

## **SCOTIA GAS NETWORKS RESPONSE TO MODS 53, 56, 59, 63, 65**

**Modification Proposal 053: Extending established Uniform Network Code governance arrangements to include the Operations Reporting Manual referenced in Section V9.4**

**Modification Proposal 056: Extending established Uniform Network Code governance arrangements to include the Code Credit Rules reference in section V3.1.2**

**Modification Proposal 059: Extending Established Uniform Network Code governance arrangements to include the Network Code Validation Rules document reference in Section M1.5.3**

SGN supports the above modification proposals. We believe they would better facilitate the relevant objectives as highlighted below:

- Whilst we believe documents are already accessible and transparent, formalising arrangements in the way proposed would help improve transparency.
- Proposals provide a more robust and inclusive governance process.
- By allowing Transporters and Users to propose and comment on changes, this should ensure meaningful, accurate and timely information is available to all relevant parties, improving operational decision making and efficiency. This should also help improve confidence and reduce contractual and operational risk for relevant parties.
- Improved transparency and efficiency should ultimately benefit customers and competition

In the case of the Code Credit Rules, Ofgem has recently made a number of decisions in respect of several Modification Proposals seeking to implement aspects of the Ofgem Best Practice Guidelines. We are already some way towards incorporating arrangement within the UNC. Although we support the principle behind the proposal, we are now less clear that this would actually bring any substantial benefit.

Whilst the above proposals seek to amend governance arrangements and involve the UNC Committee in decision making, we note that this does not in any way prevent a party from seeking to implement changes through the UNC formal modification process, requiring Authority approval.

**Modification Proposal 063: Extending established Uniform Network Code governance arrangements to include the GRE Invoice Query Incentive Scheme Methodology document reference in Section S4.6**

SGN does not support this proposal. We do not believe it would better facilitate the relevant objectives. The GRE Invoice Query Incentive Scheme Methodology sets out the methodology for calculating Incentive Payments to be made by National Grid NTS. We believe incentive arrangements should continue to require Authority approval. We believe current arrangements are robust and transparent and do not believe the UNC Committee would add anything to the process. UNC involvement would in fact add an unnecessary layer of bureaucracy, complexity and inefficiency to the process. It is not clear that it would provide any benefit. It is not clear what would happen where the UNC Committee and the Authority have differing views.

**Modification Proposal 064: Extending established Uniform Network code governance arrangements to include the CSEP Ancillary Agreement document referenced in Section J5.9**

SGN does not support this proposal. The CSEP Ancillary Agreement is not, as suggested by the Proposer, simply a procedural document. It is not appropriate that a bilateral agreement of this nature should be incorporated under the UNC. It is not clear what elements would be made public. It is not clear how confidential elements would be protected.

The UNC Modification procedures currently apply to this document. Change currently requires industry wide consultation through the UNC Modification process, including approval by the Authority. It seems that this proposal would actually reduce the transparency and robustness of the governance process by limiting consultation and only requiring approval of the UNC Committee. We do not believe this would better facilitate the relevant objectives.

Many thanks

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