

Extending xoserve service provision and UNC to iGTs – outline of legal requirements

1 Introduction

- 1.1 This note describes in outline arrangements under which the UNC (of NGG and the other large GTs) would be modified to provide for arrangements with independent gas transporters (iGTs) which are currently contained in CSEP NExAs, and iGTs would use the services of xoserve to administer both their relationships with shippers and their relationships with the GTs.
- 1.2 In this note:
- (a) UNC means the Uniform Network Code of National Grid Gas and the DNOs;
 - (b) GT means National Grid Gas and the DNOs;
 - (c) iGT means independent gas transporter;
 - (d) iNC means the Uniform Network Code of iGTs;
 - (e) terms are used with their meanings under the UNC unless otherwise stated;
 - (f) UCSEP means an Unmetered CSEP.
- 1.3 From a UNC perspective the objective is to remove the need for a CSEP NExA, and to make certain provisions of the TPD (for Supply Point Capacity, Output Nominations, UDQO determination and reconciliation) apply directly to shippers at UCSEPs, rather than applying through the medium of a NExA. This means that NExA Annex A Part 12 is no longer required. Where relevant, the cited provisions of TPD can directly refer to UCSEPs.
- 1.4 Fundamentally, the purpose of the existing NExA is not changed – ie in the absence of a meter (and allocation agency) at the CSEP, the UNC rules for EUCs and AQs must be applied. Instead of being in a NExA, these rules would now be in the UNC.
- 1.5 The NExA contains provisions for determining CS shrinkage (Annex A part 9). However these do not appear to be referred to in (or otherwise affect) the NExA provisions which operate to determine shipper capacity and offtake quantities (unless we mis-read it). If any shrinkage adjustments are to be applied they would need to be built into the relevant provisions of TPD.
- 1.6 The exact scope of the new arrangements would need to be defined. In this note it is assumed to apply to all Unmetered LDZ CSEPs (UCSEPs) and no other CSEPs.
- 1.7 Currently the NExA provides for the iGT to provide data aggregated by EUC, and deems each CSEP to be divided into virtual CSEPs – one for each User and EUC. It could be simpler (in terms of UNC architecture and drafting) to treat the CSEP as divided into virtual CSEPs corresponding to each individual supply point off the iGT system. Since presumably the aggregation of data (to shipper/EUC level) will now be done by xoserve, this approach is assumed to be workable. If not, the arrangements described below (under UNC TPD) can be changed fairly simply to reflect this.

2 IGT Arrangements Document

2.1 Introduction

- 2.1.1 The IAD is created as a new document in the UNC (parallel with the TD, TPD, OAD, GTs and Mod Rules).
- 2.1.2 The IAD is binding on GTs and iGTs and potentially Shipper Users so far as it contains rules which affect them.
- 2.1.3 Each GT enters a new Framework Agreement (IGT Framework Agreement) with the iGTs which binds the GT and iGTs to the GT's individual network code (or possibly all GTs and all iGTs enter into a single framework agreement binding them to NGGs network code).
- 2.1.4 Broadly the IAD replaces much of the CSEP NExA and covers much the same ground.
- 2.1.5 The contents of the IGT have for convenience been divided into four sections below: classification and general; connection rules; rules about arrangements with shippers; and a section on xoserve. This division is for illustration only at this stage.
- 2.1.6 It will be worth reviewing OAD to see whether any other provisions would be worth replicating in IAD.

2.2 Classification and general

- 2.2.1 This would (among other things) define a SMP CSEP, SPC CSEP and SP CSEP as a virtual CSEP (under TPD A3.3.5) corresponding to each Supply Meter Point and Supply Point (and Supply Point Component if that exists) on the iGT System.
- 2.2.2 It would also confirm the scope of the IAD – ie its application in respect of UCSEPs.
- 2.2.3 For each CSEP a IAD Supplemental Agreement is entered into by the GT and iGT (cf the OAD). A pro forma IAD Supplemental Agreement is an annex to the IAD. The IAD Supplemental Agreement sets out specific details for each CSEP/COS as in Annex B of the NExA and any other specific details required.
- 2.2.4 A procedure is set out for nominating new CSEPs and entering into new IAD Supplemental Agreements.
- 2.2.5 General provisions governing the relationship between GT and iGT such as those in clause 4 and 5 of the NExA would be included (unless these were contained in GT Section B).
- 2.2.6 It will also be necessary to include accession rules for new iGTs equivalent to TPD V2..

2.3 Connection and offtake

- 2.3.1 The IAD allows iGTs to have their systems (COSs) connected at CSEPs.
- 2.3.2 Generic provisions would be included addressing issues such as:
 - (a) commissioning new CSEPs/COSs;
 - (b) required equipment, compatibility, modifications of plant, rights of inspection;
 - (c) system validation, network load information exchange, etc;

- (d) coordinated maintenance;
- (e) liability as respects each other's systems;
- (f) emergency cooperation;
- (g) other information exchange;
- (h) CS shrinkage (if applicable).

2.3.3 Where appropriate these would refer to site-specific details in IAD Supplemental Agreements.

2.3.4 The IAD will also include rules relating to aggregated offtake information to be provided by the iGT (as per NExA Annex A part 11).

2.4 Arrangements with shippers

2.4.1 This part would substitute for the current NExA requirements for the iGT to adopt and apply UNC rules for supply point classification, EUCs, AQs, non-daily meter-reading etc. It is required for two distinct reasons:

- (a) the existing requirement (at the CSEP) to enable GTs to determine capacity, offtake quantities, etc using their existing rules;
- (b) the requirement (at the supply points on the iGT's system) for the iGT to have in force the rules which xoserve's systems are designed to implement.

2.4.2 This could be done in several different ways:

- (a) it could replicate the existing NExA provisions which require the iGT to adopt and apply rules corresponding to those of the UNC. That ignores the fact that the iGT rules are now in a iNC which is itself subject to regulatory modification procedures;
- (b) it could refer to the existing iNC (assuming it has been verified that it does achieve this) and then aim to keep the UNC and iNC in tandem so far as relevant provisions are concerned. Given that both are subject to regulatory modification processes, it could not impose an absolute requirement, but it could require linked modification proposals and transparency to Ofgem over the implications of divergent modifications. The assumption is that Ofgem would not sanction diverging modifications unless there was a good reason (in which case the costs would ultimately be visited on consumers). It would be possible to include new provision in the GT and iGT licence conditions on network code which supported this (eg by requiring modification reports to address the matter);
- (c) it could be framed on the basis that relevant parts of the iNC were modified so that they simply referred to, and incorporated by reference, relevant parts of the UNC. This would (from a UNC perspective) be the neatest and simplest approach. Any modification of the relevant provisions of the UNC would automatically be carried over into the iNC. It would require wholesale amendment of relevant provisions of the iNC;
- (d) another option would be to include, in the IAD, the full rules to be applied by the iGT in its iNC. This does not seem a particularly good solution since it falls between (b) and (c) above.

- 2.4.3 The choice between these approaches is not fundamental to the concept.
- 2.4.4 The second part of this section is the requirement for the GTs and iGTs to exchange information, as currently provided in the NExA. The GTs have to provide EUCs and perhaps other data; the iGTs have to provide the AQs and supply point numbers and other data.
- 2.4.5 These data flows must be required between GTs/iGTs as principals, even though they are actually implemented by xoserve within its own systems.

2.5 Transporter Agency

- 2.5.1 This section requires and entitles the iGT to use the services of the Transporter Agency (ie xoserve) for specified purposes. These include the implementation of the requirements imposed on iGTs as discussed in 2.4 above, and the iGT's data flows with shippers as its customers.
- 2.5.2 The section would describe that the xoserve systems can operate for the iGT because the iGTs iNC rules (in relevant areas) will be the same as those of the UNC (as discussed in 2.4 above). This section could contain or refer to a document containing those areas where the iGT is expressly allowed different rules which xoserve will support.
- 2.5.3 Each GT and iGT will appoint the Transporter Agency as its agent for the data flows (between GT and iGT) referred to in 2.4.2 above).
- 2.5.4 The IAD may specify the basis on which the iGT is to contract with the Transporter Agency and/or on which the Transporter Agency will charge for its services to iGTs. The IAD may also impose requirements (analogous to TPD Section U) on iGTs before they can access xoserve's systems.
- 2.5.5 It will presumably not be necessary to establish a new physical interface between xoserve and a iGT shipper since that will already exist (pursuant to TPD Section U). However the GTs would likely have certain requirements about the shipper's use of xoserve's systems.
- 2.5.6 Each iGT will need to establish xoserve as its agent (vis-à-vis its shippers) and contractor by iNC provisions similar to TPD Section V6.5.

3 Other Uniform Network Code Changes

3.1 Treating SP CSEPs as Supply Points

- 3.1.1 The most significant change to TPD is that provisions of Sections B, C, E, F and H which provide for determining Supply Point Capacity, Output Nominations, UDQOs, NDM Reconciliation, and so on, now operate directly in respect of UCSEPs rather than through the medium of the NExA.
- 3.1.2 This can be done most simply by deeming references to Supply Points, Supply Point Components and Supply Meter Points in the relevant provisions of TPD to include SP CSEPs, SPC CSEPs and SMP CSEPs (and where necessary excluding UCSEPs from equivalent provisions which relate to CSEPs). An alternative would be to insert a reference to SP CSEPs, SPC CSEPs and SMP CSEPs in each provision, but this would be quite long-winded.
- 3.1.3 If any CS shrinkage adjustment is to apply to iGT quantities those rules would be added to the relevant provisions of TPD (or possibly as a generic rule applying to all relevant quantities determined under those provisions of TPD).

- 3.1.4 This also means that certain provisions of TPD Section J would no longer be needed in respect of UCSEPs (see below).
- 3.1.5 As noted above, provisions equivalent to NExA Annex A part 12 should not be required, since TPD can directly identify where it applies to a UCSEP (assuming that all UCSEPs are to be treated uniformly for all purposes of TPD – to be verified). In some cases it may be simpler to retain the ‘relevant CSEP’ approach and provide a parameter value in the IAD (as for example with TPD Section L).
- 3.1.6 Changes to several other provisions of the UNC would be required as outlined below.

3.2 UNC Introduction

- 3.2.1 Add to section 2 (UNC comprises) the IGT Arrangements Document (IAD) setting out arrangements between Transporters and Independent Transporters
- 3.2.2 Add to section 4 that each Transporter’s Network Code is made binding between it and Independent Transporters pursuant to the IGT Framework Agreement.

3.3 Transportation Principal Document

3.3.1 Section A

Add after A3.3.7 that where so provided in TPD a reference to a Supply Meter Point, Supply Point Component or Supply Point includes a SMP CSEP, SPC CSEP or SP CSEP.

3.3.2 Sections B, C, E, F, H

Deeming of references to SMP CSEPs, etc.

It will be necessary to review every relevant provision of these sections to ensure the rules operate correctly.

3.3.3 Section J

In paragraph 1.5.4, Network Exit Provisions in relation to an UCSEP are contained in the IAD and relevant IAD Supplemental Agreement.

Paragraphs 4.3.7 and 6.4 (modification of Network Exit Provisions) – amend to reflect the IAD arrangements for UCSEPs.

Paragraph 6.1.3 – this may be unnecessary for UCSEPS, since Shipper Users may be directly bound by relevant provisions of the IAD.

Paragraphs 6.5.3 to 6.5.7 can be deleted (because they are replaced by the IAD).

3.3.4 Sections U and V

Possible amendments to Section U, and amendment to Transporter Agency provisions in Section V, to reflect xoserve functions for iGTs.

3.3.5 Other TPD Sections

It will be necessary to review all of TPD to ensure that any other interaction with the IAD is identified.

3.4 Modification Rules

3.4.1 These are modified so that iGTs participate in the UNC modification procedures in relation to modifications of:

- (a) the IAD;
- (b) any provisions of the UNC which are expressly referred to in the IAD;
- (c) other provisions of the UNC which bind iGTs including the GTs and relevant parts of the Transition Document;
- (d) the Modification Rules themselves.

3.5 Transition Document

3.5.1 Each existing NExA will be terminated with effect from the corresponding Supplemental Agreement(s) being entered into.

3.5.2 Some other transitional arrangements may be required. (It would be preferable however to enter into new IAD Supplemental Agreements rather than deem the old NExAs converted into them.)

3.6 General Terms

3.6.1 GTA – rules for dispute resolution – are extended to apply to disputes between GTs and iGTs. If expert determination is to be used in relation to any part of IAD, some changes will be needed to the expert appointment process.

3.6.2 GTB – general – will be amended to refer to the IAD and the IAD Framework Agreement, to iGTs and possibly to shippers in their capacity as iGT shippers. Party is extended to include iGT. Some other definitional and architectural changes are needed.

4 Other documents

4.1 Agency Services Agreement

As noted above an agreement will be required between iGTs and xoserve.

4.2 Licences

4.2.1 The GT licence conditions relating to network code will need to be reviewed to establish whether any modification is necessary or desirable to extend the UNC scope to include the subject matter of the IAD, whether the relevant objectives are suitable criteria for decisions on modifications of the IAD, whether the requirements for the modification rules need to be amended to reflect the role of iGTs (or indeed to address parallel modification of the UNC and iNC as mentioned above).

4.2.2 The iGT licence condition relating to network code will also need to be reviewed to establish whether any modification is needed to reflect these proposals.