

**Stage 01: Modification Proposal****iGTxxx****The removal of K1.2(e)(ii) –  
use of Upstream System User  
agreements**

At what stage is this document in the process?

- |    |                           |
|----|---------------------------|
| 01 | Modification Proposal     |
| 02 | Workgroup Report          |
| 03 | Draft Modification Report |
| 04 | Final Modification Report |

*This modification seeks to remove the ability for an Applicant User to become a Pipelines User by having in force arrangements with one or more Upstream System Users for the delivery of gas to the Pipeline User at the relevant CSEP.*



The Proposer recommends that this modification should be:

- assessed by a workgroup



High Impact:  
N/A



Medium Impact:  
N/A



Low Impact:  
Future Pipeline Users

iGTxxx

Modification Proposal

xx November 2014

Version 1.0

Page 1 of 6

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## Contents

1. Plain English Summary.....	3
2. Rationale for Change .....	4
3. Solution .....	4
4. Relevant Objectives .....	5
5. Impacts and Costs.....	6
6. Likely Impact on Consumers .....	6
7. Likely Impact on Environment .....	6
8. Implementation.....	6
9. Legal Text.....	6
10. Recommendation .....	6

## About this document:

This modification will be presented by the proposer to the panel on 12<sup>th</sup> November 2014.

The panel will consider the proposer's recommendation, and agree whether this modification should be subject to self-governance; and whether it should be issued for consultation or be referred to a workgroup for assessment.

	
<b>Any questions?</b>	
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iGTxxx

Modification Proposal

xx November 2014

Version 1.0

Page 2 of 6

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## 1. Plain English Summary

### Is this a Self-Governance Modification?

This Modification is being proposed as a Self-Governance change. From the Gas Transporters Licence; Standard Condition 9:

"Self-governance criteria" means that a proposal, if implemented:

a. is unlikely to have a material effect on:

i. existing or future gas consumers; ii. Competition in the shipping, transportation or supply of gas conveyed through pipes or any commercial activities connected with the shipping, transportation or supply of gas conveyed through pipes; iii. The operation of one or more pipe-line system(s); iv. Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies; and v. the network code modification procedures; and

b. is unlikely to discriminate between different classes of parties to the uniform network code / relevant gas transporters or gas shippers.

This modification, whilst amending the arrangements for commercial activities connected with the shipping of gas, does not materially impact these arrangements as the modification seeks to remove what is effectively a redundant section of the iGT UNC

### If so, will this be progressed as a Fast Track Modification?

It is not proposed that this Modification is progressed as a Fast Track Modification.

### Rationale for Change

The move to iGT Agency Services created by iGT039 and UNC0440 creates a single supply point register comprising Larger GT and iGT supply points. iGT039 and UNC0440 require the creation of a 1:1 relationship between the iGT supply point (at the end of the iGT system) and the CSEP supply point (at the end of the GT system (and simultaneously at the start of the iGT system)).

This relationship does not support the arrangements set out in iGT UNC K1.2 (e) (ii) whereby a User can be registered to an iGT supply point but not have signed the relevant Large Gas Transporter Network Code with the User arranging for gas to be shipped through the Large Gas Transporters system by another User up to the CSEP supply point.

The 1:1 relationship between the iGT supply point and the CSEP supply point requires that a single User is registered to both points (the physical iGT supply point on the iGT system and the notional CSEP supply point at the end of the GT system). As a result there cannot be an arrangement envisaged by K1.2 (e) (ii).

### Solution

To remove Part K1.2 (e) (ii) to reflect the fact that an Applicant User may only become a Pipeline User under the iGT UNC where it has agreement with the Upstream System Operator through that Operator's Network Code.

### Relevant Objectives

The Proposer believes that the Modification better facilitates *Relevant Objective (f): Promotion of efficiency in the implementation and administration of the Code.*

### Implementation

There are no costs associated with implementation of this Modification. The recommended lead time for implementation is two months following either an Authority Decision to implement or a Panel decision if the proposal is accepted as Self-Governance.

**Commented [S1]:** It could be argued that the mod does impact this. Technically, at the moment a Shipper could operate only on iGT Networks by effectively arranging the transfer the title to the gas at the CSEP from a Shipper who is registered under the main UNC. The problem is that this arrangement cannot currently be supported SSP as envisaged as it would require the iGTs to operate a separate system to record instances where the UNC Shipper and the iGT UNC Shipper were different. Also the UNC as envisaged under UNC 440 could not currently record who is actually shipping to the end consumer's meter.

iGTxxx

Modification Proposal

xx November 2014

Version 1.0

Page 3 of 6

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## 2. Rationale for Change

The move to iGT Agency Services created by iGT039 and UNC0440 creates a single supply point register comprising Larger GT and iGT supply points. iGT039 and UNC0440 require the creation of a 1:1 relationship between the iGT supply point (at the end of the iGT system) and the CSEP supply point (at the end of the GT system (and simultaneously at the start of the iGT system)).

This relationship does not support the arrangements set out in iGT UNC K1.2 (e) (ii) whereby a User can be registered to an iGT supply point but not have signed the relevant Large Gas Transporter Network Code with the User arranging for gas to be shipped through the Large Gas Transporters system by another User up to the CSEP supply point.

The 1:1 relationship between the iGT supply point and the CSEP supply point requires that a single User is registered to both points (the physical iGT supply point on the iGT system and the notional CSEP supply point at the end of the GT system). As a result there cannot be an arrangement envisaged by K1.2 (e) (ii).

Alternatively if K1.2 (e) (ii) was to continue either major additional changes would be required to the Large Transporter systems to record both the Shipper to the CSEP and the Shipper from the CSEP to the iGT Consumer's meter and/or iGTs would need to continue to operate registration systems to record where the Shipper on the iGT's network was different to that on the Large Transporter's network. This would add significant complexity and cost to cater for circumstances which to date have not been requested.

## 3. Solution

To remove Part K1.2 (e) (ii) and amend Part K1.2 (e) to reflect the fact that an Applicant User may only become a Pipeline User under the iGT UNC where it has agreement with the Upstream System Operator through that Operator's Network Code.

## 4. Relevant Objectives

### Impact of the modification on the Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
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.	<del>None</del> Negative
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.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

**Commented [S2]:** Could be argued that it has a negative impact on this should a shipper want to enter the market operating only on iGT networks

The Proposer believes that this Modification would better facilitate the following Relevant Objective:

### Objective (f)

It is the proposers understanding that with implementation of this modification that the code will become more efficient and that whilst amending the arrangements for commercial activities connected with the shipping of gas, does not materially impact these arrangements as the modification seeks to remove what is effectively a redundant section of the iGT UNC

iGTxxx

Modification Proposal

xx November 2014

Version 1.0

Page 5 of 6

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## 5. Impacts and Costs

Costs going forward could be heightened if the Nexus system is not enhanced to allow the registration of Shipper A on the Large Transporter network and Shipper B on the iGT network

## 6. Likely Impact on Consumers

None Identified.

## 7. Likely Impact on Environment

None identified.

## 8. Implementation

It is proposed that this Modification could be implemented with the minimum two month lead time following either an Authority Decision to implement or a Panel decision if the Modification is accepted as Self-Governance.

## 9. Legal Text

(e) the Applicant User shall have warranted to the Pipeline Operator that ~~either:~~

- ~~(i)~~ there is in force a transportation arrangement between it and the Upstream System Operator pursuant to the Upstream System Operator's Network Code;
- ~~(ii)~~ ~~there is in force an arrangement with one or more Upstream System Users for the delivery of gas to the Pipeline User at the Connection Point and the Pipeline User warrants that it will ensure that an arrangement with at least one Upstream System User will remain in place while it is a Pipeline User.~~

## 10. Recommendation

The Proposer invites the Panel to:

- Determine that this modification should progress to Workgroup

iGTxxx

Modification Proposal

xx November 2014

Version 1.0

Page 6 of 6

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