













UNC Final Modification Report		At what stage is this document in the process?
<h1>UNC 0731S:</h1> <h2>Introduction of an Annual Modification Panel Report</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b></p> <p>To facilitate continuous improvement and ensure the efficient and effective operation of the Modification Panel &amp; Uniform Network Code Committee (UNCC), it is proposed to put in place a requirement for an Annual Report on such matters produced by the Independent Chair of the UNC Modification Panel.</p>		
	The Panel determined that this self-governance Modification be implemented.	
	High Impact: None	
	Medium Impact: All parties	
	Low Impact: None	

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Timetable		 0121 288 2107
<b>Modification timetable:</b>		Proposer: <b>Steve Mulinganie</b>
Initial consideration by Workgroup	09 October 2020	 <a href="mailto:enquiries@gasgovernance.co.uk">enquiries@gasgovernance.co.uk</a>
Workgroup Report presented to Panel	19 November 2020	 <a href="mailto:steve.mulinganie@gazprom-energy.com">steve.mulinganie@gazprom-energy.com</a>
Draft Modification Report issued for consultation	19 November 2020	 07517 998178
Consultation Close-out for representations	10 December 2020	Transporter: <b>Cadent</b>
Final Modification Report available for Panel (at short notice)	14 December 2020	 <a href="mailto:Gurvinder.Dosanjh@cadentgas.com">Gurvinder.Dosanjh@cadentgas.com</a>
Modification Panel decision	17 December 2020	 07773 151572
		Systems Provider: <b>Xoserve</b>
		 <a href="mailto:UKLink@xoserve.com">UKLink@xoserve.com</a>

## 1 Summary

### What

The Modification Panel is the body constituted under the Uniform Network Code to oversee the Modification process as set out in the Uniform Network Code General Terms and Modification Rules.

With the role of an Independent Chair for the Modification Panel and UNCC there is an opportunity to leverage the knowledge and experience available, to facilitate continuous improvement and to ensure the efficient and effective operation of the Modification Panel and UNCC.

### Why

The UNCC Modification Panel is the body constituted under the Uniform Network Code to oversee the Modification process as set out in the Uniform Network Code General Terms and Modification Rules.

The appointment of the Independent UNC Modification Panel Chair is set out in the Modification Rules including their current operating activities to manage meetings. The Independent UNC Modification Panel Chair nomination is approved by the Authority.

Both Transporters and Shippers provide a nomination to the interview panel.

Within the role of the Independent Chair for the Modification Panel and UNCC there is an opportunity to leverage the knowledge and experience available by the appointment of an independent Panel Chair, to facilitate continuous improvement and to ensure the efficient and effective operation of the Modification Panel and UNCC.

Except for a number of Authority driven Code Governance Reviews, there has been very little development of the UNC Modification Rules and associated processes to ensure the process is effective and efficient.

At times, Members have found the Modification Rules to be unclear or inflexible to meet changing environments where other industry codes may have not had similar issues.

Currently there is no standard reporting required by the Modification Rules on the operation of the Modification Panel and UNCC and therefore it is difficult for UNC parties to understand the effectiveness of the Panel,

It should be noted that the Code Administrators' Code of Practice, (CACoP), sets out the principles for an annual survey to compare Code Administrator performance, this does not include the performance of specific Industry Code Panels.

This Modification is seeking to implement a process to allow for the continuous improvement of the Modification process by the procurement of a report on the previous year's operation and identified issues.

### How

The Proposal is to facilitate continuous improvement and the principle objective of this modification is to help to ensure the efficient and effective operation of the Modification Panel and UNCC.

This will be achieved by putting in place a requirement for an Annual Report to include recommendations for actions which would deliver against this objective.

The Annual Report would be produced by the Independent Chair of the UNC Modification Panel.

It is expected that the Independent Chair of the UNC Modification Panel would canvas the opinion of the Modification Panel & UNCC on matters arising before undertaking the annual exercise.

The UNC Modification Panel Independent Chair would be free to explore any other matters pertaining to the objective, including consideration of best practices in related and non-related industries.

The Joint Office is to provide all necessary support to the Independent Chair.

The Annual Report is to be provided annually.

The Annual Report should include recommendations for actions which would deliver improvements in line with the stated objective.

The Annual Report is to be provided to the Modification Panel and UNCC for consideration and to be published on the Joint Office Website.

## 2 Governance

This Modification should follow Self-Governance procedures as it is unlikely to have a material effect on the Uniform Network Code governance procedures or the Modification procedures; as it proposes the provision of a report which in itself does not change any operating conditions for UNC parties.

### Requested Next Steps

This Modification should:

- Be treated as Self-Governance.
- Issued to Workgroup for assessment.

Following assessment by Workgroup, participants confirmed that the Modification should remain as Self-Governance.

## 3 Why Change?

The UNC Modification Panel is the body constituted under the Uniform Network Code to oversee the Modification process as set out in the Uniform Network Code General Terms and Modification Rules.

The appointment of the Independent UNC Modification Panel Chair is set out in the Modification Rules including their current operating activities to manage meetings. The Independent UNC Modification Panel Chair nomination is approved by the Authority.

Both Transporters and Shippers provide a nomination to the interview panel.

Within the role of the Independent Chair for the Modification Panel and UNCC there is an opportunity to leverage the knowledge and experience available by the appointment of an independent Panel Chair, to facilitate continuous improvement and to ensure the efficient and effective operation of the Modification Panel and UNCC.

Except for a number of Authority driven Code Governance Reviews, there has been very little development of the UNC Modification Rules and associated processes to ensure the process is effective and efficient.

At times, Members have found the Modification Rules to be unclear or inflexible to meet changing environments where other industry codes may have not had similar issues.

Currently there is no standard reporting required by the Modification Rules on the operation of the Modification Panel and UNCC and therefore it is difficult for UNC parties to understand the effectiveness of the Panel.

It should be noted that the Code Administrators Code of Practice sets out the principles for an annual survey to compare Code Administrator performance, this does not include the performance of specific Industry Code Panels.

This Modification is seeking to implement a process to allow for the continuous improvement of the Modification process by the procurement of a report on the previous year's operation and identified issues.

## 4 Code Specific Matters

### Reference Documents

[UNC Modification Rules](#)

### Knowledge/Skills

None required.

## 5 Solution

The Proposal is to facilitate a continuous improvement process and the **principle objective** of this Modification is to ***“help ensure the efficient and effective operation of the UNC Modification Panel, UNCC and associated processes and performance including MI”***.

This will be achieved by putting in place a requirement for an Annual Report on such matters and which, where relevant, will include recommendations for actions which would deliver against this objective.

### Business Rules

- BR1. The Annual Report would be produced by the Independent Chair of the UNC Modification Panel.  
For the avoidance of doubt, we would expect the first Annual Report to be produced as soon as reasonably practicable following the implementation of the modification.
- BR2. The Independent Chair to canvas the opinion of the UNC Modification Panel & UNCC on relevant matters arising before undertaking the annual exercise.
- BR3. The Independent Chair would be free to explore any other matters pertaining to the objective, including consideration of best practices in related and non-related industries.
- BR4. The Joint Office to provide all necessary secretariat support to the Independent Chair including all relevant processes and performance management information.
- BR5. The Report to be provided annually.
- BR6. The Annual Report should include recommendations for actions which would deliver improvements in line with the principle objective of this Modification.
- BR7. A draft Annual Report will be submitted to the UNC Modification Panel and UNCC for consideration.

BR8. The Annual Report is to be provided to the UNC Modification Panel and UNCC and to be published on the Joint Office Website.

## 6 Impacts & Other Considerations

### Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No associated impact on an SCR identified.

### Consumer Impacts

No direct impacts identified. However, improvements in the operation of the Modification Panel and UNCC should have indirect benefits to consumers, particularly if this leads to the timescales to implement improvements.

### Cross Code Impacts

It is anticipated that there may be consequential benefits to other industry Code Panels arising from the implementation of any recommendations due to benefits arising from the adoption of best practice.

### EU Code Impacts

No EU Code impacts identified.

### Impacts and other considerations continued

Workgroup participants discussed the purpose of the modification and the whether the solution, an Annual Report, would address the concerns. A workgroup participant challenged whether there were any other mechanisms that could address the issues / problems (e.g. raising a modification). There was consensus across the workgroup that raising new modifications could address some of the issues, but an annual report would have a wider scope reviewing policy, process, people and performance.

A workgroup participant asked whether the report would include any sort of metric reporting in order to assess the performance of the UNC Modification Panel. Workgroup consensus was that performance reporting and inclusion of appropriate Management Information was required and would help measure delivery v effort.

A question was asked about the audience the report was aimed at. The proposer suggested it was aimed at the wider industry and another workgroup participant agreed. A discussion around who would be responsible for responding to any issues raised within the report was had, with the workgroup recognising that there may be a range of people / parties who could be involved depending on the specific nature of the remediation required (e.g. new modification required, Authority intervention, process changes etc).

A workgroup participant, who is also the Independent Chair of the UNC Modification Panel, asked how independent the Chair would be, considering they were directly involved in the UNC Modification Panel process. A workgroup participant stated that they would be as independent as it could be without bringing in external consultants at significant additional cost. Workgroup consensus was that the Chair of the UNC Modification Panel would be sufficiently independent for this piece of work.

A workgroup participant asked how best practice could be incorporated and whether CACoP could be a forum for identifying best practice ways of working. It was pointed out that other CACoP members operated under different commercial arrangements and therefore maybe reluctant to share information. The Chair did point out that the Joint Office did attend the monthly CACoP meetings and therefore would be able to feedback any best practice ideas that did get discussed.

It was agreed that the workgroup was not required to provide the specific detail contained within the report. And there was consensus across the workgroup that the Independent Chair of the UNC Modification Panel had the autonomy to prepare and produce the Annual Report based on the Business Rules outlined within the Modification, deciding what information would and would not be included.

Workgroup consensus was for the first annual report to be produced within the next few months and then annually towards the end of each calendar year. Workgroup recognised that this also aligned with the tenure period of the Chair, acknowledging that a newly appointed Chair should not be expected to write an annual report for a period they had not been in position for.

A brief discussion took place on whether the Annual Report would be published as a hard copy only, available only online or both. Workgroup agreed that it should be available online only.

## Central Systems Impacts

None anticipated.

## 7 Relevant Objectives

### Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive

g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
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## Relevant Objective f)

The proposals in this Modification should create an environment of continuous improvement and adoption of industry best practice by Panel and UNCC which should lead to a furthering in the efficiency in the implementation and administration of the Code.

## 8 Implementation

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

## 9 Legal Text

Workgroup confirmed that the legal text set out below meets the intent of the proposal documented in Section 5: Solution.

### Legal text

#### MODIFICATION RULES

*Amend paragraph 2.1 to add the following definition:*

**“Annual Modification Panel Report”:** a report prepared annually by the Panel Chairperson to help ensure the efficient and effective operation of the Modification Panel, UNC Committee and associated processes and performance including management information.

*Add new section 14 – Annual Modification Panel Report*

*Add new paragraphs 14.1 – 14.6:*

- 14.1 Every year, the Panel Chairperson shall prepare and present to the Modification Panel and UNC Committee an Annual Modification Panel Report.
- 14.2 Before completing the Annual Modification Panel Report, the Panel Chairperson should seek the opinions of the Modification Panel and the UNC Committee on how to ensure the efficient and effective operation of the Modification Panel and UNC Committee.
- 14.3 The Annual Modification Panel Report should include recommendations as to how to improve the efficient and effective operation of the Modification Panel and UNC Committee.
- 14.4 The Code Administrator shall provide administrative support to the Panel Chairperson for the purposes of preparing the Annual Modification Panel Report, including providing access to all relevant processes and performance management information.
- 14.5 A draft Annual Modification Panel Report will be submitted to the Modification Panel and UNC Committee for consideration.



- 14.6 The Annual Modification Panel Report will be provided to the Modification Panel and UNC Committee and the Code Administrator will publish it on its website as soon as reasonably practicable following its completion every year.

## UNIFORM NETWORK CODE – TRANSITION DOCUMENT

### PART IV – MODIFICATION RULES

*Add new section 8 – Annual Modification Panel Report*

- 8.1 The Panel Chairperson shall complete the first Annual Modification Panel Report as soon as reasonably practicable following the coming into force of the requirement to prepare an Annual Modification Panel Report under modification 0731S.

### Legal Text Explanatory Table:

**Note:** This table is based on the legal text for Modification 0731S published on the Joint Office website on 10 November 2020.

GENERAL – MODIFICATION RULES	Topic	Explanation
Addition to paragraph 2.1	Definitions	The proposed amendment introduces the definition of an Annual Modification Panel Report, which is a report to be prepared annually by the Panel Chairperson to help ensure the efficient and effective operation of the Modification Panel, UNC Committee and associated processes and performance including management information.
New paragraph 14.1	Annual Modification Panel Report	This new paragraph introduces a new requirement on the Panel Chairperson to prepare an Annual Modification Panel Report, as defined in paragraph 2.1.
New paragraph 14.2	Annual Modification Panel Report	This new paragraph requires the Panel Chairperson to seek the views and opinions of the Modification Panel and UNC Committee before completing the Annual Modification Panel Report.
New paragraph 14.3	Annual Modification Panel Report	This new paragraph requires the Panel Chairperson to include recommendations to improve the efficient and effective operation of the Modification Panel and UNC Committee in the Annual Modification Panel Report.
New paragraph 14.4	Annual Modification Panel Report	This new paragraph requires the Code Administrator to provide administrative assistance to the Panel Chairperson for the purpose of preparing the Annual Modification Panel Report.

New paragraph 14.5	Annual Modification Panel Report	This new paragraph requires a draft Annual Modification Panel Report to be submitted to the Modification Panel and UNC Committee for consideration.
New Paragraph 14.6	Annual Modification Panel Report	This new paragraph requires the Annual Modification Panel Report to be provided to the Modification Panel and UNC Committee and for the Code Administrator to publish it as soon as reasonably practicable following its completion every year.

UNC TRANSITION DOCUMENT – PART IV – MODIFICATION RULES	Topic	Explanation
New section 8 (and new paragraph 8.1) – Annual Modification Panel Report	Annual Modification Panel Report	This paragraph provides a transitional provision to require the Panel Chairperson to prepare the first Annual Modification Panel Report as soon as reasonably practicable following the implementation of modification 0731S.

## 10 Consultation

Panel invited representations from interested parties on 19 November 2020. The summaries in the following table are provided for reference on a reasonable endeavours' basis only. It is recommended that all representations are read in full when considering this Report. Representations are published alongside this Final Modification Report.

Implementation was unanimously supported in the seven representations received.

Representations were received from the following parties:

Organisation	Response	Relevant Objectives	Key Points
Cadent	Support	f) - positive	<ul style="list-style-type: none"> <li>• Believes that this Modification, if implemented; would provide the opportunity for the Independent Panel Chair to complete an annual Modification Panel Report.</li> <li>• Notes that this would be expected to facilitate continuous improvement in Panel and UNCC activities and would provide visibility of activity and MI for parties to assess such improvements.</li> <li>• Is satisfied that the legal text provided meets the intention of the Modification.</li> <li>• Agrees that implementation should follow standard protocol following Panel decision and subject to no appeals being raised.</li> </ul>
Gazprom	Support	f) - positive	<ul style="list-style-type: none"> <li>• Confirms that this Modification should create an environment of continuous improvement and adoption of industry best practice by Panel and UNCC which should</li> </ul>

			<p>lead to a furthering in the efficiency in the implementation and administration of the Code.</p> <ul style="list-style-type: none"> <li>• Verifies that no significant costs are associated with this Modification.</li> <li>• Believes that this Modification should be implemented as soon as reasonably practicable.</li> <li>• Agrees that the implementation should follow standard protocol following Panel decision and subject to no appeals being raised and following implementation, the first Annual Report should be produced as soon as practicable.</li> </ul>
National Grid	Support	f) - positive	<ul style="list-style-type: none"> <li>• Supports the implementation of this Modification Proposal and concurs with the Proposer that the introduction of an Annual Report would facilitate leveraging the experiences and knowledge of each independent Panel chair to enhance the operation of UNC Modification Panel and Uniform Network Code Committee (UNCC) business.</li> <li>• Notes that the proposed annual report would create a vehicle to enable the UNC process to learn from the Independent Panel chair and embed a continuous improvement cycle.</li> <li>• Agrees that this Modification meets the Self-governance criteria.</li> <li>• National Grid reports no impacts or costs have been identified.</li> <li>• Is satisfied that the Legal Text being sufficient to deliver the solution set out in the Modification.</li> <li>• Highlights the point that any recommendations made in the annual report would require individual Modifications. This would necessitate industry cooperation, likely to be from Modification Panel members in the first instance, and would, therefore, be subject to prevailing industry change priorities.</li> <li>• Believes that this report rightly only makes recommendations and any decision on which to be taken forward are at the discretion of the Modification Panel and wider industry.</li> </ul>
Northern Gas Networks	Support	f) - positive	<ul style="list-style-type: none"> <li>• Supports the proposal to introduce an annual UNC Panel Independent Chairpersons report, as it would allow for observations, management information and suggested areas of improvement to be presented to the Panel and wider industry.</li> </ul>

			<ul style="list-style-type: none"> <li>• Believes that the modification furthers Relevant Objective f) promotion of efficiency in the implementation and administration of the code as it should facilitate process improvement as any areas, where improvements could be made, can then be further explored via the relevant channels</li> <li>• Believes that the Legal Text provide should deliver the solution set out in the Modification.</li> <li>• Believes this Modification should be implemented as soon as reasonably practicable.</li> </ul>
SGN	Support	f) - positive	<ul style="list-style-type: none"> <li>• Supports this Modification and agrees it furthers relevant objective f), promotion of efficiency in the implementation and administration of the code.</li> <li>• Believes that the Legal Text provided should deliver the solution set out in the Modification.</li> <li>• Agrees that this Modification should be subject to Self-Governance procedures.</li> <li>• Supports the implementation of this Modification Proposal as soon as practicable following the decision to implement the Proposal.</li> </ul>
ScottishPower	Support	f) - positive	<ul style="list-style-type: none"> <li>• Supports the implementation of this modification. The introduction of an Annual Report provided by an Independent Chair will have a positive impact on relevant object f), by bringing efficiency in code administration.</li> <li>• Notes that the change allows for the chair's knowledge and experience to be utilised for continuous improvements, developments and management of Modification Panel, Uniform Network Code Committee (UNCC) and the wider Industry.</li> <li>• Agrees with the Self-governance status of this Modification.</li> <li>• Verifies ScottishPower would not face any development or ongoing costs as a result of this change.</li> <li>• Believes that the legal text would deliver the intent of the change.</li> </ul>
Wales and West Utilities	Support	f) - positive	<ul style="list-style-type: none"> <li>• Supports the proposal that there should be an Annual Modification Panel Report as it brings to the industry's attention key learning points, thereby furthering relevant objective f)..</li> </ul>

			<ul style="list-style-type: none"> <li>• Notes that this may include: <ul style="list-style-type: none"> <li>• the way the Modification Panel or workgroups operate;</li> <li>• the quality and timing of reports or information submitted to or by workgroups and committees;</li> <li>• the role of the Joint Office as critical friend;</li> <li>• the speed of decision making for Authority Decision modifications and other areas of interest in the applicable period.</li> </ul> </li> <li>• Supports the status of Self-governance as this change does not affect the process nor approval of Modification proposals.</li> <li>• Mentions that the likelihood of a small additional annual cost to the Joint Office that will need to be funded by the GTs.</li> <li>• Suggests the need for minor legal text amendment regarding 14.6 as follows: <p><i>“14.6 <del>Each year</del> <del>T</del> the Annual Modification Panel Report will be provided to the Modification Panel and UNC Committee and the Code Administrator <u>will</u> then publish it on its website as soon as reasonably practicable. <del>following its completion every year</del>”</i></p> <p>(Changes marked in red)</p> </li> </ul>
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Please note that late submitted representations will not be included or referred to in this Final Modification Report. However, all representations received in response to this consultation (including late submissions) are published in full alongside this Report and will be taken into account when the UNC Modification Panel makes its assessment and recommendation.

## 11 Panel Discussion

### Discussion

The Panel Chair summarised that Modification 0731S aimed to facilitate continuous improvement and ensure the efficient and effective operation of the Modification Panel and Uniform Network Code Committee, as it proposed to put in place a requirement for an Annual Report on such matters produced by the Independent Chair of the UNC Modification Panel.

Panel Members considered the representations made noting that implementation was unanimously supported in the seven representations received.

Panel Members agreed with respondents and the Proposer, that this Modification would facilitate continuous improvement and ensure the efficient and effective operation of the Modification Panel and Uniform Network Code Committee by allowing Panel Members to reflect on its previous operation and deliver best practice.

## Consideration of the Relevant objectives

Panel Members considered relevant objective *f) Promotion of efficiency in the implementation and administration of the Code*, agreeing that implementation would have a positive impact because it would allow Panel to reflect on its operation and drive best practice.

## Determinations

Panel Members voted unanimously that no new issues were identified as part of consultation.

Panel Members voted unanimously to implement Modification 0731S.

Panel Members voted with 13 votes in favour (out of a possible 13), to implement Modification 0731S.

## 12 Recommendations

### Panel Determination

Panel Members agreed:

- that Modification 0731S should be implemented.