

## Stage 01: Proposal

# 0384S:

UNC Modification Rules;  
housekeeping, clarity and minor  
drafting changes.

This ~~proposal~~ modification aims to implement a number of housekeeping, minor drafting changes and points of clarity to the Uniform Network Code (UNC) Modification Rules.



The Proposer has amended this modification and requests the Workgroup to recommend it is sufficiently developed to proceed to consultation



High Impact:  
N/A



Medium Impact:  
Joint Office



Low Impact:  
UNC Panel, Shipper Users, Gas Transporters and the Authority

What stage is this document in the process?

01

Proposal

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

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## About this document:

This document is a proposal, which has been amended by the Proposer who requests the Workgroup to recommend it is sufficiently developed to proceed to consultation



### 3 Any questions?

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# 1 Summary

## Is this a Self Governance Modification

The Modification Panel determined that this modification should follow the Self-Governance procedures.

## Why Change?

~~Following the implementation of the Code Governance Review (CGR) Modification Proposals (0318—0325V), some housekeeping changes have been identified by the Code Administrator (CA). National Grid has also taken the opportunity to conduct a post-implementation review of the effectiveness of the Modification Rules relating to Workgroups, alternative Modification Proposals and Legal text provision. This internal review has identified that~~ the Modification Rules would, in our National Grid NTS' opinion, benefit from additional clarity in certain areas and/or further changes are required to update aspects of the previous version of the Modification Rules that were not changed by the suite of [Codes Governance Review](#) ~~Modifications Proposals~~.

## Solution

National Grid has liaised with the Code Administrator to gain an understanding of the areas that they believe require additional clarity or correction is required within the current Modification Rules. National Grid NTS proposes that the Modification rules are changed to address these [operational](#) issues identified by the Code Administrator.

~~In addition, along with some minor drafting changes that need to be made to provide some additional clarity to the rules, including those a revised approach related to legal text provision~~ [is proposed](#), as ~~is~~ [clarification](#) of the Panel Majority definition.

## Impacts & Costs

No major impacts or costs have been identified.

## Implementation

No view on implementation timescales is proposed.

## The Case for Change

The ~~Proposal modification~~ will provide a number of administrative efficiencies as the changes will improve ~~consistency between industry codes and~~ the effectiveness of the UNC governance processes.

## Recommendations

The Proposer invites the ~~Panel Workgroup~~ to ~~DETERMINE recommend~~ that this Modification ~~proceeds to consultation~~ [Proposal progress to Workgroup Assessment](#).

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## 2 Why Change?

### Code Governance Review

The following Modifications ~~Proposals~~ were implemented on the 31<sup>st</sup> December 2010:

- 0318 - Code Governance Review: The approach to be taken when raising alternative Modification Proposals
- 0319V - Code Governance Review: Role of Code Administrators and Code Administration Code of Practice
- 0320V - Code Governance Review: Appointment and Voting Rights for a Consumer Representative and Independent Panel Chair
- 0321V - Code Governance Review: Approach to environmental assessments within the UNC
- 0322V - Code Governance Review: Inclusion of the NTS Transportation and Connection Charging Methodologies within the UNC
- 0323V - Code Governance Review: Self Governance
- 0324V – Code Governance Review: Significant Code Reviews
- 0325V - Code Governance Review: DN Transportation Charging Methodology and Change Governance

Following the implementation of these Modifications ~~Proposals~~, some potential housekeeping changes have been identified by the Code Administrator. ~~National Grid has also taken the opportunity to conduct a post implementation review of~~ In addition, National Grid NTS has supported discussions in the Governance Workgroup that have identified the desirability of changes to the effectiveness of the Modification Rules relating to ~~Workgroups, alternative Modification Proposals and~~ Legal text provision, including how changes to Final Modification Reports should be brought to the Panel's attention, and regarding the definition of a Panel Majority. ~~This internal review has identified that the Modification Rules would, in our opinion, benefit from additional clarity in certain areas and/or further changes are required to update aspects of the previous version of the Modification Rules that were not changed by the suite of CGR Modification Proposals.~~

~~Following recent discussions at the Governance Workgroup it was agreed that further clarity was required regarding the definition of Panel Majority, to clarify the intent of Modification Proposal 0320V and also to consider how changes to Final Modification Reports should be brought to the Panel's attention.~~

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## 3 Solution

### Nature for the proposal

National Grid NTS has liaised with the Code Administrator to gain an understanding of the areas that they believe ~~require would benefit from~~ additional clarity or correction ~~is required~~ within the ~~amended~~ Modification Rules.

~~National Grid NTS proposes that the Modification rules are changed to address these issues identified by the Code Administrator along with some minor drafting changes that need to be made to provide some additional clarity to the rules, including those related to legal text provision. The proposed changes are described below:~~

~~A summary of the~~ proposed housekeeping changes ~~proposed to the Modification Rules~~ are as follows:

- Correction of a small number of typographical errors
- A number of changes to clarify the appropriate use of the role of Secretary, Code Administrator and Transporter
- Clarification with regards to the Code Administrator's role in establishing a new Workgroup and its associated ~~T~~ terms of Reference
- Amend Section 8 to allow any person who attended and participated in the Workgroup to express views at the Panel when the report is being discussed
- Clarify that where an alternative Modification ~~Proposal~~ is referred to a Workgroup by the Panel and the next meeting of such Workgroup is in less than 5 Business Days time, then the ~~proposal modification~~ will be carried forward for assessment at the following meetings of the Workgroup.

The above proposed changes are reflected in the ~~Suggested Text~~ legal text included with this Modification (~~it is included as~~ within a separate document due to its size).

#### Legal Text provision for Modification Proposals

~~In light of Workgroup discussions,~~ National Grid NTS has evaluated a number of options to address the issue of providing legal text for inclusion in ~~the Final~~ Modification Reports ~~for example (not exhaustive) where the Panel has not requested legal text when it determined that the modification should proceed to consultation or where, during the Consultation Phase, representations have suggested that changes to the legal text be made to better reflect the nature of the Proposal being consulted upon.~~

~~In consequence of this~~ proposal modification seeks to ensure, for all modifications, that legal text will always be available at the point of a Panel determination by proposing to introduce the ability for the Modification Panel to request (by way of a Panel Majority vote) legal text for a Modification at any time prior to making its recommendation as to whether or not the Modification should be implemented, or, in the case of a Self-Governance Modification, its decision. For the avoidance of doubt, such a request may be made on more than one occasion.

This modification also proposes to amend the current provisions set out in paragraph

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9.6.2 of the Modification Rules to allow the relevant Workgroup to consider both Suggested Text and or text prepared by the Transporters under paragraph 9.6.1 where provided prior to the Modification Panel making a determination under paragraph 7.3.1 of the Modification Rules. It is also proposed the change the definition of Suggested Text to facilitate Transporters providing Suggested Text for Proposals raised by Users.

It is also proposed that, where the Panel requests the Transporters to provide legal text for inclusion in the Draft Modification Report, the Transporters shall be given the opportunity by the Panel to confirm, during the same Panel meeting at which the legal text request was made, whether any legal text previously provided by them is suitable for inclusion in the Draft Modification Report. Where the Transporters confirm that previously provided text is suitable then it is proposed that the text identified by the Transporters is included in the Draft Modification Report as legal text for the proposal and that the proposal may then continue through the governance process at that Panel meeting thus avoiding any unnecessary delays to the process.

The existing provision for the Authority to request that the Transporters provide legal text will continue.

~~The current UNC rules in regard to provision and timing of such provision, by Transporters, of legal text following a Panel request will continue to apply. RITCHARD. This is not strictly accurate since there is no Panel request at present, and is an area where the legal drafting could usefully sort out the existing position that is somewhat inconsistent.~~

~~7.3.1 says If the Modification Panel determines a Modification Proposal should proceed to Consultation: legal text shall be prepared, unless the Modification Panel determines legal text is not required.~~

~~Note here that the Panel does not ever request text but only votes against it.~~

~~Then 9.1.1 says we prepare a draft Modification Report and provide this to the Secretary within fifteen Business Days, where the Modification Panel has determined that legal text is required. However, given 7.3.1, this is never!~~

~~This also has implications for 9.6.1: the Transporters shall prepare the legal text of the Modification where directed by the Modification Panel, for inclusion in the draft Modification Report prepared pursuant to paragraph 9.1.1. This is incorrect as the Panel don't direct, but to the extent they take a (non-) decision, it is in 7.1 rather than 9.1.1.~~

~~And while we are looking at 9.6. this says Suggested Text is to be considered by the Workgroup. It would be odd to oblige the Workgroup to consider Suggested but not actual Text! This is one of the reasons why the distinction between Suggested Text and Text is unhelpful.~~

~~In fact, as I have relooked at this Mod, I wonder whether it would be even better to simply say that "The Transporters shall provide text for each Modification". That is then an open ended obligation to provide text as and when you are ready, since it isn't constrained by any process, that can be supported by the ability for the Panel to formally request text — such that the Panel request is almost a backstop for the cases where there is a disagreement of some sort as to whether or not to provide text. The Panel request would be the first time you would be formally required to provide text, as opposed to doing it without being ordered to, and would match the existing situation where draft text is almost always provided voluntarily but has no formal status. I hope that makes sense!~~

The existing provision for a request for legal text in support of a User Pays Modification to be deemed to also be a request for an Agency Charging Statement amendment will continue.

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If at any time after providing legal text in response to a Panel request, and before the Modification Panel makes a determination on whether or not to recommend implementation of the Modification or, in respect of a Self-Governance Modification, makes a determination as to whether or not to implement the Modification, the Transporters wish to provide revised legal text, they may do so and should provide this revised legal text to the Code Administrator.

The Code Administrator will include the latest version of legal text provided, or the reasons for not providing legal text, in all subsequently produced reports relating to the Modification ~~that require legal text in order to be complete~~— i.e. Workgroup Report, Draft Modification Report, Final Modification Report etc.

It is also proposed that, where the UNC Panel are to make a determination under Section 7.3.1 of the Modification Rules and, in relation to the ~~Proposal~~modification under consideration, the Transporters have previously received a request to provide legal text and has complied with such request, then a determination of the Panel under Section 7.3.1 (a) will not be required and instead the most recent text provided by the Transporters shall be included in the Draft Modification Report.

This ~~Proposal~~modification also seeks to introduce a further provision relating to changes to the Final Modification Report (FMR). It is proposed that where the FMR is amended then the Modification ~~Proposal~~shall be placed on the agenda for the following Modification Panel meeting. At this meeting the Panel ~~members~~shall be asked to consider whether or not, as expressed through a majority vote, to either:

- 1) Request the ~~T~~ransporters to send the ~~proposal~~Mmodification for a further consultation (in a manner similar to that current stated in Modification Rules 9.5.2 (b)),
- or
- 2) Determine that the ~~proposal~~Mmodification shall continue through the process from its current position.

For the avoidance of doubt, ~~n~~None of the above would prevent the Authority from making a determination based on the prevailing Final Modification Report.

#### Panel Majority Vote Clarification

It is also proposed that the Modification Rules be amended to clarify the rules relating to the definition of Panel Majority to better reflect the intent of Modification ~~Proposal~~ 0320V.

Modification ~~Proposal~~0320V sought to do the following ~~aspects~~:

- In the case of a Panel recommendation made pursuant to section 9.3.3(a) of the Modification Rules, the ~~proposal~~modification stated that the Panel Chairman's Casting Vote would not apply and the Panel Majority definition under the then existing rules would continue to apply.
- In all other cases where a Panel Chairman's Casting Vote may apply, it was proposed that the defined term for Panel Majority be changed to: a majority (in number) of the votes in favour of such matter over the votes not in favour of such matter from the total number of votes exercisable by the Voting Members present at that meeting.

It is therefore proposed that the Modification Rules be amended to better reflect the above points. ~~Again~~~~T~~he ~~Suggest Text~~legal text provided with this ~~Proposal~~modification sets out the proposed changes to the definition of Panel Majority.

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## 4 Relevant Objectives

The Proposer believes that implementation will better facilitate the achievement of

### Relevant Objective f.

Proposer's view of the benefits against the Code Relevant Objectives	
Description of 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	Yes – see explanation below.

### f) Promotion of efficiency in the implementation and administration of the Code

The proposer believes that this Modification will better facilitate this relevant objective by providing a number of administrative efficiencies as the changes will improve consistency between industry codes (providing clarity to smaller parties and consumer representatives who may otherwise be restricted in their ability to fully participate in the UNC processes) and the effectiveness of the UNC governance processes.

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## 5 Impacts and Costs

### Consideration of Wider Industry Impacts

None identified.

### Costs

Indicative industry costs – User Pays	
Classification of the proposal as User Pays or not and justification for classification	
The proposal is not Users Pays as there are no additional costs or changes to the services provided by Xoserve.	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
N/A	
Proposed charge(s) for application of Users Pays charges to Shippers	
N/A	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve	
N/A	

### Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>None</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>None</li> </ul>
User Pays implications	<ul style="list-style-type: none"> <li>None</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>None</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>None</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None</li> </ul>

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## Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

### **0565 Transco Proposal for Revision of Network Code Standards of Service**

at the following location:

<http://www.gasgovernance.com/networkcodearchive/551-575/>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• None
Development, capital and operating costs	• None
Recovery of costs	• None
Price regulation	• None
Contractual risks	• None
Legislative, regulatory and contractual obligations and relationships	• None
Standards of service	• None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	• Some changes are required and are detailed in the suggested text for this proposal.
UNC Committees	• None
General administration	• The Joint Office would be required to ensure that processes reflect the changes to the Modification Rules

Impact on Code	
Code section	Potential impact
Uniform Network Code – Modification Rules	Medium

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None
Storage Connection Agreement (TPD R1.3.1)	None
UK Link Manual (TPD U1.4)	None

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Impact on UNC Related Documents and Other Referenced Documents	
Network Code Operations Reporting Manual (TPD V12)	None
Network Code Validation Rules (TPD V12)	None
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	None
Uniform Network Code Standards of Service (Various)	None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	None
Gas Transporter Licence	None

Other Impacts	
Item impacted	Potential impact
Security of Supply	None
Operation of the Total System	None
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	None

## 6 Implementation

### Implementation Date

No view on implementation timescales is proposed.

## 7 The Case for Change

### Advantages

The Proposal will provide a number of administrative efficiencies as the changes will improve consistency between industry codes and the effectiveness of the UNC governance processes.

### Disadvantages

None identified.

## 8 Recommendation

The Proposer invites the Workgroup to:

- DETERMINE that Modification 0384 is sufficiently developed to proceed to consultation.