

National Grid – Review Group 646 Slide Pack



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Eddie Blackburn, Louise McGoldrick & Stephen Ruane

Review Group 646: Actions

Where business rules or suggestions have been provided, these are for discussion and further development within the Review Group, and not necessarily our proposed way forward.

- **Action 601: Business Rules for Tripartite Agreements**
- **Action 602: Outline of options for Supplemental agreements**
- **Action 604: Option for removal of redundant assets**
- **Action 605: Site Owner Drawings Process**

Action 601 Tripartite Agreements

Issue:

A Supplemental Agreement is an agreement between the Parties whose systems are connected at an Offtake, setting out details at that Offtake. As a result in some instances (2) the Services Party who is providing Site Services is not party to the Agreement.

Business Rule:

Where the Site Services Party is not the Upstream or Downstream Party the Services Party usually the Site Owner [should/may] sign the Agreement and become a Party to the Agreement.

Views on the Agreement will be limited to the Site Services.

Action 601 Tripartite Agreements (continued)

Example: Offtake Site with two Offtakes

- Upstream Party: NTS as a Site User
- Downstream Parties:
 - DNO 1 Site Owner providing Site Services
 - DNO 2 Site User

Agreements Required:

- Bilateral agreement between Upstream Party NTS & DNO 1
- Tripartite agreement between Upstream Party NTS, DNO 2 & DNO 1 as Site Owner providing site services

Action 602: Outline of Options for Supplemental Agreements

nationalgrid

Following a review of Cadent's Supplemental Strawman the following options were outlined for discussion:

Option 1: “Broadly in the form of...”

- a. Add wording to OAD that makes it clearer that Supplemental Agreements should be broadly in the form set out in the templates in appendix 1 (parts 1 & 2) i.e. the templates are for guidance and don't have to be followed exactly.
- b. Remove explicit lettering of the template appendices
- c. Specify the minimum requirements of the appendices
- d. This recognises that the extent of detail at an Offtake may vary according to the Offtake

Action 602: Outline of Options for Supplemental Agreements continued

Option 2: Update Templates

- a. Update the Supplemental Agreement templates to reflect the draft 'straw-man' template circulated by Cadent.
- b. Governance as per current arrangements

Option 3: Removal of templates from OAD

- a. Remove the current Supplemental Agreement templates from OAD.
- b. Create a subsidiary document potentially containing the templates consistent with the draft 'straw-man' template circulated by Cadent.
- c. Include the new document in OAD Section N Section 1.2 – “Subsidiary Documents” such that the change procedures for Subsidiary Documents apply to the templates document.

Action 602: Outline of Options for nationalgrid Supplemental Agreements continued

NG preference is currently for option 1

- Not overly prescriptive
- Allows for more detail to be recorded in the Supplemental Agreement according to the Offtake
- Governance as per existing arrangements

NG currently would not support of Option 2

NG currently would support Option 3

Action 604: Option for removal of redundant assets

Issue: Site Owner wishes to request the removal of Site Users **redundant** assets at the Site Users own costs.

Current scenarios within OAD generally requires this to be agreed and will require the Site Owner to reimburse the Site Users costs.

Option for removal of redundant assets

- Modifying Party gives written notice to affected Parties whose redundant assets they wish to be removed as part of a modification or other trigger
- All parties costs, obligations, and benefits as a result of the project work to be considered along with alternatives
- Economic test to be applied to confirm cost apportionment in respect to redundant assets

Action 604: Option for removal of redundant assets (continued)

Site Owner wishes to carry out a modification at the Offtake
Site User has redundant assets

Example:

Option A – £10

Option B – £5 but Requires Decommissioning to facilitate

Scenario 1

If the Cost of Decommissioning = £4,
 $£5 \text{ (Option B)} + £4 \text{ (Decommissioning Cost)} < £10 \text{ (Option A)}$

Site Owner should proceed with Option B, funding the decommissioning work themselves

Action 604: Option for removal of redundant assets continued

Scenario 2

Decommissioning = £6

$5+6 > 10$: Site Owner should approach the Site User.

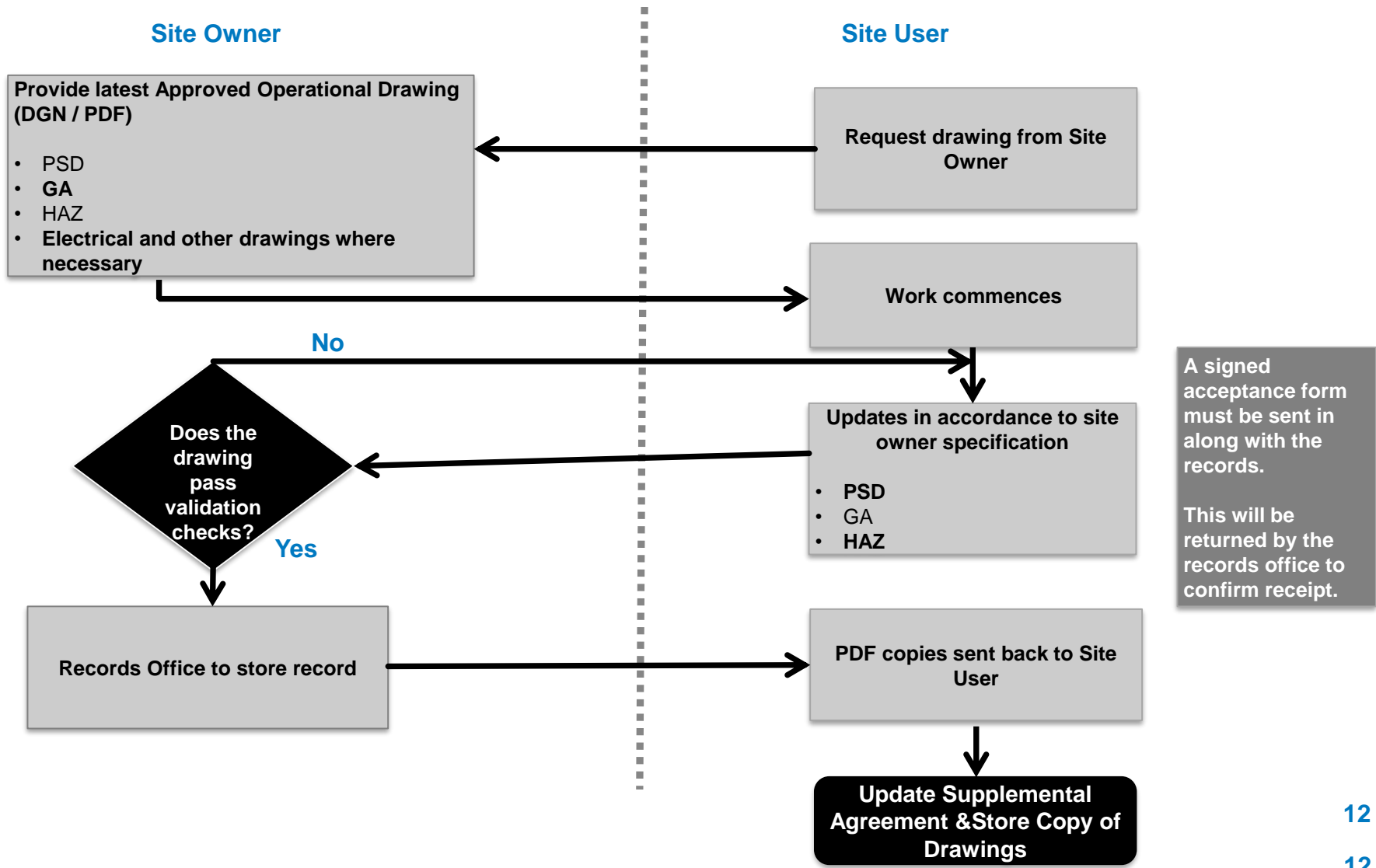
Site User to fund a proportion of the decommissioning cost: reduced maintenance costs, scrap value, and reuse of assets may be considered to identify benefit.

Action 605 Asset Records

Issue: Offtake Agreements Document – OAD Section B 1.6.1 (b) iii outlines that the Site Owner is responsible for shared site diagrams but no defined process in OAD

The following high-level process is for when a Site User wishes to update shared site diagrams

Action 605 Asset Records continued



Action 605 Asset Records continued

- NG current preference is for the process for updating asset records to be a common process approach included in Transporter's policies rather than incorporated into OAD
- Current proposal is for drawings to be removed from Supplemental Agreement

Areas raised by Cadent as a concern

- **CNI**
- **Closed sites**
- **Maintenance**
- **UNC refresh**

CNI

Issue: OAD states that it is the Site Owner that provides security to the Site User's facilities, however recent CNI changes has resulted in the Site User installing electric fences and cameras etc.

Business rule: The Site Owner, Site User or both can provide security at the Offtake Site as a Site Service

Ongoing discussions: SME have been identified within each DN meeting to be set up to discuss ongoing CNI matters which will report back into this review group.

Closed Sites

Issue: There are shared sites that do not have fully operational offtakes.

Prior to business rules being developed, National Grid would like to agree categories for these sites to allow the workgroup to explore what provisions within the OAD would be required for each.

1. No offtake facilities – no ability to flow
2. Some offtake facilities – no ability to flow upstream or downstream
3. Some offtake facilities – ability to flow downstream
4. Some offtake facilities – ability to flow both upstream and downstream
5. Other?

Maintenance

- Awaiting outputs of Maintenance meeting

UNC Refresh

Cadent's Review Spreadsheet

- NGT have provided feedback on Cadent's Review Spreadsheet taking into consideration discussions to date.