

**CODE MODIFICATION PROPOSAL No. 0070**  
**"Removal of the SME Role from the UNC Modification Rules"**  
Version 3.0

**Date:** 08/03/2006

**Proposed Implementation Date:**

**Urgency:** Non-Urgent

**Proposer's preferred route through modification procedures and if applicable, justification for Urgency**

(see the criteria at [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752\\_Urgency\\_Criteria.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf))

The Proposer recommends that this Proposal goes direct to development.

**Nature and Purpose of Proposal (including consequence of non implementation)**

*Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Report). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk (\*) when first used. This Modification Proposal, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

Over recent months the Uniform Network Code (UNC)\* Governance Workstream\* have explored changes to the prevailing UNC Modification Rules\* that may go some way in streamlining UNC Modification processes. The Governance Workstream noted that a principle area through which such streamlining may be achieved was the removal of the role of the Subject Matter Expert\* (SME) from the UNC Modification Rules, with the Joint Office, on behalf of the Transporters, undertaking the administrative role presently carried out by the SME and the Workstreams providing expert input. Through streamlining the Modification Process, implementation of this Modification Proposal may better facilitate the Relevant Objective specified in Standard Special Condition A11.1 (f), *"the promotion of efficiency in the administration of the network code and/or the uniform network code."*

The present Modification Rules provide for a draft Modification Report\* to be produced when the Modification Panel\* (the Panel) determines that a Modification Proposal should proceed to the Consultation Phase. Compilation of the draft Modification Report is the responsibility of a SME, and the Modification Rules require this Modification Report to be produced within 15 business days.

The Panel first has an opportunity to determine that a Proposal should proceed to consultation when the Proposal is raised and consequently presented to the Panel for consideration. As outlined above, if the Panel determines that the Proposal is sufficiently developed to proceed to consultation, a SME produces a draft Modification Report, which is then issued for consultation.

It is not clear that SME involvement at this stage is either economic or efficient, both in terms of using the SME resource and the time potentially added to the modification process. Given that the Panel considers that the Proposal is sufficiently developed to proceed to consultation, it should be sufficient for the Proposal itself to form the draft Modification Report to be issued for consultation purposes. This would save the SME resource which might otherwise be required to consider a Modification Proposal and write a draft Modification Report, and would shorten the time between the Panel determination and a Proposal being issued for consultation – consultation would generally be expected to commence on the day following the relevant Panel meeting although it is proposed that three business days are allowed within the Modification Rules, thereby allowing for exceptional circumstances.

We recognise that the three day timescale proposed may not be consistent with the timescales required to produce legal text, therefore on the perceived rare occasion where the Panel believes that a Modification Proposal is sufficiently developed, but still considers that its consultation would benefit from the provision of legal text, the default position will be that the Proposal will be sent for consultation with fifteen days available for the production of the DMR. This should allow for the provision of appropriate legal text. This is consistent with the Ofgem decision letter for Modification Proposal UNC0048 which stated that *“Ofgem would anticipate that legal text will generally be requested for those proposals which are not yet sufficiently clear to proceed to consultation as drafted, and will instead be sent for further development. It is also anticipated that GT representatives in particular will feed into this development any issues, which need addressing in order to produce appropriate and robust legal text. Ofgem therefore considers that the timetable will ordinarily allow at least one month of development, then the subsequent fifteen days for the production of the DMR for the responsible lawyer(s) to first familiarise themselves with the proposal then produce the required text. In instances where the modification panel consider the proposal is sufficiently clear for it to be sent to consultation but also requires legal text, it has discretion to determine a longer period for the production of a DMR, when appropriate.”*

If the Panel does not initially determine that a Modification Proposal should proceed to the Consultation Phase, the Proposal is developed in an appropriate Workstream or Development Work Group\*. A Workstream/Work Group Report\* is subsequently produced for the Panel, and the Panel then considers, in light of this report, whether the Proposal is sufficiently developed to justify it proceeding to the consultation phase. As for Modification Proposals, which proceed directly to consultation, it is suggested that it would be more economic and efficient for this Report to form the draft Modification Report, which is issued for consultation (as opposed to a separate draft Modification Report being prepared by a SME).

No change to the established consultation period is envisaged in this Proposal, which would remain at fifteen Business Days\*. Since the main Modification Panel is held on the third Thursday of each month, this could mean that, where the Panel determines that a Proposal is sufficiently developed to proceed to consultation, the consultation period would be completed before the next main Panel meeting.

It is proposed that the UNC should provide that the Transporters be responsible for reviewing the material which has been issued for consultation in light of the responses received, and for

producing a high level summary of the views expressed – for example, the number of respondents for and against implementation.

This revised process for consulting on Modification Proposals and producing a final Modification Report may improve transparency and ensure that the Modification Panel is fully involved in decisions regarding the progress of all non-urgent Proposals.

Attendees at the Governance Workstream have suggested that the role of the SME is not adding value to the Modification process. They believe that expert input and views in response to representations may be better provided through industry fora, with all interested parties able to contribute as they see fit. In addition, the present practice of seeking to summarise the content of representations received would be streamlined, such that only a high level summary of views expressed would be recorded. This would be supplemented through the existing practise of attaching all representations to the final Modification Report, as set out under UNC Modification Rules - 9.5.1 b (ii). The final Modification Report would, however, still be expected to include relevant, but non-attributed, information regarding the impact of implementing each Modification Proposal. Consideration of the Modification Reports would also replace the existing provision in the Modification Rules whereby two Business Days are allowed for Panel Members to comment on the adequacy of treatment of representations in the Modification Report.

**Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence**

Implementation of this Modification Proposal would better facilitate the achievement of the Relevant Objective specified in Standard Special Condition A11.2 through development of the mechanism by which any of the Uniform Network Code and each of the Network Codes prepared by each Relevant Transporter may be modified.

Through the removal of the role of SME the Proposal seeks to streamline the Modification Process, implementation of this Modification Proposal would also better facilitate the Relevant Objective specified in Standard Special Condition A11.1 (f), *“the promotion of efficiency in the administration of the network code and/or the uniform network code.”*

**Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text**

**a. Proposed implementation timetable**

National Grid NTS believes that the Proposal should be implemented with effect from 06:00 on the first third Thursday of a month following direction from Ofgem. This would mean that the procedures introduced by the Modification would be followed for the Panel meeting anticipated to be held on that day. National Grid NTS also believe that it would be appropriate to introduce transitional provisions into the UNC such that any Modification Proposals, which had entered the Consultation Phase prior to this

Modification Proposal being implemented, should be treated in line with the existing provisions of the UNC.

**b. Suggested legal text**

(attached)

**c. Advantages of the Proposal**

- Streamlines the Modification process
- Proposes a more efficient process through which the full consideration of Proposal may be achieved

**d. Disadvantages of the Proposal**

- Non identified

**e. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

No such implications are anticipated.

**f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including**

**i. implications for operation of the System**

The Proposed changes will require the Joint Office to make minor amendments to its processes.

**ii. development and capital cost and operating cost implications**

It is not anticipated that this Proposal will result in any increased costs.

**iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs**

It is not anticipated that this Proposal will result in any increased costs. However any possible cost associated with changes to Joint Office processes will be recovered through all Transporters.

**iv. analysis of the consequences (if any) this proposal would have on price regulation**

No such consequences are anticipated.

**g. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

No such consequences are anticipated.

**h. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

No system implications are anticipated.

**i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

No such implications are anticipated.

**Code Concerned, sections and paragraphs**

Uniform Network Code - Binder 1 - Section 3 - Modification Rules sections 9 and 10.

**Proposer's Representative**

Richard Court (National Grid NTS)

**Proposer**

Richard Hewitt (National Grid NTS)

**Signature**

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