

Representation - Draft Modification Report UNC 0596

Implementing CGR3 decisions on Significant Code Reviews and self-governance

Responses invited by: **5pm on 08 December 2016**

To: enquiries@gasgovernance.co.uk

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| Representative: | Shiv Singh |
| Organisation: | National Grid Gas Distribution Limited |
| Date of Representation: | 8 th December 2016 |
| Support or oppose implementation? | Support |
| Relevant Objectives: | c) Positive f) Positive |

Reason for support/opposition: Please summarise (in one paragraph) the key reason(s)

Members of the CGR3 Working Group have discussed in detail the modification proposal and associated legal text. The group found that the proposal best meets the requirement to implement two decisions resulting from Ofgem Code Governance Review phase 3 (CGR3). The modification, if implemented, would ensure that Gas Transporters remain compliant with Standard Special Condition A11 in respect of the SCR process, and Ofgem's decision in respect of self-governance.

Self-Governance Statement: Please provide your views on the self-governance statement.

We concur with the statement that this modification is not suitable for self-governance as it will have a material impact on "*the uniform network code governance procedures or the network code modification procedures*".

Implementation: What lead-time do you wish to see prior to implementation and why?

Implementation can be immediate following a decision from Ofgem as no costs are anticipated for UNC parties.

Impacts and Costs: *What analysis, development and ongoing costs would you face?*

No ongoing costs are anticipated.

Legal Text: *Are you satisfied that the legal text will deliver the intent of the Solution?*

NGGDL is satisfied that the legal text as published by the Joint Office within the Draft Modification Report meets the requirement of the Modification Proposal.

Are there any errors or omissions in this Modification Report that you think should be taken into account? *Include details of any impacts/costs to your organisation that are directly related to this.*

We have not identified any such errors or omissions.

Please provide below any additional analysis or information to support your representation

Self-governance

We agree that the proposed solution meets the requirement to change the presumption regarding self-governance to one that presumes self-governance applies unless the Panel determines that the self-governance criteria are not met i.e. that a material impact on one or more of the Criteria is likely to exist.

In our opinion the proposed amendments to the Modification Rules will enable a robust process that will also support the Panel in providing the required materiality statement to Ofgem in the instance where Panel determines that the Self-Governance Criteria are not met.

We support the idea that there remains an obligation on the Proposers to demonstrate the impact on the Self-Governance Criteria and, where they are not met, for Panel to provide a Self-Governance Statement.

Significant Code Review

We believe that the implementation of the changes proposed will provide Ofgem with the necessary range of options in relation to SCRs. They will now cover a much wider spectrum and satisfy the all of the identified requirements.

We are pleased that the Panel will retain its powers in relation to voting on modifications, and that the existing rules relating to Ofgem's powers to direct implementation or to direct non-implementation, remain.