

Modification 0440 – governance issues in relation to ITAD

1. Current proposals are:
 - (a) Independent Transporters become parties to the UNC (strictly, to each DNO's network code);
 - (b) Independent Transporters will have the ability to propose modifications to the UNC
 - (c) The UNC will include a new Independent Transporters Arrangements Document (ITAD)
 - (d) ITAD will contain a general section, broadly modelled on the OAD general section ([/]). OAD section [/] recognises a number of decisions which may need to be made in the course of implementing OAD (and falling short of code modifications), such as changes to subsidiary documents. OAD creates the Offtake Committee, comprising the transporter-nominated members of the UNC Committee;
 - (e) ITAD will allow for accession of new Independent Transporters and expulsion of an Independent Transporter in breach of the UNC
 - (f) ITAD will set out requirements for Independent Transporters to implement UNC-equivalent rules to allow UNC rules on AQRs, EUCs, demand estimation, allocation, to apply to supply points on the Independent Transporters System (ITS). We understand there may be some exceptions from these requirements. Note that Independent Transporters will be affected by decisions of (for example) demand estimation sub-committee (DESC) under TPD Section H;
 - (g) ITAD will provide the basis on which Independent Transporters will receive services from xoserve for implementation of their network codes (IT Codes). These are defined by reference to the service definitions in schedule 2 of the ASA;
 - (h) to receive xoserve services, ITAD stipulates that the Independent Transporters must mirror in the IT Codes the UNC rules which are reflected in xoserve's services (and underlying systems and processes). We understand there may be some exceptions from these requirements. We also understand that Independent Transporters may receive certain other services or varied services from xoserve.
 - (i) Independent Transporters are not required to replicate the Section U obligations (as to use of UK Link) on UK Link Users in their IT Codes – those Section U provisions will be extended in UNC to cover use of UK Link by Users in connection with ITSs. However their IT Codes may refer to the UK Link Manual as to its provisions for determining legal effectiveness of code communications.
2. ITAD Section B will provide or refer to the process for establishing new CSEPs (see earlier note). It is assumed that process does not require any new governance of its

decision-making. There will be an existing basis on which a DNO makes decisions about accepting requests for new CSEP connections.

3. ITAD Section G envisages the existence of:
 - (a) the 'IT Agency Service Variations Document' which would set out the exceptions (to the requirements for IT Codes to mirror UNC in relevant areas) referred to above, and any additional or varied services offered by xoserve to Independent Transporters. Potentially, the document would include any further provisions which are needed to make the references to ASA work;
 - (b) the 'IT Agency Interface Specification' which would set out technical interface requirements (data formats, communications protocols) required by the iGT to interface with xoserve;
 - (c) an 'IT Agency Interface Agreement', covering areas where a direct contractual relationship between Independent Transporters and xoserve is desirable, such as IS issues, software licensing, virus protection.
4. It is envisaged these documents (or, in the case of the IT Agency Interface Agreement, the pro-forma) would be owned, i.e. 'prepared and issued', by the DNOs. The initial forms of these could (should) exist at the time at which modification 0440 is made.
5. 0440 governance questions include:
 - (a) are Independent Transporters' rights to propose code modifications open-ended or limited to specific areas of the UNC (eg ITAD, TPD provisions which they are required to replicate, GT provisions, the Modification Rules themselves);
 - (b) are Independent Transporters represented on the Modification Panel or the UNC Committee? Do they participate in other ways in the code modification process;
 - (c) do Independent Transporters participate in code sub-committees such as DESC? On what basis?
 - (d) Is there a need for an ITAD Committee, mirroring the Offtake Committee? If it were balanced, that would imply an unbalanced UNC Committee (and Modification Panel); if the Independent Transporters had (for argument's sake) a single representative on the UNC Committee, the ITAD Committee would not be balanced. Creating a free-standing ITAD Committee would be messy (possible, a UNC sub-committee with co-opted IT representatives could work).
 - (e) how will changes to the three ITAD subsidiary documents (IT Agency Service Variations Document, IT Agency Interface Specification, pro forma IT Agency Interface Agreement), as well as any other subsidiary documents for which the need is discovered, be governed;
 - (f) what committee makes decisions on the accession and expulsion of new Independent Transporters (and the form of accession agreement, etc)? Current draft ITAD says it's the Offtake Committee, on the basis that

Independent Transporters are 'them' rather than 'us' (unlike the Transporters in the Offtake Committee);

- (g) are there any other kinds of decision which might be needed under (i.e. in implementation of) the ITAD?
 - (h) do Independent Transporters participate in the UK Link modification process (including the process for modifying the UK Link Manual);
 - (i) how will Independent Transporters participate in the process for amending the ASA. Are there other aspects of ASA governance they should participate in? We have suggested an informal ASA stakeholder forum (a 'shadow' of the contract management committee) which would include the Independent Transporters as well as xoserve and the DNOs.
 - (j) what provisions are needed for coordination of modifications of the UNC and IT Codes? (A simple approach is to require that where a modification is proposed to one, which would affect the interests Independent Transporters under ITAD or the UNC, the corresponding modification should be proposed to the other, with the modification reports drawing Ofgem's attention to the linkage.)
6. It is provisionally assumed no changes are made to the Transporter licence conditions which address UNC, Joint Office and ASA; but this should be confirmed.