

0646R OAD Review Group **Offtake Site Definition Review**

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Version History

Version	Status	Date	Author(s)	Amendments
v0.1	Draft	08.06.20	Darren Dunkley (Cadent)	Creation of draft proposal

Background

The terms “offtake” and “offtake site” are defined within Sections A and B respectively within the OAD framework. The key clauses are as follows:

A2.1 Offtake

- 2.1.1 An "Individual Offtake Point" is an Individual System Point which is the point of connection between:
- (a) the NTS and an LDZ; or
 - (b) two LDZs which are not comprised in the same Distribution Network;
- comprising a single pipe at which gas can flow from the NTS into the LDZ or (as the case may be) from one of such LDZs to the other.
- 2.1.2 An "Offtake" is one or more Individual Offtake Points, located on the same site, at each of which gas can flow into the same LDZ.
- 2.1.3 The Individual Offtake Point(s) comprised in an Offtake are specified in the relevant Supplemental Agreement.
- 2.1.4 An "NTS/LDZ Offtake" is an Offtake at which gas can flow from the NTS into an LDZ.

B1.2 Offtake Site

- 1.2.1 An "Offtake Site" is the site at which an Offtake is located.
- 1.2.2 At certain Offtake Sites more than one Offtake is located (each such Offtake being a connection between the NTS and a different LDZ or between an LDZ and a

different LDZ); and in the context of such an Offtake Site a reference (in this Section B) to a Party is to any of the Parties in relation to any such Offtake Site.

- 1.2.3 The Offtake Site may be owned or occupied in whole by one of the Parties or in part by each or any of them; provided that if different parts of the Offtake Site are owned by different Parties there shall be a secure boundary around each such part of the Offtake Site.
- 1.2.4 In relation to any part (or the whole) of an Offtake Site which is owned or occupied by one Party:
- (a) such Party is referred to as the "Site Owner";
 - (b) in relation to such Party, such part (or the whole) of the Offtake Site is the "Site Owner's Land"; and
 - (c) where any Connection Facilities installed or to be installed by another Party are or are to be situated on such part (or the whole) of the Offtake Site:
 - (i) such other Party is the "Site User"; and
 - (ii) such Connection Facilities are the "Site User's Facilities".

From the extracted clauses, the following is understood:

1. An Individual Offtake Point or several Individual Offtake Points (otherwise known as the "Points of Offtake") are located within an Offtake;
2. An individual offtake or several offtakes will reside at an offtake site; and
3. An offtake site is the location or land at which the offtake or offtake(s) reside upon.

The majority, if not all, offtakes are owned solely by one party (the site owner) and there will be one and in some cases two other gas network operators as site users.

The term "offtake site" can have two different meanings. It could refer to either:

- a) The gas installation. This is all the operational gas assets and secondary systems required to support the conveyance of gas from one operator to another at a specific location. The gas installation boundary is up to and including the security fence.
- b) The land mass or land parcel. This is the land footprint as owned by the site owner on which the gas installation resides. This footprint is the legal ownership of land as confirmed via the Land Registry and formally recorded via a TD1 document. The physical land boundary is demarcated on site by a fence, normally of post & rail or post & wire construction.

For most offtakes the land mass that they reside on is normally larger than the gas installation itself. There are sites where the land mass and the gas installation boundary are one and the same thing and this is seen as an exception and not the norm.

The majority of the assets at offtakes will be located within the gas installation and its security fence. However, there are some sites where key assets are located outside the gas installation fence but inside the land boundary.

Some assets, such as pipeline marker posts and cathodic protection posts or insulation joints may need to reside between the fence and land boundary due to industry standards or other compliance obligations. Other assets that have been found residing outside the security fence line are legacy requirements from when the offtakes were first constructed and, there are some assets that have been installed within the gap over the last 10 years that are due to the necessary requirements associated with the Physical Security Upgrade Programme (PSUP) as mandated by CPNI or BEIS.

The following examples illustrate the issue. In Diagram 1 (see below) the land mass or parcel is highlighted by a blue line and the gas installation fence is highlighted in black. As you can see, the footprint for the gas installation is smaller than the land parcel. However, as outlined by red dashed circles there are several assets that reside between the gas installation security fence and land mass boundary. These include:

- Pipeline marker posts
- Cathodic Protection posts (both connected and non-connected to offtake CP scheme)
- Site Electrical Intake Kiosks (contains both Site Owner & User assets)
- ISS Assets (PID Access, MAP Vault, Fence indication, Camera Tower)

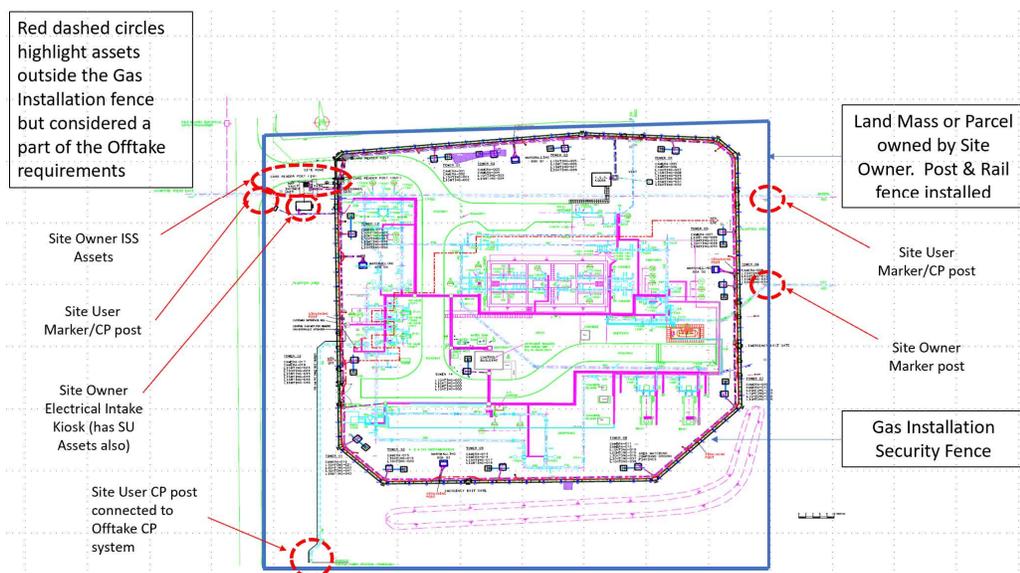


Diagram 1

In Diagram 2 a similar situation exists. Again, we have pipeline marker and cathodic protection posts around the periphery of the land mass. We also have the site's electrical intake kiosk outside of the gas installation fence. However, in this example the electrical intake kiosk is adjacent to a Cathodic Protection groundbed. This groundbed is a vital component for the site owner in maintaining an offtakes CP system to support the necessary assets on site and the respective site service that the site owner is bound in providing to the site user.

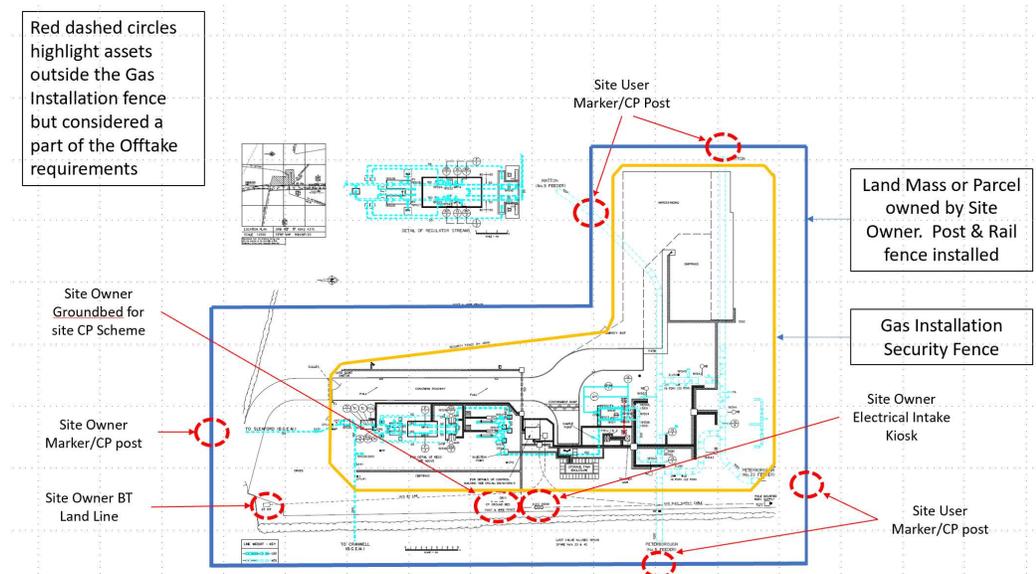


Diagram 2

Whilst these are two examples there are other sites with similar issues. It is likely that all sites that have had an ISS upgrade will have security assets outside the gas installation fence line.

There many clauses within OAD relate back to the “offtake” and “offtake site” terms. For example, the definition for Connection Facilities under B1.3 states that these are “...all the plant, equipment and buildings installed or to be installed by such Party at the Offtake Site...”.

It is important to understand the scope and boundary for the offtake site term as to whether the assets found outside the gas installation but within the land boundary are covered by the OAD framework.

Objective

To ensure that the term “offtake site” has a clear and unambiguous definition in terms of the boundary and its scope so that it enables gas operators to correctly apply the extent of the relevant provisions within the OAD framework to the appropriate assets installed at offtake locations.

Proposal

The clauses under Section B1.2 appears to provide sufficient clarity. B1.2.3 outlines that if the land is owned by two different parties then a secure

boundary (i.e. a security rated fence) should be in place to demarcate ownership. The assertion made is that no offtake that currently exists has a land split or is separated by such arrangements. This implies that at each existing offtake, one party will solely own the respective land on which the offtake resides.

Clause B1.2.4(b) then states that *“in relation to such Party, such part (or the whole) of the Offtake Site is the “Site Owner’s Land”*. This, by definition, must mean that the land parcel is the offtake site and all assets within it fall under the OAD framework and the relevant provisions apply.

For completeness, B1.2.6 states that *“For each Offtake, the Offtake Site and (in relation to each part or the whole of such Offtake Site) the identity of the Site Owner, details of the Site Owner’s Land and (where applicable) the Site User, are set out or described in Appendix B of the Supplemental Agreement.”* An indicative diagram showing land ownership ought to be provided in the Supplemental Agreement. For clarity, this is not the site’s General Arrangement drawing as this will only reflect the gas installation and not the entire land parcel that it resides on.

The inclusion of land ownership can be easily incorporated into the new Supplemental Agreement template under Appendix A, as shown in Appendix 1.

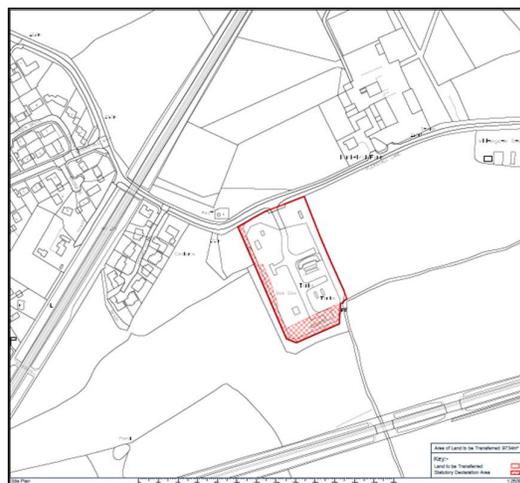
Action

Operators are to review the proposal above and agree upon whether the defined term with OAD needs to be modified or agree and document the understanding for the respective term so that this can be consistent applied thereafter.

Appendix 1

Appendix A: Site Details

Name of the Offtake Site	Mickle Trafford	
Postal address of the Offtake Site	Plemstall Lane Cheshire CH2 4EB	
Co-ordinates for the Offtake Site	OS Coordinates	BNG Coordinates
	SJ 448 694	E: 345224, N: 370001
Owner of the site (the Site Owner)	Cadent Gas Limited	
Site User(s)	National Grid Gas plc	
Offtake Type	Type	Sub-Type
	NTS / LDZ	Offtake
Site safety and access arrangements	Each Party will have a separate lock allowing them access to the site at any time.	
Third Party Interests	None	



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