

Introduction to the IGT UNC

The following is intended as a guide to the relationship between the IGT UNC and the UNC for the purpose of understanding of how the two documents should be read together. It is important to note that this does not form part of the legal text which must always be used in determining the rights and responsibilities of parties to either of the Codes.

1. Background: Independent Network Codes

Each independent Gas Transporter (IGT) has a licence responsibility to produce a Network Code setting out the arrangements to be followed by the Pipeline Users (Gas Shippers) that use its networks.

Prior to 2007, each individual IGT operated its own standalone Network Code and whilst covering similar business activities, there were significant differences between the IGTs as to how each determined the operation of interaction between themselves and the Gas Shippers on their specific networks.

In 2007 the IGT UNC (Uniform Network code) was created to bring about a common approach to be followed by all IGTs and all users of IGT networks. Whilst each IGT retained its own network code, these became very thin documents which in general pointed directly to the IGT UNC for the definition of how the IGT- Gas Shippers interaction was to be carried out.

This provided a significant benefit to Gas Shippers in that they could generally expect each IGT to operate its interactions with the Gas Shipper in a similar way irrespective of the Gas Shippers' end customers. However, even under the IGT UNC, each IGT continued to operate its own systems and communication methodology, requiring Gas Shippers to themselves manage different systems and communication methods according to which IGT an end consumer of gas was located on. In contrast, the Large Transporters operated their interactions with Gas Shippers via a single agent (Xoserve) to manage the vast majority of the communications with Gas Shippers required to operate processes such as Supply Point Registration, Meter Reading and revisions to Annual Quantities associated with individual Supply Points.

2. Post-Nexus Implementation

In 2017 the IGT UNC was further developed to more closely align the IGT interactions with Gas Shippers to the interactions operated by the Large Transporters. This change was introduced by IGT UNC Modification IGT039¹ and UNC Modification UNC0440². The most significant aspect of this latest reform is that all IGTs now use the same common agent as the Large Transporters to manage the bulk of the interactions with Gas Shippers on IGT networks. Additionally, the IGTs are now a direct party to the UNC with the relationship between the IGTs and the Large Transporters set out in a new UNC document, the Independent Gas Transporter Arrangements Document (IGTAD). This document replaces a previous arrangement, the CSEP NExA which previously set out the relationship between each IGT and Large Transporter.

To make the industry as efficient as possible, the IGTs have adopted, wherever relevant, the same processes as those operated by the Large Transporters. The outcome of this change is that all Gas Shippers can be confident that, in general, the way they manage the transporter interaction for retail consumers, will be carried out in an identical manner irrespective of whether that consumer is located on a Large Transporter network or an IGT network.

¹ <http://www.IGT-unc.co.uk/Modifications/Closed+Modifications/IGT026+to+IGT050/IGT039DG>

² <https://www.gasgovernance.co.uk/0440>

To achieve this outcome, it was decided that rather than set out in detail in the IGT UNC all the processes that were required by the IGTs, (albeit following the way these were set out in the Large Transporters' UNC), instead the IGT UNC now directly points to the relevant parts of the Large Transporters' UNC. For example, the process of Supply Point Confirmation was previously described in detail in the IGT UNC, instead, it now directs Code Parties to Section G2.6 of the UNC.

This direct referencing between the two Codes (IGT UNC and UNC) ensures that an identical approach is delivered for Gas Shippers when carrying out the necessary processes required to transport their gas, irrespective of the Transporter involved. It also ensures that should the UNC be modified in an area that is also relevant to the IGT UNC, there will be no need to duplicate legal drafting changes as the IGT UNC simply points across to UNC text. ensuring that the two Codes continue to be aligned.

A consequential outcome of this approach is that the IGT UNC can no longer be read as a standalone contract but needs to be read in conjunction with the Large Transporter UNC.

3. Understanding the two codes together – IGT UNC

Some general rules also need to be followed when reading the IGT UNC in conjunction with the UNC.

The legal relationship set out in the IGT UNC remains between the IGT and the User irrespective of whether the IGT UNC points across to the UNC for a particular activity. For example, the IGT (Pipeline Operator) retains the responsibility to determine the Rolling Annual Quantity of a supply point. The actual calculation will, however, now be carried out by the Pipeline Operator's Agent under the rules as set out in the UNC. Similarly, the contractual responsibility for providing meter readings will continue to be between the Gas Shipper and the Pipeline Operator even though in practice these will be supplied by the User directly to the Pipeline Operator's Agent.

The IGT will also continue to hold its own register of assets and will use this in conjunction with information provided by the agent to invoice Gas Shippers for their use of the IGT's network. Whilst most queries raised by a Gas Shipper will be addressed by the IGT's agent, there are some queries that the iGT agent will send onto the IGT for investigation.

The common agent will maintain a register of all supply points and supply meter points for all licensed Transporters (IGTs and Large Transporters). The register will designate the network to which the supply point is physically connected. Both Large Transporter and IGT supply points will follow the same classification rules (Class 1-4 Supply Meter Point, Larger or Smaller Supply Point, Larger or Smaller Supply Meter Point, DM or NDM Supply Point, DMC or DMA Supply Point, Domestic or Non-domestic). Additionally, supply points on IGT Networks can also be designated in the UNC as IGTS Supply Points and IGTS Supply Meter Points should it be necessary to distinguish them for UNC purposes from Supply Points and Supply Meter points which are directly connected to Large Transporter networks.

4. Understanding the two codes together – UNC

The UNC is also constructed on the concept that there is an assumed Connected System Exit Point (CSEP) Supply Point and a CSEP Supply Meter Point at each Unmetered Connected System Exit Point i.e.the notional point where the IGT network connects to the Large Transporter network. Where the supply point is connected to an IGT network which is itself connected to another IGT network (nested/secondary IGTs), the CSEP Supply Point and CSEP supply meter point will notionally be on the boundary where the primary IGT connects to the Large Transporter network. Thus, for each individual Supply Point and Supply Meter Point on an IGT network the register will also hold a CSEP Supply Point and a CSEP Supply Meter Point respectively. This construction is required to recognise that the Large Transporter is responsible for the delivery of gas only up to the point where the gas enters into the relevant IGT network and allows the Large Transporter to determine upstream

transportation charges. It also allows the Large Transporter to treat gas that flows to consumers on an IGT network in the same way as it treats gas that flows to consumers on a Large Transporter network. For example, individual supply point reconciliation will result in the relevant Large Transporter transportation charges being adjusted for that supply point irrespective of the network to which it is connected. For clarity, the terms CSEP Supply Point and CSEP Supply Meter Point are only relevant to the UNC.

NB. The interlinking of the two Codes to provide this operational efficiency does require one key aspect to be noted. The UNC and IGT UNC use their own terminology and as a result, the UNC terms need to be read and interpreted under their IGT UNC meaning unless specifically stated.

An example of this is where the UNC uses the term "Transporter" whereas the IGT UNC uses the term "Pipeline Operator".

Where a part of the UNC is referred to in the IGT UNC and the term "Transporter" is used, then this will be read as if the requirement applied to the "Pipeline Operator" under the IGT UNC.

Part A of the IGT UNC lists a number of UNC terms and their corresponding IGT UNC meaning. In the instance that a UNC term is not defined in the IGT UNC but incorporated in the IGT UNC by reference, the term in the UNC shall be interpreted as referring to the IGT UNC equivalent term i.e. that it applies to the IGT and not the GDN.

Should there be a circumstance where a particular requirement within a section of the UNC that is incorporated into the IGT UNC does not apply to the IGT, then the IGT UNC text will explicitly state the relevant part of the UNC that does not apply. This approach is required so that it is clear where pointing across to the UNC which processes relate to a Large Transporter Supply Point or Large Transporter Supply Meter Point and not the IGT Supply Point or Supply Meter Point.