

iGTUNC Panel Chair and Code
Administrator, relevant Gas
Transporters, Gas Shippers, and
other interested parties

Email: industrycodes@ofgem.gov.uk

Date: 6 May 2020

Dear Anne and colleagues

Independent Gas Transporter Uniform Network Code Modifications aimed at providing relief to shippers during COVID-19 'lock down'

We¹ have received a request that three² Independent Gas Transporter Uniform Network Code (iGTUNC) modifications proposals should be given urgent status and follow expedited modification procedures:

- iGT141 '*Pipeline User submitted AQ Corrections during COVID-19*'
- iGT142 '*Allow Users to submit Estimated Meter Reading during COVID-19*'
- iGT143 '*Use of Isolation Flag to identify sites with abnormal load reduction during COVID-19 period*'

This letter confirms that we have agreed to those requests, and sets out the timetable under which the modifications will proceed.

Background

COVID-19 presents a serious challenge for the energy industry to tackle on behalf of the homes and businesses that depend on the sector for gas and electricity. The 'lock down' of non-essential sectors of the economy, the re-purposing of some sites, and changes in consumer behaviour means energy consumption is varying from season normal patterns to

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. The terms 'Ofgem', 'the Authority', 'we', 'our' and 'us' are used interchangeably in this letter.

² Modification proposals are available at <https://www.igt-unc.co.uk/modifications/>

an unprecedented extent. This is having a consequential impact throughout the energy supply chain.

Against this backdrop a specially convened session of the Uniform Network Code (UNC) Distribution Workgroup was held 14 April 2020 to consider the likely impacts of COVID-19 on the UNC arrangements and potential mitigating actions. From those discussions initially four modification proposals emerged. We granted urgency to those modifications on 22 April 2020, and the UNC Panel considered them on 30 April 2020.

We are continuing to consider the issues those UNC modifications raise, including the post implementation issues industry has discussed and included in the FMR. We are also considering those proposals in the round, in light of other initiatives under discussion to address the impacts of the Covid19 crisis. We intend to make a decision on these UNC proposals as soon as possible.

The code structure in the gas industry is such that separate modification proposals would be required under the iGTUNC for these changes to have effect across all gas supply points. We today have agreed to grant urgent status these 'mirror' iGTUNC modifications proposals – discussed below – allowing them to progress on an expedited timetable as set out below.

The modification proposals

The modification proposals are proposing temporary changes to the iGTUNC rules for the duration of the COVID-19 period. That period will be time limited and end in line with relevant government advice. They will give effect to the provisions, if approved, of certain UNC modifications that we are currently considering, specifically:

- iGT141 '*Pipeline User submitted AQ Corrections during COVID-19*' would give effect to the provisions of UNC modification UNC721 '*Shipper submitted AQ Corrections during COVID-19*'. This would extend the circumstances under which a shipper may revise the Annual Quantity (AQ) – annual consumption of a gas at a meter – applicable to a registered supply point.
- iGT142 '*Allow Users to submit Estimated Meter Reading during COVID-19*' would give effect to the provisions of UNC modification UNC722 '*Allow Users to submit Estimated Meter Reading during COVID-19*'. This would allow shippers to submit estimated meter readings for certain sites during the COVID-19 pandemic.
- iGT143 '*Use of Isolation Flag to identify sites with abnormal load reduction during COVID-19 period*' would give effect to the provisions of UNC modification UNC723 '*Use of Isolation Flag to identify sites with abnormal load reduction during COVID-19 period*'. This would allow allow shippers to discount certain supply points which have

seen a near-complete but not total reduction in gas usage due to 'lock down' restrictions from allocation, nomination and application of certain charges.

iGTUNC Modification Panel View

Given the circumstances we have not on this occasion sought a formal iGTUNC Panel view on the proposals, as allowed for under paragraph 17.1.1(b) of the Modification Rules.³ However, we note that the development of these urgent proposals was discussed at the iGTUNC Panel meeting of 24 April 2020 and that based on the information available, the consensus of Panel members was that urgent status would be appropriate.

Authority Decision

We have considered the proposers' justification for urgency for the modifications proposals. We have assessed the requests against the urgency criteria set out in Ofgem's published guidance⁴. In general, we consider that an urgent modification should be linked to an imminent issue⁵ or a current issue that, if not urgently addressed, may cause a:

- i. significant commercial impact on parties, consumers or other stakeholder(s); or
- ii. significant impact on the safety and security of the electricity and/or gas systems, or;
- iii. party to be in breach of any relevant legal requirements.

We have also considered these modifications in the context of our enabling framework for regulatory flexibility during COVID-19, as set out in open letters issued recently to energy network⁶ and retail energy supply⁷ companies. In those letters, and other COVID-19 engagement with industry as a whole, we have encouraged parties to identify early, and appropriately mitigate, the impacts of COVID-19 to ensure consumers – especially the vulnerable – are protected from immediate harm, security of supply is maintained, and the health and safety colleagues and consumers is maintained.

We are satisfied that the progression of these modifications proposals and the need for an appropriate response to COVID-19 is "a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers, or other stakeholders(s)" and have therefore agreed that each modification proposal should follow the same urgent timetable as set out below.

³ Modification rules are contained within the iGTUNC document accessible here: <https://www.igt-unc.co.uk/wp-content/uploads/2020/02/IGT-UNC-13.0-Clean.pdf>

⁴ Ofgem Guidance on Code Modification Urgency Criteria: <https://www.ofgem.gov.uk/publications-and-updates/ofgem-guidance-code-modification-urgency-criteria-0>

⁵ The imminent issue may be date related.

⁶ See: https://www.ofgem.gov.uk/system/files/docs/2020/04/networks_letter_0.pdf

⁷ See: https://www.ofgem.gov.uk/system/files/docs/2020/04/supplier_letter.pdf

Process	Date
Ofgem Decision on Urgency	6 May 2020
Consultation Commences	6 May 2020
Consultation Close-out for representations	12 May 2020
Final Modification Report available for Panel	13 May 2020
Modification Panel recommendation	14 May 2020
Ofgem Decision expected by	15 May 2020

As set out above we are considering a range of complex issues and proposals aimed at addressing the impacts of the COVID-19 crisis, including the UNC modifications currently with us for decision. We will reach decisions on these modifications as soon as possible, though note that the above timetable is subject to change.

For the avoidance of doubt, our decision on urgency should not be treated as any indication of our view on the merits of the modification proposals nor do we consider that they are mutually dependent.

Yours sincerely

Jacqui Russell
Head of Metering and Market Operations