

UNC Mod 0621 and 0636 (and 0653) process interactions

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Initial Thoughts on Options

- Do nothing
 - Not viable if compliance by May 2019 is important
 - Timescales will be extended or there will be a process vacuum

- Delay 0621 FMR to Ofgem until 0636 completes and 0621 mods have been varied using existing processes:
 - Likely to jeopardise TAR compliance by May 2019
 - Timescales for completion of 0636 uncertain
 - Timescales for variation of 0621 mods uncertain

- Suspend consideration of 0636
 - Allow 0621 to proceed along planned timeline
 - Compliance with TAR more likely to be achieved
 - Clarity of governance processes
 - Focusses resources

- Expedite 0636 processes; make 0636 decision prior to 0621 FMR submission
 - Is shorter impact assessment possible
 - Would this enable 0621 processes to complete in time for compliance by May 2019

Mod 0621 and 0636 (0653) including all variants

Common aims

- It is in the interests of all industry parties to fully understand the governance process interactions between these Modification Proposals,
- Roles and responsibilities of all parties need to be understood, to ensure proper resourcing, good governance, appropriate consultation and informed decision making
- Focus is on delivering efficient, compliant and legal changes to the charging arrangements
- Authority View is necessary to ensure clear and appropriate resolution of scheduling conflicts
- This is not about favouring one Modification or alternative over another – it is about having clarity of process and governance
- However the decisions have commercial consequences for shippers / suppliers

Mod 0621 and 0636 including all variants

Common features

- Both seek to make changes to the determination or application of the Optional Commodity Charge (OCC)
- Both will be subject to Ofgem impact assessment [8 weeks]
- Both will be sent to consultation in the spring, current expectation for 0636 is following April Panel, 0621 following May Panel
- Both are drafted as a change from the current arrangements.

Mod 0621 and 0636 including all variants

Scheduling conflict

- Panel recommendation (estimated) : 0636 May / June 2018, 0621 July 2018
- Ofgem decision (estimated) : 0636 July / August 2018, 0621 'minded to' August 2018. Final March 2019

Key Issue – Ofgem decision on 0636 not expected before 0621 goes to consultation (May), and possibly not before the panel recommendation and 'minded to' decision which is needed as part of the impact assessment for 0621 and final consultation for TAR.

Consequence – if Ofgem directs implementation of any of the 0636 Mods, the 0621 Mods will need to be amended to reflect that they are proposing a change from the new prevailing arrangements as implemented by Mod 0636 (assuming to be before Oct 19). Change is likely to be required to the proposal, solution, relevant objectives and supporting analysis / customer impacts sections.

Amending Mod 0621 to reflect 0636 decision

Mod rules [link](#)

- A Variation Request can be made after the Panel has determined the Mod should proceed to consultation and before it makes a determination 6.5.1 (c)
- 6.5.3 The Secretary submits the Variation Request to Panel
- 6.5.4 (a) if Panel decides unanimously that the change is immaterial the Mod is varied and proceeds – changes are likely to be material
- So 7.2.3 applies
- Referral back to Workgroup, with a date to report back seems the mostly likely option
- This would extend timescales for 0621, probably by several months and may jeopardise compliance with TAR NC by May 2019

Amending Mod 0621 to reflect 0636 decision

Mod rules [link](#)

- If Ofgem makes a decision on Mod 0636 after the Panel has made a recommendation on 0621 there appears to be no mechanism available to vary 0621 Mods
- Ofgem would have the Final Mod Reports, Industry representations and supporting analysis which do not reflect a change from the prevailing arrangements and are therefore not valid.
- This is beyond industry, Joint Office and Panel's ability to resolve
- Suggestion: Joint Office seeks a View consistent with 12.8
- *The Code Administrator may decide to seek a View from the Authority on any matter arising (under these Rules or otherwise) from a Modification Proposal that is not a Self-Governance Modification Proposal at any stage prior to the date on which the Code Administrator finalises the Modification Report*

Joint Office seeks a View

Mod rules [link](#)

- 12.8.2 If the Code Administrator decides to seek a View pursuant to paragraph 12.8.1, the Secretary shall:
 - (a) forward an application to the Authority setting out the **Code Administrator's views and reasons for seeking a View** from the Authority;
 - (b) if the Modification Panel shall so determine, suspend (in whole or in part) the consideration of the Modification Proposal by any Workgroup; and
 - (c) notify each Transporter, each User, each Independent Gas Transporter and each Non-Code Party (if any) of such decision to seek a View.

Note: Joint Office wants any request for a View to be a collaborative effort including the Workgroup

Authority response to a request for a View

Mod rules [link](#)

- 12.8.3 If, in respect of a View sought pursuant to this paragraph 12.8, the Authority expresses the View that the Modification Proposal should not proceed, the Modification Proposal shall lapse and the Code Administrator shall within the five (5) Business Days following receipt by the Code Administrator of the View prepare and circulate notification of such lapse.
- 12.8.4 If, in respect of a View sought pursuant to this paragraph 12.8, the Authority shall not express any View as to how the Modification Proposal should proceed or expresses the View that the Modification Proposal should proceed to Workgroup Assessment, the Modification Proposal shall proceed to Workgroup Assessment.
- 12.8.5 If the Authority expresses any other view, the Modification Proposal shall proceed in accordance with such view.

Note: there is no time frame in which the Authority must respond to a request for a View nor seemingly any restrictions on what that View may say, however a view is needed as soon as possible and no later than the 0621 FMR submission

Reasons for seeking a View in respect of Mod 0621 and 0636

Mod rules [link](#)

- As outlined above; interactions of timelines for Mods 0621 and 0636. Clarity is required on timescales for Ofgem impact assessment and decision making
- If Ofgem approves any 0636 option before the Final Mod Report for 0621 is submitted to Ofgem, the 0621 mods will need to be varied to accommodate a change to the baseline against which 0621 mods are proposed and assessed. The process of variation will take time; will delay the submission of the final mod report and may compromise TAR NC compliance by May 2019. What is the latest date that the Final Mod Report for 0621 can be submitted to Ofgem to enable compliance by May 2019? Can Ofgem's; '5-month' timeline be reduced? Does Ofgem have views on how the Joint Office / industry should manage the Variation process?
- If Ofgem approves any Mod 0636 option after the final mod report for 0621 is submitted, Variation Requests are no longer permitted. How will Ofgem manage the 0621 mods that no longer reflect a change from the prevailing arrangements? What role does Ofgem envisage for the Joint Office and other stakeholders ?

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