

Modification proposal:	<b>Independent Pipelines Limited (IPL)/Quadrant Pipelines Ltd (QPL) modification proposal 022: Harmonisation of Implementation timescales for iGT Changes</b>		
Decision:	The Authority <sup>1</sup> directs that each of these modifications be made <sup>2</sup>		
Target audience:	Parties to the IPL/QPL Network Codes and other interested parties		
Date of publication:	17 January 2007	Implementation Date:	To be confirmed by IPL/QPL

## 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

IPL and QPL 22 seeks to align the timescales in which iGT changes are implemented, with three scheduled releases a year; 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).<sup>3</sup>

In addition, 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.

This modification proposal therefore seeks to facilitate the change process, by ensuring all parties schedule iGT changes in an efficient, economic and orderly manner. Adoption of a minimum implementation period and a structured scheduled release is expected to reduce the risk and thereby the costs by ensuring Users have sufficient time to plan resources for implementation. The Modification Proposal therefore seeks to align the UNC, SPAA and Electricity release dates. The alignment of implementation dates is expected to enable Parties to effectively plan.

## The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 5 January 2006. The Authority has considered and taken

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

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

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

into account the responses to the IPL and QPL's consultation on the modification proposal which are attached to the FMR. The Authority has concluded that:

1. implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the IPL and QPL Network Code<sup>4</sup>; and,
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties<sup>5</sup>.

### **Reasons for the Authority's decision**

IPL and QPL had three responses to the consultation, all of which supported the implementation of this modification proposal. Respondents generally considered that this proposal would provide an opportunity for shippers to have a structured approach to implementation timescales and therefore allow all parties to plan and manage their internal development programmes efficiently.

We too consider that it is important that all parties are able to implement modifications in an economic and efficient manner; in this respect we consider that the introduction of an implementation timetable and the bundling of iGT changes to three releases per year, 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<sup>6</sup>, 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.

We therefore considered that the implementation of this modification proposal will allow parties to benefit from a coordinated approach to system/process development and will further facilitate the efficient and economic operation of their pipeline.<sup>7</sup>

### **Decision notice**

In accordance with Standard Condition 9 the Gas Transporters Licence, the Authority, hereby directs that modification proposals IPL22 and QPL22: Harmonisation of Implementation timescales for iGT Changes be made.



**Sarah Harrison**

**Managing Director of Corporate Affairs**

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

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<sup>4</sup> As set out in Standard Condition 9(1) of the Gas Transporters Licence, see: [http://62.173.69.60/document\\_fetch.php?documentid=4311](http://62.173.69.60/document_fetch.php?documentid=4311)

<sup>5</sup> The Authority's statutory duties are wider than the relevant objectives and are detailed mainly in the Gas Act 1986.

<sup>6</sup> We note also that a similar modification 'Harmonisation of Implementation timescales for iGT Changes' was approved in the Network Code of the following iGTs SSE (SSEP021) and GUC (GUC008).

<sup>7</sup> As set out in Standard Condition 9(1) of the Gas Transporters Licence, see: [http://62.173.69.60/document\\_fetch.php?documentid=4311](http://62.173.69.60/document_fetch.php?documentid=4311)