

Modification proposal:	Global Utility Connections (GUC) Network Code modification proposal 008: 'Harmonisation of Implementation Timescales for IGT Changes' (GUC008)		
Decision:	The Authority ¹ directs that this proposal be made ²		
Target audience:	GUC, Parties to the GUC Network Code and other interested parties		
Date of publication:	23 November 2006	Implementation Date:	18 December 2006

Background to the modification proposal

Currently there is no formal governance structure to implement changes to Independent Gas Transporters' (iGT) network codes. This can lead to problems when shippers or indeed the iGTs themselves try to implement modifications to common procedures.

The modification proposal

GUC008 seeks to align the timescales in which iGT changes are implemented, with three scheduled releases a year; these will be in February, June and November. This is consistent with existing practices in the electricity industry, as well under the gas Supply Point Administration Agreement (SPAA) and more recently the Uniform Network Code (UNC).³

It is proposed that an indicative timetable for implementing a modification proposal should be the following:

- 6 months minimum for changes impacting systems and software;
- 4 months minimum for changes impacting operational procedures; or,
- 2 months minimum for changes to documentation only

These minimum periods would be calculated from the date of the Authority's direction to implement.

The proposer considered that bundling iGT changes to three releases per year will be of benefit to all Network Code Users, as it will enable them to plan and operate more effectively. It will also allow a more structured approach to system/process development and implementation. They consider that implementation of this modification proposal with standard implementation timescales will further facilitate the efficient and economic operation of their pipeline.⁴

The Authority's decision

The Authority has considered the issues raised by the modification proposal the final Modification Report (FMR) dated 09 November 2006 and the representations contained within the FMR. The Authority has concluded that:

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

³ UNC modification 010: 'Amendment to the minimum notice required for UK Link changes' was accepted by the Authority on 7 November 2005.

⁴ As set out in Standard Condition 9(1) of the Gas Transporters Licence, see:

http://62.173.69.60/document_fetch.php?documentid=4311

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the GUC Network Code;⁵ and,
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties.⁶

Reasons for the Authority's decision

GUC and all three respondents to its consultation of this modification proposal support its implementation. One respondent suggested that this would align practice in the iGT sector with the Uniform Network Code (UNC) and Supply Point Administration Agreement (SPAA). Respondents generally considered that this proposal would improve the planning and efficiency of change, as well as reduce costs.

We consider that it is important that all parties are able to implement modifications in an economic and efficient manner; in this respect it may not be appropriate for implementation to be determined largely by the working practice of one party. The introduction of an implementation timetable and three yearly releases should provide Network Code parties with greater clarity and transparency and may enhance the efficient operations of the modification implementation procedures.

We are aware that scheduled releases are commonplace in the electricity industry, particularly the Master Registration Agreement (MRA) and Balancing and Settlement Code (BSC), although in the case of the latter they are a matter of working practice rather than being a requirement of the Code. In gas, as noted by the proposer, the SPAA and now the UNC include provisions for three scheduled releases a year. We acknowledge that it can be appropriate to harmonise processes as long as it does not restrict the efficient implementation of modifications.

Given the above, we concur that the implementation of this proposal would better facilitate the efficient and economic operation of the pipeline. We also consider that directing that this modification is implemented is consistent with the principles of best regulatory practice, in particular given our earlier decisions on other Network Codes and agreements introducing such scheduled releases.

Decision notice

In accordance with Standard Condition 9 the Gas Transporters Licence, the Authority, hereby directs that modification proposal GUC008 be made.



Nick Simpson
Director, Industry Codes

Signed on behalf of the Authority and authorised for that purpose.

⁵ As set out in Standard Condition 9 of the Gas Transporters Licence, see: http://62.173.69.60/document_fetch.php?documentid=4311

⁶The Authority's statutory duties are wider than the relevant objectives and are detailed primarily in the Gas Act 1986.