

UNC 07XX:

Introducing Innovation Derogation as a concept in UNC



***Guidance:** These slides are meant to provide a brief overview for the UNC Panel, to introduce what is trying to be achieved, to help them understand and decide the best process to be followed for new modifications. Please aim to be as brief as possible and not justify nor make the case for the Modification.*

Notes are provided in italics and if this template is being used should be removed.

The Joint Office is available to help and support the drafting of any modifications, including guidance on completion of the Modification template and the wider modification process. Contact: enquiries@gasgovernance.co.uk or 0121 288 2107.

Proposer: Tracey Saunders

Panel Date: 18 March 2021

Why change?



- Currently there is no concept of derogation within the UNC.
- Net Zero has a fixed timeline of 2050
 - Need to ensure we have available solutions as soon as possible to allow these to be incorporated at local or national levels and become part of infrastructure, therefore ways to help facilitate change become more important than ever.
- Net Zero innovation projects need the ability to trial solutions.
 - To enable consequential impacts to be discovered
 - To ensure solutions work before introducing into enduring code

Options



- Do nothing which could hamper Net Zero innovation projects.
 - Net Zero projects timescales will likely take longer due to need to find trial 'work arounds'.
 - Actual true outcomes and code solutions remain theory only, risking unknown consequential impacts.
 - Modifications for code changes made need to be raised to allow trials, which will add lengthy delays, be less likely to be approved, and introduce change for all on an enduring basis
- Progress without derogations, resulting in in breach of Obligations under UNC.
 - This could cause unmitigated impacts on other code parties via settlement & allocation or UIG for example.
 - This would also be a breach of parties' license conditions.
- Introduce derogation for Net Zero innovation via progression of this modification proposal.

Solution



- Introduce the concept of derogation for Net Zero innovation projects, with a defined process, into UNC.
- Allow derogations from UNC and UNC related documents with the exception on
 - [Modification rules
 - Active SCRs
 - Anything that impacts a supplier or end consumers ability to switch]
- Introduce an *Innovation Derogation Guidance Document*.
 - which clearly lays out the application & approval process including evidence required and the considerations by UNC Panel members (who will be required to give [unanimous] support in order to grant a derogation).

Recommended Steps



The Proposer recommends that this modification should be:

- Subject to Authority Direction because...
 - The modification will cause a material change to the uniform network code governance procedures and/or the network code modification procedures by introduction of the concept of derogation throughout the UNC.
 - Whilst this modification it itself is not of material impact to competition or operation on the pipeline system, should this modification be approved, derogations of material impact may be requested for consideration.
- The modification be subject to workgroup for a period of at least 4 months.