

Governance of certain UNC Ancillary Documents

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Status

Modification Proposals raised concerning Governance of a number of UNC Ancillary Documents.

Mod No	Ancillary Document	UNC Ref
0053	Network Code Operations Reporting Manual	TPD V9.4
0055	System Management Principles	General Terms C1
0056	Code Credit Rules	TPD V3.1.2
0057	Incremental Entry Capacity Release Methodology Statement (IECR)	General Terms C1
0059	Network Code Validation Rules	TPD M1.5.3
0063	GRE Invoice Query Incentive Scheme Methodology	TPD S4.6
0064	CSEP Ancillary Agreement	TPD J5.9 J6.6?

All except 0063 and 0064 – Referred to Governance Workstream (report due to December 2005 Panel).

0063 and 0064 – To Nov 2005 Panel (first discussion).

Nature of Proposed Governance

- Publish document on industry website.
- Version Control.
- Transporters able to propose change to all documents named.
- Users able to propose change to:
 - Network Code Operations Reporting Manual
 - Code Credit Rules
 - Network Code Validation Rules
 - GRE Invoice Query Incentive Scheme Methodology
 - CSEP Ancillary Agreement
- Approval of change by majority vote of UNC Committee (able to be referred to sub-committee by majority vote).
- If UNC fails to make a decision, change subject to Modification Procedures unless Committee determines it should not be.

National Grid (Distribution) 'General' View

- Concern that Ofgem is removed from the decision to implement (where Committee decides).
- Can preclude open debate in Workstream.
- Further clarification required in relation to nature of governance:
 - reason for referral to sub-committee.
 - reasons for not recommending Modification Procedures
- Concern that not all provisions of the documents are 'procedural' – higher level of governance required for 'non-procedural'?
- Mod Process required by licence. Proposals advocate a different change process.
- Recognition that 0730 established concept of UNC Committee sanction of change – but further development required.
- Sympathy with concerns regarding visibility of documents, a greater role for Users in the change process and industry fragmentation.

0053 – Network Code Operations Reporting Manual

- Current change process:
 - UNC Committee Vote (recourse to Ofgem).
- Points for consideration:
 - Document is a reporting manual and not the reports themselves
 - Information issued by Transmission.
- UKD Position: Concerned because -
 - Ofgem removed from decision.
 - Lack of clarity in respect of 'Code Procedures'.

0055 – System Management Principles

- Current change process:
 - Transporter Licence determined consultation.
- Points for consideration:
 - Superior nature of licence – overrides UNC.
 - To implement would require change to Transporter Licences.
 - ‘Validity’ of Proposal.
- UKD Position: Concerned because -
 - Change process already established in Transporter Licence.
 - Conflict exists.

0056 – Code Credit Rules

- Current change process:
 - Revised by the relevant Transporter – no consultation required.
- Points for consideration:
 - Individual Transporter arrangements – one per DN.
 - A number of aspects of the current rules are subject of Mod Proposals.
- UKD Position: No particular concern
 - But need to be aware of outcome of Credit Modification Proposals

0057 – Incremental Entry Capacity Release Methodology Statement (IECR)

- Current change process:
 - Transporter Licence determined: revised only with the consent of Ofgem.
- Points for consideration:
 - Superior nature of licence above UNC.
 - To implement would require change to Transporter Licences.
 - ‘Validity’ of Proposal.
- UKD Position: Concerned because –
 - Change process already detailed in Transporter Licence.

0059 – Network Code Validation Rules

- Current change process:
 - Consultation with UNC Committee (or relevant sub-committee).
 - 3 months notice for change
 - Subject to Condition A11(18) Disapproval by Ofgem.
- UKD Position: Concerned because -
 - Ofgem removed (by exception) from decision.
 - Complex change proposal could be approved by UNC Committee simple majority.
 - Lack of clarity in respect of 'Code Procedures'.
 - Lack of clarity in respect of implementation provisions eg. Could significant changes be implemented with little or no notice?

0063 – GRE Invoice Query Incentive Scheme

Methodology

- Current change process:
 - Agreed with Ofgem.

UKD Position: Concerned because -

- Ofgem removed from decision.
- Lack of clarity in respect of 'Code Procedures'.
- Involves calculation of liabilities – final say should be with Ofgem.

0064 – CSEP Ancillary Agreement

- Current change process:
 - Modification as per UNC Modification Rules.
- UKD Position: Concerned because –
 - Proposes a lower level of governance than currently exists.
 - Ofgem removed from decision.
 - Lack of clarity in respect of ‘Code Procedures’.

Summary

- National Grid (UKD) sympathetic to a review of the change mechanisms in respect of UNC Ancillary Documents.
- UKD is concerned with a number of the proposals as currently drafted.
- UKD would support a review involving consideration of
 - optimum governance arrangements and consideration of the necessity of recourse to Ofgem,
 - the 'rights' of document owner to raise change,
 - the 'rights' of others to raise change,
 - the nature of concerns with current process.
- Objective: a transparent and consistent change mechanism.