

IGT169:

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) At what stage is this document in the process?

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Purpose of Modification:

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.

This Draft Modification Report is issued for consultation responses at the request of the Panel. All parties are invited to consider whether they wish to submit views regarding this Modification.

The close-out date for responses is 20th October 2023. Responses should be sent to IGTUNC@Gemserv.com. A response template, which you may wish to use, can be found on the IGT UNC website.

The Panel will consider the responses and agree whether or not this Modification should be implemented.

High Impact:

Independent Gas Transporters and Shippers, Large Gas Transporters

(Only on supply points where a NExA is with the IGT for a given single MPRN CSEP)

Medium Impact:

N/A

Low Impact:

N/A



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Timetable

Modification timetable:		
Initial consideration by Workgroup	14th September 2023	
Amended Modification considered by Workgroup	n/a	
Workgroup Report presented to Panel	29th September 2023	
Draft Modification Report issued for consultation	2nd October 2023	
Consultation Close-out for representations	20th October 2023	
Variation Request presented to Panel	n/a	
Final Modification Report available for Panel (Late Paper)	24 th October 2023	
Modification Panel decision	29 th 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.

Workgroup Discussions (September 2023)

The Workgroup considered the proposed timetable for this Modification.

The Proposer added that although the Modification timetable is very tight it is being discussed in this Workgroup meeting followed by a recommendation to the Panel. The Panel could then push the modification back to Workgroup if they feel is necessary to do so, however, the Proposer would like to think that one Workgroup meeting would be sufficient due to this Modification mirroring the arrangements that a GDN has and to not have IGT customers penalised. For that reason, they recommend this timetable is supported.

The Workgroup agreed with the proposer's recommendations in regard to the timetable and to try and conclude discussions within one Workgroup.

2 Governance

Justification for Self-Governance 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.

Workgroup Discussions (September 2023)

The Workgroup agreed with the Proposer that this Modification is subject to an Authority Decision.

Panel Discussions (September 2023)

The Panel agreed that this Modification is subject to an Authority Decision.

3 Why Change?

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 that 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

 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).

Workgroup Discussions (September 2023)

The Workgroup underwent discussions in regard to Business Rule 3. The Proposer advised that Shipper's do not book against CSEP's, they book against MPRNs and the MPRNs for this Modification would be under the IGT not under the GDN. Currently, the flag within CDSP for having this NExA or LCAA in place is at MPRN level and it only references NExA's. Technically under the IGT UNC it won't be a NExA, it is an LCAA that they would have in place. It was highlighted in this Modification as whether to introduce NExA instead of LCAA, however, this was not possible as LCAA is used for other agreements as well as this.

The proposer highlighted that this is for exceptional sites and is quite a low impact in regard to the wider scale of customers, however, it could have a detrimental impact if not facilitated.

Although it's exceptional they are likely to be high volume users and they are also, for the consumers planning etc..., to accidently be given higher capacity and potentially start putting in process or plant changes then that could have consequences for those, so the sooner that this is highlighted would be better for consumers as well.

The Workgroup considered the intent of the Modification and the information provided by the Proposer and believe that the Solution will deliver the intent, to bring the IGT UNC in line with the UNC in respect of UNC Modifications 0701 and 0853.

Panel Discussions (September 2023)

The Panel had no further comments on the Workgroup discussions and believed it had been discussed in depth and that discussions have been undertaken under the UNC for the relevant changes.

The Panel agreed that the Solution will deliver the intent of the Modification.

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 bespoken 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	
Improved safety and reliability 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).	Positive (only for sites with LDZ CSEP Ancillary Agreement in place)	
Lower bills than would otherwise be the case 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.	Positive (only for sites with a LDZ CSEP Ancillary Agreement in place that have bookings in excess of the agreed Offtake value)	
Reduced environmental damage Not Applicable	None	
Improved quality of service Not Applicable	None	
Benefits for society as a whole Not Applicable	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	\boxtimes
REC	
Other	
None	

Environmental Impacts

None



Central Systems Impacts

None.

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

Workgroup Discussions (September 2023)

The Workgroup agree that this Modification does not impact an SCR.

The Workgroup read and considered the impacts noted by the Proposer under the 'Why Change' Section.

The Proposer advised that these impacts could happen at any point until this Modification is implemented so any delay would actually make this a higher impact.

The Proposer also added that this has already been heavily debated by GDN's under the related UNC Modifications, and this Modification is just to bring IGT customers in line with that same rationale.

Consumer Impacts

The Workgroup considered the potential impact on Consumers. On review of 'Lower bills than would otherwise be the case', a member advised that by limiting their Offtake, it limits their bills and how much they have to pay for gas. It was noted that IGTs do not charge for the actual gas being consumed, but obviously, what happens at a site will impact the element that the Shipper and Supplier charge. As the cost comes through to them from the UNC, the IGT UNC modification would ensure that any cost savings due to the capacity reduction would find their way through from the UNC if applicable.

The Workgroup ultimately agreed that this Modification could have a positive impact on consumers, as set out above.

Central System Impacts

The CDSP confirmed that there are system impacts as a result of the collective changes that are being made to this process. Impact assessments have been done under UNC Modification 0701 and there is a DSC Change Proposal (<u>XRN5186</u>) which is in play and that is where the delivery of this modification will come under.

The Workgroup do not think this Modification provides anything different to what has already been done in Modification 0701 and XRN5186. It was added that there are no additional costs to what is being delivered under the UNC because making sure the process is exactly the same usually avoids the cost of taking the IGT's out of the scenario.

In essence the risk that the UNC Modification is attempting to mitigate would continue to apply to IGT sites if this Modification did not go through, the data aspects could not be applied on the IGT sites and a Shipper could still book capacity over what is agreed in the gas system, as there is no process stopping it. The CDSP would not be able to flag and IGT site as a site that should be included.

Panel Discussions (September 2023)

The Panel had no further comments on the Impacts set out within the Workgroup Report or the Workgroup discussions.



7 Relevant Objectives

Impact of the modification on the Relevant Objectives:		
Relevant	Objective	Identified impact
(A) Effic	ent and economic operation of the pipe-line system	Positive
(B) Co-c	rdinated, efficient and economic operation of	Positive
(i)	the combined pipe-line system; and/or	
(ii)	the pipe-line system of one or more other relevant gas transporters	
(C) Effic	ent discharge of the licensee's obligations	Positive
(D) Secu	iring of effective competition:	Positive
(i)	between relevant shippers;	
(ii)	between relevant suppliers; and/or	
a	etween DN operators (who have entered into transportation greements with other relevant gas transporters) and relevant hippers	
secu	ision of reasonable economic incentives for relevant suppliers to re that the domestic customer supply security standards are fied as respects the availability of gas to their domestic customers	None
(F) Pron Code	notion of efficiency in the implementation and administration of the	Positive
decis	pliance with the Regulation and any relevant legally binding sions of the European Commission and/or the Agency for the peration 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.

Workgroup Discussions (September 2023)

The Workgroup considered the impact of IGT169 on the Relevant Objectives.



The Proposer advised that the reason for the positive impact on objective (B), was because of the situation where the IGT may have a NExA arrangement with the GDN and then there will be a reciprocal one that will be between the IGT and the Shippers etc... It is this co-ordination of the GDN requirements and where IGT's are connecting to them.

A Workgroup member agreed with the proposer's rationale behind objective (B) as where objective (A) is referring to the operation of a single Network, (B) is referring to the operation across all the Networks and the point of this is to balance the loads across both the IGT and the GDN's Network.

The Proposer advised that the reason they flagged objective (D) as being positively impacted due to IGT and Shipper customers potentially falling foul of UNC requirements and being treated differently from GDN customers if this Modification was to not go through.

A Workgroup member asked if competition between relevant Shippers was being impacted as in the scenario described the distinction is the Network i.e., the DN against the IGT resulting in a difference in treatment for similar sites.

The Proposer added that if this Modification does not go through, Shippers might decide to not use IGT Networks because they know that they could accidently fall foul of the Code.

A Workgroup member advised that Shippers charge in accordance with the nominated capacity so as long as that went through, what is on the bilateral agreement and its relevance, wouldn't stop them supplying.

The Workgroup did not reach agreement in relation to objective (D) being positively impacted.

The Workgroup agreed with the proposers' views on relevant objectives (A), (B), (C) and (F) being positively impacted.

Panel Discussions (September 2023)

The Panel had no further comments on the Relevant Objectives.

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).

Workgroup Discussions (September 2023)

The proposer reiterated that based on the impacts that have been identified and discussed, it was respectfully requested that the Authority make their decision as quickly as possible.

The Workgroup were in support of the timescales proposed and understood that it was needed as soon as possible as UNC 0701 will be implemented on the 4th November 2023.

Panel Discussions (September 2023)

It was re-iterated that although this Modification is following UNC Modification 0701 which is due for implementation in November, the Authority decision will come after that date, as a result there may be an impact on single MPRN CSEPs should they be exceeding the Capacity Arrangements in any NExA relevant to the CSEP.

The Panel agreed with the proposed timetable.



9 Legal Text

Suggested Text

The legal text and any commentary are provided in a separate document which can be found here.

Workgroup Discussions (September 2023)

The Workgroup agreed that, subject to amendments discussed and agreed, the legal text delivers what the Solution requires and the proposer's intent.

Panel Discussions (September 2023)

The Panel request that Parties review the Legal Drafting during Consultation as the Legal Drafting has been amended since the Workgroup to reflect Workgroup discussions.

10 Recommendations

Workgroup's Recommendation to Panel

Panel is asked to:

• Send this modification out for a 3-week consultation.

Panel Discussions (September 2023)

The Panel unanimously agreed for the Modification to be sent out for a 3-week consultation.