

Joint Office

[enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

06 April 2022

Dear Sir or Madam,

**Re: 0800 Introducing the concept of a derogation framework into Uniform Network Code (UNC) (Authority Direction)**

Thank you for the opportunity to provide representation on the above noted Modification Proposal. Please find below Northern Gas Network's (NGN) comments in respect of this change.

**NGN supports this Modification Proposal.**

**Reason for support/opposition:**

Please summarise (in one paragraph) the key reason(s)

We note that this proposal is based on 0760, with changes made in accordance with Ofgem's rejection letter of 0760, and believe that these changes satisfy the concerns raised by Ofgem.

We support this proposal as we believe the introduction to UNC of a derogation framework within UNC, along with a Use Case for Net Zero Innovation, will aid in the UK being able to achieve net zero targets. This modification will allow trials for solutions, that are on the pathways towards net zero (eg Hydeploy, H100, and H21), to be carried out in a controlled way. This will aid in assessing the feasibility of both the physical and regulatory solution without enduring code changes that would impact all and require costly system changes. In addition this should also aid in proof of concept, so that should a solution be deemed viable and beneficial, the evidence and analysis to justify an enduring UNC code change is available. For these reasons we believe this furthers Relevant Objective f) *the promotion of efficiency in the implementation and administration of the Code.*

Additionally, RIIO-2 has introduced obligations for Gas Transporters relating to progression towards net zero targets through innovation. The introduction of the Net Zero Innovation Use Case, to be used under the derogation framework therefore furthers Relevant Objective c) *Efficient discharge of the licensee's obligations.*

**Implementation:**

What lead-time do you wish to see prior to implementation and why?

This proposal could be implemented upon receipt of approval from Ofgem. We note, however, that any timetable should take into account the Joint Offices timeline for setting up forms and process to support the application and other administrative processes required for derogation requests.

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### Impacts and Costs:

What analysis, development and ongoing costs would you face?

NGN has identified no analysis or development required and no ongoing costs incurred as a result of this proposal. However should this proposal not be implemented there is a risk of currently unquantifiable costs in relation to having to find alternative ways to test innovation solutions. There is also the additional risk that, due to enduring solutions not being able to be trialed, this could lead to extensive delays to the timelines of these projects.

### Legal Text:

Are you satisfied that the legal text will deliver the intent of the Solution?

We agree that the legal text will deliver the solution, and the addition of the guidance document should aid parties to understand the process and what is required by applicants.

### Are there any errors or omissions in this Modification Report that you think should be taken into account?

Include details of any impacts/costs to your organisation that are directly related to this.

None identified.

### Please provide below any additional analysis or information to support your representation.

As the proposer of this modification proposal, I confirm that this proposal is based on proposal 0760, with changes made in accordance with Ofgem's rejection letter of 0760. I believe that these changes satisfy the concerns raised by Ofgem in said letter.

I confirm that the original proposal had been discussed at length in industry workgroups. I also can confirm that the concerns raised in Ofgem's 0760 rejection letter have been addressed within this modification proposal, and have been discussed at workgroups, which were also attended by Ofgem.

Whilst this proposal introduces a framework for derogation, which should allow for additional Use Cases to be added in the future should parties so wish, the primary focus of this proposal has been to facilitate derogation within the UNC for net zero related innovation. This focus is due to the commitment that the United Kingdom, along with many other countries, have on reaching net zero in the coming decades, with the Prime Minister publishing his 10 point plan. This plan has placed specific timelines on the energy industry in relation to hydrogen trials and a hydrogen town, this proposal will better enable these objectives to be met.


I hope these comments will be of assistance and please contact me should you require any further information in respect of this response.

Yours sincerely,

Tracey Saunders (via email)  
Market Services Manager (Industry Codes)  
Mobile: 07580 215 743

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