









Modification	At what stage is this document in the process?
<h1 data-bbox="119 353 502 448">IGT169:</h1> <p data-bbox="119 481 1157 840">Aligning the Capacity requirements for NExA Supply Points in the UNC with Capacity requirements for LDZ CSEP Ancillary Agreement (LCAA) Supply Points under the IGT UNC (i.e. bringing Code in line with UNC0701 and UNC0853)</p>	<div data-bbox="1181 336 1452 672"> <p>01 Modification</p> <p>02 Workgroup Report</p> <p>03 Draft Modification Report</p> <p>04 Final Modification Report</p> </div>
<p>Purpose of Modification:</p> <p>A Single Supply Point CSEP (SSP CSEP) will fall under the governance of UNC 0701 which constrains DM SSPs to capacity agreed in any Network Exit Agreement (NExA) in place with their IGT Network. This modification constrains DM SSPs to the capacity agreed in any LDZ CSEP Ancillary Agreement (LCAA) under the IGT UNC and ensures DM sites are treated in the same way as those subject to a NExA on the DN networks. Additionally this modification allows the CDSP to act when this situation is identified and not rectified by the shipper.</p>	
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"> assessed by a Workgroup before proceeding to Consultation be subject to an Authority Decision <p>This modification will be presented by the Proposer to the Panel on 25 August 2023. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>
<p>Impacted Parties and Codes</p>	
	<p>High Impact: Independent Gas Transporters and Shippers, Large Gas Transporters <i>(only on supply points where a NExA is with the IGT for a given single MPRN CSEP)</i></p>
	<p>Medium Impact: Here</p>
	<p>Low Impact: Here</p>

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Timetable			
<i>Please provide proposer contacts and an indicative timeline. The Code Administrator will update the contents and provide any additional Specific Code Contacts.</i>			
The Proposer recommends the following timetable: <i>(amend as appropriate)</i>			
Initial consideration by Workgroup		14 September 2023	
Amended Modification considered by Workgroup		n/a	
Workgroup Report presented to Panel		29 September 2023	
Draft Modification Report issued for consultation		02 October 2023	
Consultation Close-out for representations		20 October 2023	
Variation Request presented to Panel		n/a	
Final Modification Report available for Panel (late paper)		24 October 2023	
Modification Panel decision		29 October 2023	

1 Summary

What

UNC 0701 and UNC 0853 will alter the capacity arrangements for DM sites from 4th November 2023, in particular for those sites with a NExA with the Distribution Network (DN). The UNC modifications will ensure that the DM sites do not exceed the maximum capacity agreed within their NExA.

This modification will ensure that the capacity arrangements are the same for DM sites on IGT networks similarly. In the case of the IGT UNC the DM sites impacted will be those that have a **LDZ CSEP Ancillary Agreement (LCAA)** with the DN, Shipper or IGT and the modification will ensure that the maximum allowable capacity in the LCAA is not exceeded.

Why

This change will ensure that System capacity is consistent with that allowed by the NExA where one is in place. Where a NExA is not in place then the current processes will apply.

How

It is proposed that capacity deemed or requested under the IGT UNC cannot exceed that allowed by the LCAA (incorporating any CSEP NExA capacity requirements on an IGT), without a referral to the Networks.

This process would apply to DM sites subject to a DN NExA and / or an IGT LCAA.

2 Governance

Justification for Authority Decision Procedures

This modification could have a material effect on existing or future consumers and by ensuring DM consumers are treated in the same way will impact competition. It might also impact security of supply. For these reasons and because UNC 0701 was made by Authority decision, this modification should be an Authority decision.

Requested Next Steps

This modification should:

- be subject to an Authority Decision
- be assessed by a Workgroup before proceeding to Consultation

This modification is required to marry with UNC0701 which will be implemented on the 04 November 2023. It is recognised that following the suggested timetable will not achieve this and the Panel may wish to consider the timetable in view of this issue.

3 Why Change?

Background

UNC Modification 0701 has been approved by the authority and will be implemented into the UNC on 4th November 2023. The modification was raised in August 2019, the final mod report was available in May

2020 and the Authority gave their decision in May 2021. During the development phase and subsequently, no impact was identified and highlighted for IGTs or IGT sites / consumers.

It has subsequently been identified that single supply point CSEPs are in scope of the UNC modification and that the legal drafting of the modification impacts the IGT UNC drafting in that the IGT UNC points towards UNC paragraphs that are to be amended by this modification.

Therefore a modification to the IGT UNC is required either to implement modification UNC 0701 within the IGT UNC or to ensure that it is not implemented by removing the implemented code drafting for the IGT UNC that will be inserted into the UNC on implementation.

Implications of the UNC modifications

UNC0701 (Aligning Capacity Booking under the UNC and arrangements set out in relevant NExAs):

Large Gas Transporters (“GT”) have networks in their LDZ whereby a customer with a single supply point offtake may have their capacity curtailed (of which this may be any number of: instantaneous, hourly, daily, seasonally or yearly) in order to maintain network integrity and gas flow.

For GTs, these arrangements are highlighted when requested at the offtake of each particular supply point location at point of application of that offtake (as in, it is a new ‘connection’ to the network). Any sites whereby an end user’s capacity is curtailed requires a Network Exit Agreement (“NExA”) to be in place between the Transporter and the end consumer (NOTE: this agreement is outside the scope of this mod but it may include financial penalties, and also the ability to stop the flow of gas to that end consumer based on the agreement in force. Each NExA generated is bespoke to each site where it applies to.) This NExA arrangement is written under Section J of the Uniform Network Code (“UNC”).

In the case of an IGT connection into a GT network for a single supply point (“SSP”) consumer by means of a use of a Connection System Exit Point (“CSEP”) and where that SSP CSEP is under a NExA between the GT and the IGT (as the IGT is the GT ‘customer’ in this scenario) there is a reciprocal IGT **LDZ CSEP Ancillary Agreement** to be enforce between the IGT and their end consumer.

For reference only, this reciprocation is detailed in the UNC Independent Gas Transporters Arrangement Document (“IGTAD”). This is a requirement of IGTs under Section E Clause 2.2(a) which states: -

The Independent Gas Transporter shall not connect such IGTS Supply Meter Point to the IGTS System or permit gas to flow at such point unless there is in force an Agreement (equivalent to a Network Exit Agreement, and as to the matters which would be contained in a NExA pursuant to TPD Section J) between the DN Operator and the customer or the IGTS User;

There is no process to ensure that the daily capacity allowed in the **LDZ CSEP Ancillary Agreement** (which is a contract between the site operator and the IGT) and that allowed by the governance of the IGT UNC (which is the agreement between the Relevant Shipper and the Relevant IGT) are aligned. This can result in discrepancies where Provisional Maximum Supply Point Capacity (PMSOQ) can ratchet above the value the consumer is allowed to use under an IGT **LDZ CSEP Ancillary Agreement**.

As there is no defined term for ‘NExA’ or any stipulation for there to be one in place within the IGT UNC to be able to

- a) Reference a NExA in the CDSP database for a given Supply point whereby there is an IGT **LDZ CSEP Ancillary Agreement** in place (*as both ‘NExA’ and LDZ CSEP Ancillary Agreement are not defined terms in the IGTUNC*)

- b) Allow the CDSP permission to enforce any **LDZ CSEP Ancillary Agreement** arrangements to limit the maximum supply offtake of a given SSP CSEP with an **LDZ CSEP Ancillary Agreement in place**

Consequently an addition to the IGTUNC wording needs to help facilitate this.

*Please note, the drafting of the **LDZ CSEP Ancillary Agreement** may be a commercial penalty for ratcheting above the PMSOQ and it would not be in the benefit of this mod (or the IGTUNC) to include a potential drafting of the agreement itself.*

In addition, the details within a **LDZ CSEP Ancillary Agreement** limit the maximum supply offtakes and are registrable on the CDSP and so this mod seeks to allow this detail to be added into the CDSP information held a supply point level based on the **LDZ CSEP Ancillary Agreement** that an IGT may have in place as currently there is no requirement for the CDSP to accept an IGT application for confirming a **LDZ CSEP Ancillary Agreement** is in place and have its associated values registered on the CDSP.

However, mod **UNC0701** has been approved and the CDSP already has the details attached to a given CSEP (and/or MPRN) to flag that a NEXA is in place for a given MPRN. IGT's (by association as a Gas Transporter customer of the CDSP) has already had this applied to the CDSP systems, however there is nothing in Code (IGTUNC) to point to the equivalency of an **LDZ CSEP Ancillary Agreement** and so there needs to be wording added to the IGTUNC for industry clarity.

UNC0853 (CDSP permissions to facilitate implementation of UNC0701):

Large Gas Transporters ("GT") have networks in their LDZ whereby a customer with a single supply point offtake may have their capacity curtailed (of which this may be any number of: instantaneous, hourly, daily, seasonally or yearly) in order to maintain network integrity and gas flow and network integrity.

UNC0853 has been raised, gone to workgroup and been accepted for implementation in November 2023, and in doing so would require a similar reflection to IGT UNC to allow for IGT SSP CSEP MPRNs to give the same enduring permissions to the CDSP to reduce IGT sites (within the capacity reduction window) were a Booked Supply Offtake Quantity "SOQ" and/or Supply Point Offtake Rate "SHQ" exceeds the value as stated in the NEXA the IGT has in place.

Impacts

If this modification is not in place, IGT Shipper users who ship gas on IGT sites with **LDZ CSEP Ancillary Agreement** may accidentally put themselves in breach of Code by not complying with the arrangements that the IGT has in place with the end user under that **LDZ CSEP Ancillary Agreement** as the Shipper is not a party to that agreement (unless they are specifically included as a party based on the bespoke requirements of that supply).

Additionally, if this mod is not implemented, an end user (or accidentally a Shipper, by booking more gas than agreed) may offtake more gas from the network that the network is able to support (as it would be within an area of constraint) and could cause a deficit of gas on the distribution network affecting all customers connected to that network.

4 Code Specific Matters

Technical Skillsets

None specifically, although an understanding of Ratcheting and capacity capping would be helpful across the UNC and IGT UNC.

Reference Documents

<https://www.gasgovernance.co.uk/0701>

<https://www.gasgovernance.co.uk/0853>

5 Solution

To help implement mod UNC0701 for IGT parties

Use of the terms 'Network Exit Agreement' and 'NEXA' within Modification UNC0701 needs to be referenced within the definition of the IGT equivalent **LDZ CSEP Ancillary Agreement** definition for clarity as **LDZ CSEP Ancillary Agreement** is not a phrase referenced by the CDSP or defined in the IGTUNC.

To help implement mod UNC0853

In the event that the Shipper does not reduce the SOQ and/or SHQ on or before the implementation of Modification 0701 (4h November 2023), or at any time after this, at which the CDSP become aware that the SOQ and /or SHQ exceeds the value in the **LDZ CSEP Ancillary Agreement**, the CDSP will be given permissions to reduce the SOQ and / or SHQ of a site from where the booked capacity exceeds the capacity as stated within the **LDZ CSEP Ancillary Agreement**. This reduction is to be performed as soon as the CDSP is able and will be within the capacity reduction window.

The CDSP will notify the Shipper of the Maximum Permitted Supply Point Capacity and Maximum Permitted Supply Point Offtake Rate, from which point the user will have 10 Supply Point System Business Days (SPSBD) to submit a Supply Point Amendment to reduce to on or below the Maximum Permitted Supply Point Capacity and Maximum Permitted Supply Point Offtake Rate. Should the notice be sent outside of the capacity reduction window and more than 10 SPSBDs before the start of the next capacity reduction window, then the user will be expected to submit the Supply Point Amendment on the 1st SPSBD of the next capacity reduction window

Proposed Business Rules

1. Ensure the same capacity arrangements are in force for sites under the UNC and IGT UNC, by ensuring that the capacity arrangements introduced by UNC 0701 are introduced to the IGT UNC.
2. To ensure that any NEXA arrangements pertinent to any IGT sites (but arranged with an IGT under the UNC) are inserted into the LCAA to make the consumer on that site (either directly or via their supplier / shipper), shippers (which may change from time to time) and, where relevant, the Large Transporter aware that such arrangements are in place and pertinent to the relevant IGT site.

3. To allow the CDSP to take the same actions on an IGT supply point described in UNC 0853 based on the capacity constraints within the LCAA (rather than the UNC defined NExA), in which the maximum capacity will not exceed the capacity stated in a relevant NExA for that site (in the case of an SSP CSEP).

6 Impacts & Other Considerations

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

No.

Consumer Impacts

What is the current consumer experience?

DM Customers arrange Capacity booking via their supplier / shipper. Currently the supplier / shipper is agnostic to whether an LCAA is in place between the customer and the IGT and to the capacity constraints that are contained within that agreement (there may be rare cases where the shipper/supplier may be included as a party, but this is based on bespoke requirements within that supply point and agreement(s) made.) This means that the shipper could apply for capacity that exceeds the maximum without being aware and this in turn (if the consumer takes that capacity) could risk supply where upstream networks are constrained.

What would the new consumer experience be?

Modification UNC0701, and therefore this Modification by association, only impacts Daily Metered Consumers where there is a **LDZ CSEP Ancillary Agreement** in place. This Modification ensures that the maximum capacity available to the consumer is aligned between the **LDZ CSEP Ancillary Agreement** and under IGTUNC, which are the arrangements between the Shipper and IGT.

This modification will give greater awareness to all the parties involved so that maximum capacity requirements are not exceeded and the circumstances managed to prevent network difficulties.

The below is completed in reference to non-domestic consumers, who have a **LDZ CSEP Ancillary Agreement** for a SSPCSEP with an IGT.

Impact of the change on Consumer Benefit Areas	
Area	Identified Impact
<p>Improved safety and reliability</p> <p>The visibility and alignment of both the maximum value in the LDZ CSEP Ancillary Agreement and the maximum capacity in the system ensure that the Shipper is always aware of the existence of a LDZ CSEP Ancillary Agreement and can convey the details as such to the site when discussing bookings. (Some LDZ CSEP Ancillary Agreements may have been in place for an extended period, and with changes of staff and restructuring of roles at some sites, this may have resulted in those responsible for agreeing the contracts with the shippers are not always aware of the existence of a historical LDZ CSEP Ancillary Agreement at the site).</p>	Positive (only for sites with LDZ CSEP Ancillary Agreement in place)
<p>Lower bills than would otherwise be the case</p> <p>Where a capacity booking exceeds the maximum value in the LDZ CSEP Ancillary Agreement, in theory additional capacity is being paid for than what is contractually permitted in the LDZ CSEP Ancillary Agreement. Ensuring that these are aligned, should reduce the costs in these limited cases.</p>	Positive (only for sites with a LDZ CSEP Ancillary Agreement in place that have bookings in excess of the NExA value)
<p>Reduced environmental damage</p> <p>Not Applicable</p>	None
<p>Improved quality of service</p> <p>Not Applicable</p>	None
<p>Benefits for society as a whole</p> <p>Not Applicable</p>	None

Cross-Code Impacts

UNC

The relevant mods for UNC are referenced in this mod to allow a reciprocal process control in the IGT UNC for the impacts of mods UNC0701 and UNC0853 on IGT's in respect of single supply point CSEPs and ensures that the capacity arrangements for DM sites on IGT and DN networks are the same.

UNC	<input checked="" type="checkbox"/>
REC	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

Environmental Impacts

None

Central Systems Impacts

None.

(Note: Included here for completeness as the facility of NExA arrangements being flagged in CDSP systems is already in place and therefore for the IGT equivalent **LDZ CSEP Ancillary Agreements**)

7 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) Co-ordinated, 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	Positive
(D) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation agreements with other relevant gas transporters) and relevant shippers	Positive
(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 Cooperation of Energy Regulators	None

(A) (B) (C): - Ensuring that where a **LDZ CSEP Ancillary Agreement** exists, the booked capacity is not in excess of the values in the **LDZ CSEP Ancillary Agreement** helps protect the integrity of each IGT (and upstream Transporters) pipeline on sites that have a single MPRN on an IGT CSEP. The proposer is not specifically referring to one specific Licence obligation as the economical and efficient operation of the pipeline, is a principle throughout the Licence.

(D): - As Shippers have this arrangement with NExA values being included within the CDSP data items under the UNC and for the CDSP to enforce any cap on the Capacity Booking window (ensuring Shippers to not breach the Code), this mod will allow for the same process for IGT Shippers and will not adversely affect their commercial nomination to take on nominated IGT sites that have a **LDZ CSEP Ancillary Agreement** in place.

(F): Provides consistency throughout both the UNC and the IGT UNC.

8 Implementation

This mod should be implemented as soon as possible after an Authority Decision to help facilitate the arrangement of Large Gas Transporters under Mods UNC 0701 and UNC0853 (both to be implemented on 04 November 2023).

9 Legal Text

Suggested Legal Text

The legal text and any commentary are provided in a separate document which can be found [here](#)

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Normal governance procedures should apply
- Refer this proposal to a Workgroup for assessment.