

## Stage 01: Modification

# 0462:

## Introducing Fast Track Self Governance into the Uniform Network Code

At what stage is this document in the process?



*This modification looks to implement a Fast track self-governance capability into the UNC Modification Rule as introduced by the Authority's Code Governance Review (Phase 2).*



The Proposer recommends that this modification should be

- assessed by a workgroup



High Impact: -



Medium Impact: -



Low Impact: All parties

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## About this document:

This modification was presented by the proposer to the panel on 15 August 2013.

The panel will consider the proposer's recommendation, and agree whether it should be issued for consultation or be referred to a workgroup for assessment.


Any questions?
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# 1 Summary

## Is this a Self-Governance Modification?

We believe that this modification should not be subject to self governance as it will result in a material change to the Modification Rules.

## Why Change?

Code Governance Review (Phase 2) (CGR2) has now been concluded and introduces the availability of a fast track self governance (FTSG) process into industry codes. This modification is being raised in order to implement this change into the UNC.

## Solution

It is proposed to implement into the UNC the FTSG process as introduced by the Code Governance Review (Phase 2). This will include the definition of FTSG criteria as well as the process to be followed for Modification Proposals which meet the FTSG criteria including an objection process as per the Licence condition. Following workgroup discussion the basic option for implementation has been agreed upon and is now reflected in the modification.

## Relevant Objectives

Positive impact on relevant objectives c) and f).

## Implementation

Implementation can be as soon as possible following an Ofgem decision.

## 2 Why Change?

As part of CGR2 the Authority has determined that a FTSG be introduced into relevant industry codes. This has been decided in order to manage industry participants' and Authority time and effort around minor housekeeping modifications. As Consents to Modify are currently subject to Authority decision and self governance modifications are subject to industry consultation neither currently provide a suitable route for housekeeping UNC amendments.

## 3 Solution

This modification introduces FTSG arrangements into the UNC and will set out the definition, process and criteria as per the Gas Transporter Licence Conditions. The Licence conditions for FTSG states the following:

*"12G. The network code modification procedures shall provide that modifications shall only be implemented without the Authority's approval pursuant to this paragraph 12G (the "fast track self-governance route") where:*

- a. in the unanimous view of the panel, the proposed modification meets all of the fast track self-governance criteria;*
- b. the panel unanimously determines that the modification should be made;*
- c. parties to the uniform network code and the Authority, have been notified of the proposed modification;*
- d. none of the persons named in sub-paragraph (c) have objected to the proposed modification being made via the fast track self-governance route in the fifteen (15) working days immediately following the day on which notification was sent; and*
- e. notification under sub-paragraph (c) contains details of the modification proposed, that it is proposed to be made via the fast track self-governance route, how to object to the modification being made via the fast track self-governance route, the proposed legal drafting and the proposed implementation date."*

*"fast track self-governance criteria" means that a proposal that, if implemented,*

- a. would meet the self-governance criteria; and*
- b. is properly a housekeeping modification required as a result of some error or factual change, including but not limited to:*
  - i. updating names or addresses listed in the network code and/or the uniform network code;*
  - ii. correcting minor typographical errors;*
  - iii. correcting formatting and consistency errors, such as paragraph numbering; or*
  - iv. updating out of date references to other documents or paragraphs."*

Based on the above Licence Conditions and discussions held at the Governance Workgroup on the 19<sup>th</sup> September the modification proposed to implement a basic solution. This solution involve simply classifying the FTSG as Self Governance modifications where they fulfil the FTSG criteria but with the ability for the Panel to implement these directly, without going to consultation. If the Panel agree that the modification satisfies the FTSG criteria but then fail to unanimously agree to implement the modification then the modification will be classified as Self Governance. The Self Governance modification will then follow the existing process for new modifications.

As per the Licence condition, an objection process will also be put in place stating that parties have 15 days to object following the Panel determination to implement. If an objection is received the modification will then be returned to Panel for re-consideration as a new modification but without the ability to classify the modification as FTSG.

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This option is easier to implement than a more detailed solution and requires less amendments to the code but the full modification template will need to be completed for each change including User Pays and Relevant Objectives.

<b>User Pays</b>
Classification of the modification as User Pays, or not, and the justification for such classification.
<i>Not User Pays</i>
Identification of Users of the service, the proposed split of the recovery between Gas Transporters and Users for User Pays costs and the justification for such view.
N/A
Proposed charge(s) for application of User Pays charges to Shippers.
N/A
Proposed charge for inclusion in the Agency Charging Statement (ACS) – to be completed upon receipt of a cost estimate from Xoserve.
N/A

## 4 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
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Relevant Objective c): Efficient discharge of the licensee's obligations:

- As the Fast track self-governance element of the Authority's Code Governance Review (Phase 2) will be a Transporter Licence obligation and this modification will add these arrangements into the UNC this modification further facilitates relevant objective c).

Relevant Objective f): Promotion of efficiency in the implementation and administration of the Code:

- The introduction of Fast track self-governance will provide a useful additional mechanism for dealing with unanimously agreed minor administrative or house-keeping changes, ensuring appropriate industry and Authority roles.

## 5 Implementation

Implementation can be as soon as possible following an Ofgem decision.

## 6 Legal Text

Legal text to be provided separately

## 7 Recommendation

The Proposer invites the Panel to:

- Determine that this modification should progress to Governance Workgroup.