

Modification Proposal Guidelines Document

Guidance for Proposers

Introduction

This document is the Modification Proposal Guidelines Document referenced in the Uniform Network Code (UNC) Modification Rules 6.2.1 (q). It may be modified by Panel Majority, as provided for in paragraph 5.1.2 (a) of the Modification Rules.

Background

In order to facilitate an efficient Modification Proposal (Modification) process, it is important that sufficient interaction is had, in all but exceptional cases, with related parties prior to the official raising of a Modification. This will ensure that the matter is indeed a valid UNC matter; that key impacts (direct or indirect) are highlighted and that implementation issues/system impacts are considered to support effective Modification Panel and industry consideration of the proposed Modification.

This framework seeks to set out best practice, providing transparency to the existing process, clarity to parties involved in the process and consistent expectations. Please note that this document is providing direction regarding the raising of Modifications. For ideas that require further development the Issues and Request routes (set out in the Modification Rules) are available, both of which allow ideas to be discussed by industry and shaped into sufficiently detailed Modifications.

Pre-Modification Engagement

A potential Proposer should aim to discuss their proposed Modification with the Joint Office of Gas Transporters and with relevant industry colleagues (including Shippers, Transporters and Xoserve) sufficiently ahead of the new Modification submission date for the relevant UNC Modification Panel meeting to allow them to shape their Modification. Potential Proposers are encouraged to use the informal 'Pre-Modification Discussions' item included on every Workgroup agenda for this purpose.

Guidance should be sought on:

1. Whether the Modification is appropriate as a UNC Modification change or whether it should be raised under alternative governance arrangements or Codes;
2. Any direct or indirect impacts of the change;
3. Any system change requirements and any other relevant considerations.
4. Any direct or consequential impacts on the Data Services Contract (DSC) or Central Data Service Provider (CDSP) arrangements; and
5. Any identified or consequential Cross Code impacts

Where an issue is not sufficiently developed even following the above-mentioned engagement then alternative routes should be sought prior to raising a Modification, for example, raising either a Workgroup Issue or making a wider topic Request to the Modification Panel (further information should be sought from the Joint Office if this route is being considered).

If relevant contact details for the CDSP or other relevant industry party are not available, the Proposer should contact the Joint Office who should be able to facilitate a communication route.

It should be noted that where a proposed Modification is likely to impact the DSC or CDSP documents, advice should be sought as to the suitability of a Modification and if the change should be facilitated by raising a CDSP change proposal.

Presenting Modifications to the UNC Modification Panel

The Proposer of a Modification will be asked to present the Modification Proposal to the UNC Modification Panel. A suggested template is available at:

<https://www.gasgovernance.co.uk/unc/templates>

Content Guidance for New Modification Proposals – Modification Template

The Modification template is published at: <https://www.gasgovernance.co.uk/unc/templates>

The Joint Office is available to help and support the drafting of any Modification, including guidance on completing the Modification template and the Modification process.

Please Contact: enquiries@gasgovernance.co.uk or 0121 288 2107.

1 Summary

For each of the three sections in the Summary, Proposers should explain in straightforward non-UNC terminology a summarised explanation of the Modification proposed.

No more than one paragraph is expected to ensure the Summary is concise to allow readers to understand quickly if the content of the Modification is relevant to them.

What

Proposers should provide a summary of what needs to change - i.e. what is the identified defect/change in the existing code that needs to be rectified

Why

Proposers should provide a summary of why this should change should be made - i.e. the drivers of the change – for instance, a legislative change, implementing a Policy decision or a process improvement.

How

Proposers should provide a summary of how the UNC is to be modified to achieve the proposed change.

It should be noted that in some instances, the Modification won't require a change to the UNC and in such circumstances the Modification should clarify why the Modification is required and if it is proposing to modify other relevant UNC or DSC documents.

2 Governance

Justification for [Fast Track] Self-Governance, Authority Direction or Urgency

Proposers should amend the subtitle above to show their requested governance route.

All new Modification Proposals follow a presumption of **Self-Governance** unless there is a material impact on one or more of the Self-Governance criteria. The Modification Panel has provided guidance in the criteria used to identify if a Modification is likely to be considered material or non-material and therefore its suitability for self-governance and is published on the Joint Office website at: <https://www.gasgovernance.co.uk/gendocs>.

If **Authority Direction** is to be requested, Proposers should refer to the Authority Direction/Self-Governance Materiality Guidance here: <https://www.gasgovernance.co.uk/mods>

In all cases, there must be justification provided by the Proposer's for the requested governance position, which should include an assessment of the actual materiality (for example, the anticipated cost to consumers). This should be provided in straightforward non-UNC terminology.

The Self-Governance Criteria and the Fast Track Criteria are set out in the Modification template and should form the basis of the Proposer's assessment about the appropriate level of governance.

Fast track proposals must be fully developed and include the Proposer's Legal Text to enable the implementation decision to be taken should the Modification Panel agree with the proposer's assessment of governance. It should be noted that Fast Track is for minor changes e.g. required to correct a reference error or housekeeping change.

If **Urgency** is to be requested, it is highly recommended that the Joint Office be consulted before proceeding such that advice can be sought on suitable process steps and/or timeline. Proposers should also refer to the Ofgem Guidance on Code Modification Urgency Criteria here:

<https://www.gasgovernance.co.uk/mods> and describe the reasons for requesting Urgency.

Requested Next Steps

Proposers should provide a view of the preferred next steps and any additional information to support this. For instance, if you wish your proposal to be issued directly to consultation without Workgroup assessment, you must explain why such an assessment is not required and include details of any pre-Modification engagement.

3 Why Change?

Within this section Proposers should set out in detail the background to the issue or proposed amendment, which may be an error, an omission or something the Proposer wishes to change. All reasonable steps should be taken to provide this in straightforward non-UNC terminology. The context for the Modification must be clearly set out and should explain:

1. What the driver is, and which parties are impacted;
2. Why this is a Code matter (in the case of new additions or amendments to Code related or DSC/CDSP documents);
3. What the effects are should the change not be made; and
4. It might be beneficial to describe what alternative options/solutions were considered prior to this Modification being raised.

4 Code Specific Matters

This section is for Proposers to include any relevant reference material, external guidance or to highlight any special skills that might be needed during the assessment phase.

Weblinks work well in this section.

It should be noted that any reference material provided should be accessible to all industry parties.

5 Solution

To avoid undue delays in the Workgroup phase, Panel expects that initial Modification proposals will be sufficiently complete that they can anticipate the likely impact and Workgroup effort required such that realistic assessment timeframes can be set.

For smaller UNC parties, Panel will apply more latitude with respect to the level of detail they will accept in an initial proposal, however such parties are still expected to avail themselves of pre-Modification support as described above.

Any additional explanation that Proposers believe is helpful, but that is not intended to be written in to Code, must be clearly marked as such (“for information only” or “for the avoidance of doubt” or similar works well in such situations) to aid with the development of legal text and to ensure industry parties fully understand the change being proposed.

For the avoidance of doubt, the Solution shall clearly set out in plain English the contractual changes required, not the detail of the process/system change required.

Proposers should be aware that the Modification Panel may, should it determine that insufficient detail or clarity is provided, defer consideration of the Modification to a future date to allow the Proposer to consider the areas of concern and if necessary, submit an amended Modification.

It should be noted that the Solution section of the Modification is the Proposers responsibility to write, and if necessary amend, even where it forms part of a Workgroup or other Modification Report. This is to ensure the proposer maintains control of the proposed solution.

6 Impacts and Other Considerations

This section helps Panel to understand how the Modification interacts with existing arrangements; Proposers are encouraged to be as complete as they can about any potential conflicts or concerns relating to all parts of the industry supply chain, and particularly on consumers. This should be provided in straightforward non-UNC terminology.

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

Panel needs to know the impact of the proposed change on either an SCR or a significant project. Proposers should consider impacts ahead of, during and after such projects.

Proposers should be aware that any impact on a section of Code within the scope of an Ofgem Significant Code Review may not be progressed at that time. Advice should be sought from the Joint Office concerning current SCRs or significant industry projects.

Consumer Impacts

Proposers are required to provide an initial view of the impacts of their proposal on each type of consumer (domestic consumers, small non-domestic consumers, large non-domestic Consumers, very large consumers etc). This is an important part of the Workgroup Assessment phase and consideration should be given to safety and reliability, costs, environmental factors, service and societal impacts.

Cross Code Impacts

Proposers should consider and highlight whether any other Code is affected – e.g. iGT UNC or SPAA, and the extent of those impacts. If cross code impacts are likely the Panel will consider requesting joint Workgroup meetings.

It should be noted that impacts on other Codes might require the Proposer to seek advice from the relevant Code Administrator as to the likely impacts and the steps that need to be taken to address the impacts.

EU Code Impacts

Proposers should identify the affected EU Code and the impact as they see it.

Central Systems Impacts

Proposers must provide their view of the impacts on central systems (including Gemini and UK Link) that may be affected; this will be supported by further input from the Central Data Services Provider (CDSP/Xoserve) later in the process. This should include any potential impacts on the Data Services Contract and other CDSP documents.

As set out above, proposers are encouraged to discuss potential Modifications in advance with Xoserve to establish potential impacts on systems and processes and to clarify the proposed change should not be progressed by an CDSP only Change Proposal.

It should be noted that Modifications leading to changes to Central Systems are likely to need a reciprocal CDSP Change Proposal raised at a later stage in the Modification process.

Impact on Greenhouse Gas Emissions

Proposers must provide the impact on Greenhouse Gas Emissions, if it is likely to be material. The Proposer should assess the quantifiable impact of such Modification in accordance with Carbon Costs Guidance.

7 Relevant Objectives

For every Relevant Objective an assessment should be made stating whether the impact of the Solution is negative, neutral (“none”) or positive. Impacts (i.e. negative and/or positive) should be clearly explained. It is not enough to simply state that, for instance, a Modification has a positive impact on competition between Shippers (Objective d); a full rationale of specifically how competition is furthered must be provided. All reasonable steps should be taken to provide this in straightforward non-UNC terminology

This must be repeated for every Relevant Objective that is impacted.

Proposers should consider the impacts on the charging related Relevant Objectives if they are proposing changes to UNC Section Y Transporter Charging Methodologies.

In some circumstances it is appropriate to provide an assessment of both sets of Relevant Objectives if for example the Modification is proposing a change to a UNC process and Transporter Section Y Charging Methodology.

It should be noted that the Relevant Objectives are those referred to in the Transporter licence.

8 Implementation

The Proposer must identify when they require the changes to be implemented. If a date is specified, Code requires two alternative fixed dates to also be provided. Proposers may alternatively wish implementation to be ‘as soon as possible’ following a decision.

In the case of Fast Track and Self-Governance, the Modification template includes the recommended wording to capture the objection/appeal window after the Panel's decision to implement.

9 Legal Text

Proposers are welcome to provide Suggested Legal Text alongside their Modification but are under no obligation to do so unless Fast Track procedures are requested.

Fast track Modification Proposals must include Legal Text.

Legal text will be drawn up by the relevant Transporter at a time when the Modification is sufficiently developed in line with the [Legal Text Guidance Document](#).

10 Recommendations

Proposers need to make a clear recommendation to Panel – indicating whether they would like their Modification to be assessed by a Workgroup (usual practise) or, if fully developed, to be issued straight to consultation (exceptional cases). It should be noted that Panel may direct that the nominated Transporter provides legal text before any consultation takes place.

Alternative Modifications

Alternative proposals may only be raised in the time between the issuing of a Modification to a Workgroup for assessment and the completion of the Workgroup Report for Panel consideration.

All of the same guidance applies. In addition, Proposers need to make the differences to the original Modification clear in the Solution of their Alternative Modification.

Normally the Joint Office will provide a copy of the original Modification (i.e. upon which the Alternative is to be based) so that consistency is ensured.

Where Panel agrees with the proposer's view that the Modification is an Alternative, A single Workgroup Report will be developed by the Joint Office, which will draw out the differences and assess the relevant merits of each Modification.

Variation of a Modification Proposal

Once the Modification Panel has determined a Modification should proceed to Consultation a Modification may not be amended. If changes to the Solution become necessary (for instance, due to an issue arising in the consultation or an Ofgem send-back), the Proposer is required to submit a Variation Request to Panel. This is a separate document that sets out the reasons and a description of the change(s), including Legal text. This should be supported by a changed marked version of the Modification.

The Variation Request template can be obtained by contacting the Joint Office and must be submitted to Panel prior to a Panel making a determination or recommendation on implementation. The Joint Office should be consulted in all such cases.

Urgent Modification Proposals

An Urgent Modification needs Ofgem approval for the requested process and timeline. Since the steps in the Modification process can be amended, Ofgem usually seeks a view from Panel before making a direction on Urgency.

Proposers wishing to make an Urgent Modification Proposal should contact the Joint Office for guidance, since cases need to be considered on their individual merits.

Ofgem has produced a helpful guidance document on the criteria required to support Urgency available at: <https://www.gasgovernance.co.uk/mods>.

Appendix: Modification Proposal Checklist

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| | 1. Summary | |
| 1a | Does the Self-Governance statement include the relevant qualifying criteria and evidence to justify the request? (including the materiality) | |
| 1b | Where applicable, does the Fast Track statement include the relevant qualifying criteria and evidence to justify the request? Have you provided the proposed Legal Text? | |
| 1c | Has the problem as described in Why Change? (identified in Section 2) been summarised? | |
| 1d | Has the remedy as described in the Solution (identified in Section 3) been summarised? | |
| 1e | Have the appropriate Relevant Objectives (identified in Section 4) been identified and summarised? | |
| 1f | Has the Implementation plan (identified in Section 5) been summarised? | |
| 1g | Have the impacts to other significant change (identified in Section 6) been summarised? | |
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| | 2. Why Change? | |
| 2a | Is the reason for the proposed change clear? | |
| 2b | Have the impacted parties been identified? | |
| 2c | Has the defect in Code been fully described? | |
| 2d | For new additions to Code, has the rationale for this being a Code matter been provided? | |
| 2e | Have references to external requirements been included (such as EU Codes, GS(M)R, iGT UNC etc)? | |
| 2f | Is it clear what the consequences are if the proposal does not proceed? | |
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| | 3. Solution | |
| 3a | Does the Solution directly address the identified defect? | |
| 3b | Does the Solution describe only the UNC changes? | |
| 3c | Has the impacted section of Code been identified? | |
| 3d | Are Business Rules required/provided? | |
| 3e | Have time-critical events been clearly specified? | |
| 3f | Have responsibilities been clearly defined? | |
| 3g | Are any guidance notes or diagrams marked as not being part of the formal Solution? | |
| 3h | Has a cost allocation methodology been considered and is it appropriate | |
| | | |
| | 4. Relevant Objectives | |
| 4a | Is this a Charging Methodology related Modification? If so, ensure that the correct version of the Modification template is used. | |
| 4b | Are the impacts on the Relevant Objectives identified? | |
| 4c | Are supporting statements (including quantification of potential impacts etc.) for the Relevant Objectives provided? | |
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| | 5. Implementation | |
| 5a | Is there an unambiguous implementation statement? | |
| 5b | If timescales proposed, have at least 2 fixed dates and a backstop date been identified and justified? (not applicable for SG modifications) | |
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| | 6. Impacts | |
| 6a | Have any affected SCRs or Change Projects been identified? | |
| 6b | If so, does the proposal clearly state the likely impact pre- (up to the implementation date), during cutover, and post-Change? | |
| 6c | Have the impacts on relevant parts of the industry supply chain been identified? | |
| 6d | Have the impacts on consumers been identified? | |
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| | 7. Legal Text | |
| 7a | Any Suggested Text (by the Proposer) should be included | |
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| | 8. Recommendation | |
| 8a | Is there a clear recommendation from the Proposer to Panel? | |
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