

Modification proposal:	Independent Pipelines/Quadrant Pipelines Network Code: 'Remove TAS Specific Change Processes from INC' (IPL/QPL038)		
Decision:	The Authority ¹ directs that this proposal be made		
Target audience:	Gemserv, IPL/QPL and other interested parties		
Date of publication:	28 January 2011	Implementation Date:	To be confirmed by IPL/QPL

Background to the modification proposal

Whilst the majority of provisions for each independent Gas Transporters Network Code are now incorporated by reference to the iGT Uniform Network Code (iGT UNC) each 'short form' Network Code (individual Network Code (INC)) retains certain provisions specific to that company or network. Although this proposal is to modify the IPL/QPL individual Network Code, it is required to follow the iGT UNC modification procedures, in accordance with Standard Licence Condition 9(6) of the GT licence.

The IPL/QPL individual Network Code includes within it the manual for the computer system (TAS) used by IPL/QPL in its daily operation of the network. Any changes made to the manual follow the change processes set out in an appendix (Appendix 1) of the manual. These processes are self-contained and inconsistent with the standard change processes used when changes are made to the rest of the INC and to the iGT UNC.

One consequence of this self-contained change process is that communication and management of changes to the appendix is limited to a specific email contact list and changes to the manual are not publicised in any other way. There is, therefore, a perceived lack of clarity and transparency around when changes are made to the manual and who is notified about them. Decisions on changes to the manual are also reserved to the Pipeline Operator (IPL/QPL) and are not subject to open governance in the same way as modification to the other rules in the INC and the iGT UNC.

The modification proposal

The proposer (E.ON) raised modification proposal IPL/QPL038 seeking to ensure that the change processes for changes to the TAS follow a standard change process equivalent to that for changes to the other rules in the INC and the iGT UNC. The effect of the modification proposal would be to:

- remove the change processes in Appendix 1 from the appendix; and
- make changes to the change processes in Appendix 1 that would make them consistent with the timescales and change processes used when changes are made to the INC and the iGT UNC.

iGT UNC Panel² recommendation

At its meeting of 15 December 2010, the iGT UNC Panel unanimously recommended the implementation of IPL/QPL038.

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.

The Authority's decision

The Authority has considered the issues raised by the modification proposal and the Final Modification Report dated 22 December 2010. The Authority has concluded that:

1. implementation of the modification proposal would further the relevant objectives as defined in Standard Condition 9 of the Gas Transporters Licence³; and
2. directing that the modification be made is consistent with the Authority's principal objective and statutory duties.

Reasons for the Authority's decision

We note that this proposal received unanimous support from all three respondents to the consultation and from the iGT UNC Panel. The substantive comments referred to the modification proposal better facilitating a number of the relevant code objectives.

Relevant Objective (a): the efficient and economic operation of the pipeline system to which this licence relates

We agree with the proposer that the operation of a self-contained set of change processes for the TAS computer system separate from the other change processes used under the INC and the iGT UNC unnecessarily duplicates effort. Where those change processes affect the operation of the pipeline system, the risk of inconsistency could adversely impact the efficient and economic operation of the pipeline system by IPL/QPL. Removing this risk would, therefore, better facilitate this relevant objective.

Relevant Objective (c): the efficient discharge of the licensee's obligations under this licence

The use of the TAS system is a code requirement. The alignment of change processes applicable to changes to the TAS and those applicable to changes to the rest of the INC would allow IPL/QPL to more efficiently discharge the code requirement that arises from its licence obligations and better facilitate this relevant objective.

Relevant Objective (d): the securing of effective competition between relevant shippers and between relevant suppliers

We agree that the use of a standard change process for TAS changes would increase the level of transparency of changes made to the TAS. The proposer and respondents highlighted that notification to pipeline users of changes to the TAS may not currently be visible to all users as they are not publicised to all of them. This lack of transparency would affect the competitive ability of different users, some of whom would know about changes and others who may not. A uniform approach to communicating changes to all affected users through a standard process would better facilitate this relevant objective.

Relevant Objective (f): the promotion of efficiency in the implementation of the network code and/or the uniform network code

We agree that standardisation of change processes is a more efficient and effective way to administer changes to the INC. Users are more aware of the changes made to rules

³ As set out in Standard Condition 9 of the Gas Transporters Licence, see: http://epr.ofgem.gov.uk/document_fetch.php?documentid=13355

and the pipeline operator can operate a more effective change process. We also noted, in our decision that created the iGT UNC in 2007⁴, that, with particular reference to substantive provisions in INCs such as the TAS computer system, it would be preferable to seek efficiencies that bring together fragmented arrangements which exist in the iGT sector. The transparent operation of standard change processes within the IPL/QPL individual Network Code would, for this reason, better facilitate this relevant objective.

Decision notice

In accordance with Standard Condition 9 of the Gas Transporters Licence, the Authority, hereby directs that IPL/QPL modification proposal 038: '*Remove TAS Specific Change Processes from INC*' be made.

Mark Cox

Associate Partner, Smarter Grids and Governance

Signed on behalf of the Authority and authorised for that purpose

⁴ The Authority's decision letter on change proposals regarding "Creation of an iGT UNC" (April 2007) can be found on the Ofgem website:

http://www.ofgem.gov.uk/Licensing/GasCodes/IGTCodes/Mods/Documents1/UNCiGT_300407.pdf