

Modification proposal:	Independent Gas Transporter (iGT) Uniform Network Code (UNC): 'Ancillary Documents' (iGT UNC 008)		
Decision:	The Authority ¹ directs that this proposal be made		
Target audience:	Gemserv, Parties to the iGT UNC and other interested parties		
Date of publication:	13 February 2008	Implementation Date:	To be confirmed by the Representative of the iGT UNC

Background to the modification proposal

The procedures for modifying the iGT UNC are set out in Section L – 'Modification rules', in accordance with Standard Condition 9, paragraphs 7 and 8 of the Gas Transporters Licence. However there are a number of documents which support the provisions of the iGT UNC which currently sit outside of normal Code governance.

The modification proposal

This modification proposal seeks to introduce into the iGT UNC the concept of an ancillary document, with supporting provisions such as:

- to require publication of the ancillary document on the iGT UNC website;
- to require the creation of a new version of the ancillary document following any revision;
- to enable GTs or Users to propose revisions to the ancillary document by written notice to the iGT UNC Panel;
- to prevent any revisions being made to the ancillary document without approval by majority vote of the iGT UNC Panel, unless via the iGT UNC modification process;
- in the event of the iGT UNC Panel failing to come to a majority view, allowing the change proposal to proceed as an iGT UNC modification.

It is envisaged that this ancillary document will cover matters such as operational procedures on how Parties will discharge their iGT UNC obligations, for instance maintaining and ensuring use of the common Relevant Price Control (RPC) file format recently introduced by iGT UNC modification 007v.

iGT UNC Panel² recommendation

At its meeting of 21 November 2007 the iGT UNC Panel unanimously recommended implementation of iGT UNC 008.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 9 January 2008. The Authority has considered and

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 The iGT UNC Panel is established and constituted from time to time pursuant to and in accordance with the iGT UNC Modification Rules.

taken into account the responses to the Representatives consultation on the modification proposal, which are attached to the FMR³.

The Authority has concluded that implementation of the modification proposal will better facilitate the achievement of the relevant objectives of the iGT UNC⁴.

Reasons for the Authority's decision

We understand that whilst this proposal seeks to introduce an *ancillary document* into the iGT UNC, it will not share the characteristics of the ancillary document referenced in Section V1.1 of the large GTs' UNC, but instead operate in much the same way as a *UNC Related Document*, as provided for in Section V12. This difference is pertinent to the status and in particular the change control of the document, as set out in the relevant legal text.

We note that two of the respondents to the consultation were opposed to the implementation of this proposal, with four in support and the final respondent offering qualified support. Of those opposed, one respondent stated that they supported the principle of the ancillary document but they were unable to offer their full support to the proposal without knowing what the ancillary document would contain. This view was shared by the respondent offering qualified support, who again supported the principle and particularly liked the fact that changes to it would be subject to iGT UNC Panel vote.

The other respondent who was opposed to the proposal shared the concerns over the future content and scope of the ancillary document, but further suggested that existing mechanisms for consulting upon and progressing modifications to the iGT UNC are sufficient.

We consider that the incorporation of documents which are subsidiary to, and particularly those referenced in, the iGT UNC within the same governance framework as the main document increase transparency and accountability. To the extent that this gives parties greater confidence in the iGT UNC arrangements and demonstrate a level playing field, this proposal should be beneficial to furthering effective competition, albeit marginally.

We welcome the fact that changes to these documents, which we understand will be largely procedural, will be subject to the approval of iGT UNC parties themselves through means of the iGT UNC Panel, rather than requiring the approval of the Authority. This is appropriate given the technical and operational nature of such documents and is also consistent with our better regulation duties. We note the concern of the respondents who withheld their support on the basis that the final and full contents of the ancillary document are not yet known. However, we consider that this is merely a facilitating modification, allowing for the concept of the ancillary document to be introduced into the iGT UNC and our decision is provided on that basis. The future contents of the ancillary document will be subject to the approval of the iGT UNC Panel and/or the modification process itself. As the iGT UNC Panel will need to assess the appropriateness of content on a case by case basis as proposals are brought forward, we consider that any concerns over content can appropriately be raised at that time. We also note that nothing in this proposal affects a Party's ability to raise iGT UNC modifications or refer matters to the Authority if necessary.

³ iGT UNC modification proposals, modification reports and representations can be viewed on the iGT UNC website at <http://www.igt-unc.co.uk/>

⁴ As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=6547

Whilst the streamlined approach to modifications afforded by this proposal could be considered to further facilitate the efficient and economic operation by the GTs of the pipeline systems, and potentially further facilitate effective competition as mentioned above, we agree with the majority of respondents and the iGT UNC Panel who assessed this proposal primarily against relevant objective (f) *the promotion of efficiency in the implementation and administration of the Uniform Network Code*. We consider this objective will be further facilitated by the implementation of this proposal.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority, hereby directs that iGT UNC modification proposal 008: '*Ancillary Documents*' be made.



Mark Feather,
Director of Industry Codes and Licensing, Corporate Affairs
Signed on behalf of the Authority and authorised for that purpose.