

Guidance Document

**UNC Modification Proposals – Guidance for
Proposers**

Introduction

This document is the UNC Modification Guidance Document referenced in the Uniform Network Code (UNC) Modification Rules. It may be modified by Panel Majority, as provided for in paragraph 5.1.2 (a) of the Modification Rules.

Background

In order to facilitate an efficient modification process it is important that sufficient interaction is had, in all but exceptional cases, with related parties prior to the official raising of a modification. This will ensure that the matter is indeed a valid UNC matter; that key impacts (direct or indirect) are highlighted and that implementation issues/system impacts are considered.

This framework seeks to set out best practice, providing transparency to the existing process, clarity to parties involved in the process and consistent expectations. Please note that this document is providing direction regarding raising Modification Proposals (modifications). For ideas that require further development the Issues and Request routes are available, both of which allow ideas to be discussed by industry and shaped into sufficiently detailed modifications.

Pre-Modification Engagement

A potential Proposer should aim to discuss their proposal with the Joint Office of Gas Transporters and with relevant industry colleagues (including Shippers, Transporters and Xoserve) sufficiently ahead of a Panel submission date to allow them to shape their modification. Potential Proposers are encouraged to use the informal 'Pre-Modification Discussions' item included on every Workgroup agenda for this purpose.

Guidance should be sought on:

1. Whether the proposal is appropriate as a UNC modification change or whether it should be raised under alternative governance;
2. Any direct or indirect impacts of the change; and
3. Any system change requirements and any other relevant considerations.

Where an issue is not sufficiently developed even following the above mentioned engagement then alternative routes should be sought prior to raising a modification, for example, raising either a Workgroup Issue or a Request.

If relevant contact details are not available, the Proposer should contact the Joint Office who will be able to supply details.

Guidance for New Modification Proposals – Modification Template

1 Summary

For each of the three sections in the Summary, no more than one paragraph is expected.

What

Proposers should explain in straightforward non-UNC terminology the proposed change.

Why

Proposers should explain in straightforward non-UNC terminology the drivers of the change – for instance, a legislative change, or implementing a Policy decision.

How

This section sets out in plain English of how the Code is to be modified to achieve the proposed change.

2 Governance

Justification for Urgency, Authority Direction or [Fast Track] Self Governance

Proposers should amend the subtitle above to show their requested governance route.

If **Urgency** is to be requested, it is highly recommended that the Joint Office be consulted before proceeding such that advice can be sought on suitable process steps and/or timeline. Proposers should also refer to the Ofgem Guidance on Code Modification Urgency Criteria here: <http://www.gasgovernance.co.uk/mods> and describe the reasons for requesting Urgency.

After 17 February 2017, all new modification proposals follow a presumption of **Self-Governance** unless there is a material impact on one or more of the self governance criteria.

If **Authority Direction** is to be requested, Proposers should refer to the Authority Direction/Self Governance Materiality Guidance here: <http://www.gasgovernance.co.uk/mods>

In all cases, there must be justification provided for the Proposer's requested governance position, which should include an assessment of the actual materiality (for example, in cost to consumers).

The Self Governance Criteria and the Fast Track Criteria are set out in the modification template and should form the basis of the Proposer's assessment about the appropriate level of governance.

Fast track proposals must be fully developed and include the Proposer's Legal Text.

3 Why Change?

This section sets out the defect in Code, which may be an error, an omission or something the Proposer wishes to change. The context for the proposal must be clearly set out and should explain:

1. What the driver is and which parties are impacted;
2. Why this is a Code matter (in the case of new additions); and
3. What the effects are should the change not be made.

4 Code Specific Matters

This section is for Proposers to include any relevant reference material, external guidance or to highlight any special skills that might be needed during the assessment phase.

Weblinks work well in this section.

5 Solution

To avoid undue delays in the Workgroup phase, Panel expects that initial modification proposals will be sufficiently complete that they can anticipate the likely impact and Workgroup effort required such that realistic assessment timeframes can be set.

For smaller UNC parties, Panel will apply more latitude with respect to the level of detail they will accept in an initial proposal, however such parties are still expected to avail themselves of pre-modification support as described above.

Any additional explanation that Proposers believe is helpful, but that is not intended to be written in to Code, must be clearly marked as such (“for information only” or “for the avoidance of doubt” or similar works well in such situations) to aid with the development of legal text.

For the avoidance of doubt, the Solution shall clearly set out the contractual changes required, not the detail of the process/system change required.

Proposers should be aware that Panel may, should it determine that insufficient detail is provided, defer consideration to a future date to allow the Proposer to consider the areas of concern.

6 Impacts and Other Considerations

This section helps Panel to understand how the modification interacts with existing arrangements; Proposers are encouraged to be as complete as they can about any potential conflicts or concerns relating to all parts of the industry supply chain, and particularly on consumers.

Significant Code Review (SCR) or significant industry change

Panel needs to know the impact of the proposed change on either an SCR or a significant project. Proposers should consider impacts ahead of, during and after such projects.

Proposers should be aware that any impact on a section of Code within the scope of an Ofgem Significant Code Review may not be progressed at that time.

Consumer Impacts

Proposers are required to provide an initial view of the impacts of their proposal on consumers, preferably by type of consumers (small, large etc). This is an important part of the Workgroup Assessment phase and will be revisited by the Workgroup.

Cross Code Impacts

Proposers should consider, and highlight in the appropriate section, whether any other Code is affected – e.g. iGT UNC or SPAA. If so, it is likely that Panel will request that joint workgroup meetings are held.

EU Code Impacts

Proposers should identify the affected EU Code and the impact as they see it.

Central Systems Impacts

Proposers must provide their view of the impacts on central systems (inc. Gemini and UK Link) that may be affected; this will be supported by further input from the Central Data Services Provider (Xoserve) later in the process

7 Relevant Objectives

For every Objective an assessment should be made stating whether the impact of the Solution is negative, neutral (“none”) or positive. Impacts (ie negative and/or positive) should be clearly explained. It is not enough to simply state that, for instance, a modification has a positive impact on competition between shippers (Objective d); a full rationale of specifically how competition is furthered must be provided.

This must be repeated for every Objective that is impacted.

8 Implementation

The Proposer must identify when they require implementation to be made. If a date is specified, Code requires two alternative fixed dates to also be provided. Proposers may alternatively wish implementation to be ‘as soon as possible’.

In the case of Fast Track and Self Governance, the modification template includes the recommended wording to capture the objection/appeal window after Panel determines to implement.

9 Legal Text

Proposers are welcome to provide Suggested Legal Text alongside their modification, but are under no obligation to do so unless Fast Track procedures are requested (see above).

Legal text will be drawn up by the relevant Transporter at a time when the modification is sufficiently developed in line with the [Legal Text Guidance Document](#).

10 Recommendations

Proposers need to make a clear recommendation to Panel – indicating whether they would like their modification to be assessed by a Workgroup (normal) or, if fully developed, to be issued to consultation (exceptional cases). It should be noted that Panel may direct that the nominated Transporter provides legal text before any consultation takes place.

Alternatives

Alternative proposals may only be raised in the time between the issuing of a modification to a Workgroup for assessment and the completion of the Workgroup Report for Panel consideration.

All of the same guidance applies. In addition, Proposers need to make the differences in the Solution clear in their Alternative.

Normally the Joint Office will provide a copy of the original modification (i.e. upon which the Alternative is to be based) so that consistency is ensured.

A single Workgroup Report will be developed by the Joint Office, which will draw out the differences and assess the relevant merits.

Variations

Once a consultation has been conducted a modification may not be amended. If changes to the Solution in an original modification become necessary (for instance, due to an issue arising in the consultation or an Ofgem send-back), there is a separate document required to be produced that sets out the reasons and change/s, including Legal text.

The Joint Office should be consulted in all such cases.

Urgent Modification Proposals

An Urgent modification needs Ofgem approval for the requested process and timeline. Since the steps in the modification process can be amended, requests for Urgency are normally considered by Panel before Ofgem makes a direction.

Proposers wishing to make an Urgent modification proposal should contact the Joint Office for guidance, since cases need to be considered on their individual merits.

Ofgem has produced a helpful guidance document available here:

<http://www.gasgovernance.co.uk/mods>.

Appendix: Modification Proposal Checklist

	1. Summary	
1a	Does the Self Governance statement include the relevant qualifying criteria and evidence to justify the request? (including the materiality)	
1b	Where applicable, does the Fast Track statement include the relevant qualifying criteria and evidence to justify the request? Have you provided the proposed Legal Text?	
1c	Has the problem as described in Why Change? (identified in Section 2) been summarised?	
1d	Has the remedy as described in the Solution (identified in Section 3) been summarised?	
1e	Have the appropriate Relevant Objectives (identified in Section 4) been identified and summarised?	
1f	Has the Implementation plan (identified in Section 5) been summarised?	
1g	Has the impacts to other significant change (identified in Section 6) been summarised?	
	2. Why Change?	
2a	Is the reason for the proposed change clear?	
2b	Have the impacted parties been identified?	
2c	Has the defect in Code been fully described?	
2d	For new additions to Code, has the rationale for this being a Code matter been provided?	
2e	Have references to external requirements been included (such as EU Codes, GS(M)R, iGT UNC etc)?	
2f	Is it clear what the consequences are if the proposal does not proceed?	
	3. Solution	
3a	Does the Solution directly address the identified defect?	
3b	Does the Solution describe only the UNC changes?	
3c	Has the impacted section of Code been identified?	
3d	Are Business Rules required/provided?	
3e	Have time-critical events been clearly specified?	
3f	Have responsibilities been clearly defined?	
3g	Are any guidance notes or diagrams marked as not being part of the formal Solution?	
3h	Has the rationale for User Pays been included?	
3i	If User Pays, is the cost allocation methodology clear (does it provide an unambiguous statement of the proposed allocation, incl. basis and relevant date/s)?	
	4. Relevant Objectives	
4a	Is this a Charging Methodology related modification? If so, ensure that the correct version of the modification template is used.	
4b	Are the impacts on the Relevant Objectives identified?	
4c	Are supporting statements (including quantification of potential impacts etc.) for the Relevant Objectives provided?	
	5. Implementation	
5a	Is there an unambiguous implementation statement?	
5b	If timescales proposed, have at least 2 fixed dates and a backstop date been identified and justified? (not applicable for SG modifications)	
	6. Impacts	
6a	Have any affected SCRs or Change Projects been identified?	

6b	If so, does the proposal clearly state the likely impact pre- (up to the implementation date), during cutover, and post-Change?	
6c	Have the impacts on relevant parts of the industry supply chain been identified?	
6d	Have the impacts on consumers been identified?	
	7. Legal Text	
7a	Any Suggested Text (by the Proposer) should be included	
	8. Recommendation	
8a	Is there a clear recommendation from the Proposer to Panel?	