant to paragraph 6.6.5, withdraws a Self-Governance Statement in respect of such alternative Modification Proposal.

Where a Self-Governance Statement in respect of a Modification Proposal is withdrawn pursuant to this paragraph 6.6.5, such Modification Proposal shall, subject to paragraph 6.6.7, cease to be a Self-Governance Modification Proposal.

6.6.57 If the Code Administrator, in respect of a Modification Proposal: (a) does not submit a Self-Governance Statement under paragraph 6.6.1; or (b) withdraws a Self-Governance Statement under paragraph 6.6.4; Where the Modification Panel has determined under paragraph 7.2.3(a)(i) that a Modification Proposal does not satisfy the Self-Governance Criteria or the Modification Panel has withdrawn a Self-Governance Statement in respect of a Modification Proposal under paragraph 6.6.5, the Authority may determine that the relevant Modification Proposal satisfies the Self-Governance Criteria and is a Self-Governance Modification Proposal, and, where the Authority so determines:

- (a) its such determination shall be effective upon the Authority the giving of notice of the same such determination to the Secretary; and
- (b) any Self-Governance Statement in respect of any other Modification Proposal that was withdrawn pursuant to paragraph 6.6.6 as a consequence of the Modification Panel's determination with respect to, or withdrawal of, such relevant Modification Proposal shall be reinstated, and the Code Administrator shall, on behalf of the Modification Panel, resubmit such Self-Governance Statement(s) to the Authority, and the Modification Proposals to which such

Self-Governance Statement(s) relate shall be reinstated as Self-Governance Modification Proposal(s) accordingly.

Delete paragraph 9.3.9(b) and replace it with the following new paragraph 9.3.9(b):

- (b) paragraphs 9.3.3 to 9.3.5 (inclusive) and paragraphs 9.4.2, 9.4.3 and ~~paragraph~~9.5 shall not apply to such proposal.

Delete paragraph 9.3.10(a) and replace it with the following new paragraph 9.3.10(a):

- (a) assess whether the final Modification Report complies with paragraph 9.4, and if it is compliant, shall make a determination as to whether or not the Self-Governance Modification Proposal should be implemented (having regard to whether or not the Self-Governance Modification Proposal better facilitates the achievement of the Relevant Objectives than either the status quo or any alternative Self-Governance Modification Proposals made under paragraph 6.1 or 6.2 in respect of such Self-Governance Modification Proposal, or ,as the case may be any Modification Proposal in relation to which the Self-Governance Proposal to which the Modification Report relates is an alternative Modification Proposal made under paragraph 6.1 or 6.2) no earlier than the Proposed Self-Governance Modification Proposal Determination Date;

In paragraphs 9.3.14 and 9.7.2(b) delete the words “paragraph 6.6.6” and replace them with the words “paragraph 6.6.8”.

In paragraph 9.7.2(a)(i) delete the words “paragraph 6.6.4” and replace them with the words “paragraph 6.6.5”.

In paragraph 9.7.2(a)(ii) delete the words “paragraph 6.6.5” and replace them with the words “paragraph 6.6.7”.

In paragraph 12.12.5 delete the words “paragraph 6.6.2” and replace them with the words “paragraph 6.6.3”.

## 10 Recommendations

### Workgroup’s Recommendation to Panel

The Workgroup asks Panel to agree that:

- This modification should proceed to consultation.