









| UNC Workgroup Report | At what stage is this document in the process? |
|---|---|
| <div>UNC 0842:</div> <div>Gas Entry onto the Total system via an Independent Gas Transporter</div> | <div><div>01Modification</div><div>02Workgroup Report</div><div>03Draft Modification Report</div><div>04Final Modification Report</div></div> |
| <div>Purpose of Modification:</div> <div>This Modification will facilitate gas flow into the Total System from an Independent Gas Transporters (IGT) pipeline via a DNO network.</div> | |
| <div>Next Steps:</div> <div>The Workgroup recommends that this Modification should not be subject to Self-Governance. The Workgroup asks Panel to agree that this Modification should proceed to consultation.</div> <div>The Panel will consider this Workgroup Report on 14 December 2023. The Panel will consider the recommendations and determine the appropriate next steps.</div> | |
| <div>Impacted Parties:</div> <div>High: Independent Gas Transporters, Distribution Network Operators.</div> <div>Low: National Gas Transmission & Shippers.</div> | |
| <div>Impacted Codes: UNC & UNC IGTAD.</div> | |

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| Timetable | |  0121 288 2107 |
| Modification timetable: | | Proposer: David Mitchell SGN |
| Pre-Modification Discussed | 23 March 2023 |  enquiries@gasgovernance.co.uk |
| Date Modification Raised | 29 March 2023 |  david.mitchell@sgn.co.uk |
| New Modification to be considered by Panel | 20 April 2023 |  07760 223655 |
| First Workgroup Meeting | 27 April 2023 | Transporter: SGN |
| Workgroup Report to be presented to Panel | 14 December 2023 |  david.mitchell@sgn.co.uk |
| Draft Modification Report issued for consultation | 15 December 2023 |  07760 223655 |
| Consultation Close-out for representations | 19 January 2024 | Systems Provider: Xoserve |
| Final Modification Report available for Panel | 24 January 2023 |  UKLink@xoserve.com |
| Modification Panel decision | 15 February 2023 | |

1 Summary

What

The Uniform Network Code (UNC) is currently silent on a situation where gas can flow into the Total System from a DNO network via an IGT pipeline. This Modification has been raised to address this void and establish the arrangements between the IGT, the DNO and the Delivery Facility Operator (gas producer) to allow this flow.

Why

Why There are a growing number of gas producers such as bio-methane producers wanting to inject new sources of gas onto the Total System and there is an opportunity to extend the market for new entry connections onto the Total System by facilitating IGTs to directly connect new sources of gas. This Modification will ultimately facilitate the expansion of UK produced gas entering the Total System.

How

The UNC will be amended to recognise that gas can flow into the Total System via an IGT pipeline and onward through a DNO network. To make this work, two new agreements will be required and will be developed as follows:

- At the interface point between the 'delivery facility connected to the IGT pipeline' and the IGT pipeline:
 - a new agreement (a tripartite agreement) based on an LDZ Network Entry Agreement will govern physical flow, energy measurement and gas characteristics which will be contained in 'provisions equivalent to Network Entry Provisions' and Local Operating Procedures. The parties to this agreement will be the IGT, the DNO and the operator of the delivery facility connected to the IGT pipeline.
- At the interface point between the IGT pipeline and the DNO pipeline:
 - a new variety of NEA will govern physical flow, energy measurement and gas characteristics into the Total System by treating the 'provisions equivalent to Network Entry Provisions' in the new tripartite agreement mentioned above as UNC Network Entry Provisions. The parties to this agreement will be the IGT, the DNO.

This arrangement between the IGT DNO and the gas producer (the tripartite agreement) will effectively establish a LDZ System Entry Point at the IGT/DNO interface and an upstream IGT entry point which will be owned, operated, and controlled by the IGT. An LDZ System Entry Point will be established on the National Gas Gemini system accordingly. The gas will flow directly into an IGT pipeline from the gas producer and indirectly into a DNO System.

2 Governance

Justification for Authority Direction

This change is material as it will have commercial impact on parties, consumers, or other stakeholder(s); and therefore warrants an Authority Direction. The overarching objective of the Modification is to allow new sources of gas to be entered onto the Total System by facilitating gas to flow from an IGT's pipeline into a DNO pipeline thus allowing new sources of gas onto the Total System. The existing UNC requirements to establish Network Entry Provisions in a Network Entry Agreement will be varied to allow a new IGT/DNO NEA to treat 'provisions

equivalent to Network Entry Provisions' in a new 'tripartite agreement', which includes the operator of the delivery facility connected to the relevant IGT pipeline as a signatory.

Requested Next Steps

This Modification should:

- be considered a material change and subject to Self-Governance.
- be assessed by a Workgroup.

Workgroup's Assessment

Workgroup agreed with the Proposer's assessment above that Authority Direction is warranted for this Modification.

3 Why Change?

The UNC is silent on allowing IGTs to enter gas onto the Total System (although an IGT Licence does indicate that IGTs can convey gas through their pipes to any pipe-line system operated by another gas transporter), currently the code only acknowledges that IGTs can exit gas from the Total System via a Connection System Exit Point (CSEP) and this has been the case since the UNC was first drafted.

This Modification Proposal will allow IGTs to transport gas from an IGT System Entry Point (IGT SEP) via an IGT pipeline to a LDZ System Entry Point where the gas will enter the Total System. This Modification proposal would provide an alternative option (in addition to a Utility Infrastructure Provider UIP or DNO connection) in a scenario where a gas producer is located some distance from the DNO existing network and additional pipe is required to be laid so that the gas can enter the Total System. This option also aligns to the requirements of government subsidy schemes for renewable gases, e.g. The Green Gas Support Scheme, which requires gas to be entered into a Licensed gas Transporter's network.

4 Code Specific Matters

Reference Documents

Independent Gas Transporters Arrangement Document (IGTAD)

<https://www.gasgovernance.co.uk/unc/igtad>

UNC TPD Section I – 3.11.1 (a)

<https://www.gasgovernance.co.uk/index.php/TPD>

Network Entry Agreement (NEA)

Knowledge/Skills

Understanding the IGTAD and UNC would be advantageous.

Knowledge of the IGT UNC.

5 Solution

General UNC business rules associated with the Modification.

- 1 BR1. An IGT System Entry Point (IGT SEP) is a point at which gas can flow into an IGT pipeline. This gas will be deemed to simultaneously flow into the Total System from a DNO network at a single LDZ System Entry Point (LDZ SEP).
- 2 BR2. A new term “IGT LDZ SEP” will be defined in the UNC as a LDZ SEP which then corresponds to an IGT SEP.
- 3 BR3. A Shipper cannot deliver gas to the Total System at an IGT LDZ SEP unless there is in place an agreement (the tripartite agreement) between the DN Operator, the IGT and the gas production.
- 4 BR4. This agreement (the tripartite agreement) will contain provisions equivalent to Network Entry Provisions and Local Operating Procedures – i.e. rules specifying requirements for the delivery of gas to the Total System at the IGT LDZ SEP and the IGT SEP.
- 5 BR5. For the purpose of interpreting rules in TPD Section I regarding Network Entry Provisions and Local Operating Procedures references to System Entry Point mean the IGT SEP, and similar where required, e.g. the point of delivery being the point of delivery to the IGT System.
- 6 BR6. The Transporter will allow delivery of gas at the IGT LDZ SEP provided that there is in place an LDZ Network Entry Agreement (between the DNO and the IGT) which treats the provisions in the tripartite agreement (referred to in BR 3 and 4) as Network Entry Provisions and Local Operating Procedures.
- 7 BR7. Where gas flows at an IGT LDZ SEP the gas is treated as taken out of the IGT System and put into the LDZ by Shippers (being the same Shippers delivering gas at the IGT SEP).
- 8 BR8. Title and risk to the gas will pass from IGT to Shipper(s) and simultaneously from the Shipper(s) to DN Operator at the IGT LDZ SEP.
- 9 BR9. The Network Entry Agreement and the new ‘tripartite operator to operator’ agreement will require the IGT to provide or to ensure the provision to the DN Operator of the quantities of gas and determined CV at the IGT SEP.
- 10 BR10. The quantities referenced in BR9 are to be treated as the Shipper's UDQI at the IGT LDZ SEP and are the same quantities at the IGT SEP.

Clarification points: -

1. Existing IGT Shrinkage provisions in IGTAD will apply equally to IGT networks that facilitate gas entry into the Total System as with any other IGT network.
2. The IGT's 4B statement will require an update to reflect a requirement for an entry connections agreement and relevant charges.
3. There is no intention to change the meaning of a CSEP, so all existing Individual System Exit Points between the DNO System and the IGT will remain collectively a single unmetered CSEP.
4. The DNO, IGT and gas production operator will manage and operate the flow and monitoring of the gas onto the Total System in line with an agreement. Note, arrangements may be entered into between the IGT and the relevant DNO to facilitate this requirement where this an additional cost to the DNO in facilitating this service on an enduring basis. This will be enshrined in a separate arrangement outside the scope of the UNC.
5. The IGT may continue to facilitate gas exit points off their pipeline prior to the DNO network using the existing CSEP process. Existing IGTAD arrangements for these ISEPs would prevail.

6. Gas quality obligations detailed in The Gas Safety (Management) Regulations apply equally to DNO and IGT licensed transporters and as such each transporter has an equal requirement and interest to ensure the gas entering and leaving their respective networks is compliant with these Regulations.
7. The current UNC definition of the Total System excludes IGT networks and only includes Large Transporter networks. Therefore, a LDZ System Entry Point can only exist on a DNO network and not a IGT network.

6 Impacts & Other Considerations

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

There is no identified impact on Significant Code Reviews or other significant industry change projects.

Consumer Impacts

Increasing the number of gas producers and sources of gas should theoretically lower consumer prices by increasing competition (higher supply and unchanged demand puts downward pressure on prices), but it is acknowledged that the limited scale means any impact would be minimal.

What is the current consumer experience and what would the new consumer experience be?

No change.

Impact of the change on Consumer Benefit Areas:

| Area | Identified impact |
|---|-------------------|
| Improved safety and reliability No Change as the new sources of gas would not materially improve the security of supply. | None |
| Lower bills than would otherwise be the case No change as the additional sources of gas would not be material in volume. | None |
| Reduced environmental damage Proposer view: There are a growing number of Bio-methane producers wanting to inject green gas onto the total system, this Modification would help this to take place and will ultimately expand this market which will have a positive impact on Greenhouse Gas Emissions by allowing the IGTs to provide this facility. Workgroup view: Workgroup broadly agreed with the Proposer. | Positive |

| | |
|---|----------|
| <p>Improved quality of service</p> <p>No change identified.</p> | None |
| <p>Benefits for society as a whole</p> <p>Proposer view:</p> <p>By facilitating the building of additional Bio-Methane plants there will be additional jobs and general economic activity for UK Plc.</p> <p>Workgroup view:</p> <p>Workgroup broadly agreed with the Proposer.</p> | Positive |

Cross-Code Impacts

Following detailed legal analysis in relation to the drafting of legal text for UNC Modification 0842, it has been identified that mirrored arrangements are required in the IGT UNC covering the transfer of title and risk to the gas at the point the gas is introduced into the IGT pipeline. This will be covered under a new IGT UNC Modification IGT172. <https://www.igt-unc.co.uk/igt172-optional-service-for-physical-gas-entry-into-an-igt-pipeline-and-into-the-unc-total-system-marrying-to-unc-mod-0842/>

EU Code Impacts

None.

Central Systems Impacts

Proposer's view

There would be no adverse impacts to central systems as this Modification will use the existing Central System platforms. No impacts to Gemini are expected.

Workgroup's view

In July 2023, a CDSP statement was discussed in Workgroup in response to an action to consider the central impacts of Modification 0842 solution. Below is the action and the CDSP response:

Xoserve (ER) to check ROM requirement and/or to provide CDSP Statement for discussion

- Based on the proposal within Modification 0842, from a central system perspective, the CDSP understands that these sites will be set up as new entry points and function like existing biomethane sites (for example). This means the Shipper has to nominate and the relevant data must be sent to the CDSP, which includes Energy Balancing information and Flow Weighted Average CV (FWACV) data.
- The principle is that IGTs will be responsible, but they will utilise the GDN to facilitate the requirement which will include providing the relevant information to the CDSP. This is as per BR9 and Clarification point 4.
- The CDSP working assumption based on conversations with the proposer and workgroup (plus the latest version of the Modification), is that the data required for central processes and associated services will continue to be sent by existing parties and utilise existing interfaces, systems and processes. This would mean, IGTs utilising the GDNs to fulfil the requirement. The CDSP would expect this to be reflected in the 0842 legal text based on BR9.

- The CDSP does not believe it is the intention of the Modification, but to clarify, if IGTs want to directly share relevant information to the CDSP for associated services, this would be a new service that would need to be assessed, requirements gathered and ultimately delivered. This is because, currently there isn't a requirement for the IGTs to send this information and for example, the FWACV service is only available for GDNs.
- If IGTs wanted to explore the route of providing the data directly rather than using the GDN, this would need to be raised through a DSC Change Proposal raised.
- Based on discussions to date, and the latest Modification, the understanding is that IGTs would utilise the GDNs to provide the necessary data and information to the CDSP, the required processes are already in place for this therefore no further implementation would be required centrally as it would be BAU activities.

Rough Order of Magnitude (ROM) Assessment *(Workgroup assessment of costs & lead times)*

| | |
|-------------------------|---------|
| Cost estimate from CDSP | No cost |
|-------------------------|---------|

Performance Assurance Considerations

Workgroup Participants did not believe there was any settlement impact that PAC would need to consider.

Initial Representations

Initial Representation received from Wales and West Utilities:

We realise that there may be good reasons why the producer wishes to use an IGT rather than connect directly to the DNO network; however, if that approach is taken then the IGT needs to accept and fulfil its obligations. As the entry point will be connected to the IGT network then logically Ofgem will direct, using powers in Gas Act section 12, the IGT not the DN to measure the CV of the gas entering the network. Costs incurred in doing this will be incurred by the IGT and should be charged to the entrant appropriately. No obligations or costs should be incurred by the DNO. If the IGT would prefer the DN, or another party, to manage the entry point then this can be arranged through a bilateral contract. We believe that tri-partite agreements can be unnecessarily complicated and can make obligations for parties unclear. Our view is that the IGT should have an entry agreement with the producer and the DNO and the IGT should also have an entry agreement with obligations suitably backed off in each. We believe this would be a better approach and makes clear that all parties are clearly responsible for their own obligations.

Workgroup discussed whether the tripartite arrangements fit the situation described by the Modification.

Concerns in the initial representation above centred around obligations on the DN to manage the entry point on behalf of the IGT. This has been addressed and now the IGT will be responsible for the Entry Point and

measuring the CV. In order to provide assurances to the industry about CV shrinkage, the solution in the Modification is to have a tripartite agreement about that instead.

There would be a contractual agreement outside of Code between the IGT and a DN to manage the point and this may need to be reflected by the DN in some way.

In terms of costs, the IGT will bear the cost of measuring the CV, how they discharge it is a matter for the IGT, it is likely this will be covered by the contractual agreement with a DN, outside of Code. The data would be sent to central systems by way of this agreement.

Workgroup Participants confirmed there were no further matters to be discussed relating to the initial representation.

Panel Questions

- **Are these arrangements consistent with Modification 0808, especially in respect of responsibility for the Entry Point?**

Proposer's view

The Proposer's view is that Modifications 0808 and 0842 are standalone modifications and can be implemented independently. Therefore, the arrangements do not need to be consistent and are entirely separate.

Workgroup view

Workgroup Participants generally agreed that the two definitions of Entry Point are separate with separate provisions for each.

The Proposer of Modification 0808 agreed with the Proposer's view above. Both Modifications use the term IGT LDZ System Entry Point but are in different sections of code and are self-contained for the two different purposes.

- 0808 TPD A 2.4 IGT LDZ System Entry Point
- 0842 TPD I 3.12 IGT LDZ System Entry Point.

The Proposer of Modification 0842 confirmed that the lawyer is aware of the legal text phrase being in both sections of Code and is satisfied that this does not cause an issue, agreeing that they are self-contained for the two different purposes and are not linked, so that the two Modifications could be progressed along similar timelines.

- **Consideration of any consequential impact on the balancing and operation of the system?**

Proposer's view

The Proposer confirmed that in terms of balancing the energy is monitored into the Total System into Gemini and is recorded against the relevant Shippers' UDQI which is a BAU process with no proposed changes. In terms of operation of the system, the gas is GS(M)R compliant, and the two agreements cover measurement of volume, gas quality/network entry provisions, pressure requirements etc. Therefore, there does not appear to be

any impact on either the balancing nor operation of the system. The tripartite agreement will cover the operation of the remotely operable valve (ROV) in the event of an emergency as it does on a non-IGT Entry Point.

Workgroup view

Workgroup Participants agreed with the Proposer's view above.

Workgroup Impact Assessment

Workgroup noted this Modification has been discussed at the following Workgroups:

- [Workgroup 0842 23 November 2023](#)
- [Workgroup 0842 26 October 2023](#)
- [Workgroup 0842 28 July 2023](#)
- [Workgroup 0842 28 June 2023](#)
- [Workgroup 0842 23 May 2023](#)
- [Workgroup 0842 27 April 2023](#)

Topics which were discussed by Workgroup and resulted in changes to the text of the Modification or areas in the solution include the following:

- Transportation Charge treatment and rules on the IGT LDZ system – no new charges will come about as a result of this Modification. (see [Workgroup 0842 23 May 2023](#) and [Workgroup 0842 28 June 2023](#))
- Gas quality and GS(M)R requirements still being in force – clarification points included in solution (see [Workgroup 0842 28 June 2023](#) and Solution – Clarification point 6)
- Definition of LDZ System Entry Point and two definitions existing in code – this has been covered in Panel Question above (see page 9 above).
- Total System does not include IGT networks - no change (see Solution – Clarification point 7).
- Clarification of IGT's obligation for the submission of Data to Gemini as per BAU – for the avoidance of doubt there is a requirement for a separate bilateral agreement (outside of Code) with a DNO, this service will be provided to IGTs. The IGTs will utilise the GDNs to provide the necessary data and information to the CDSP (as per BAU) (see page 9).
- CV capping risk - obligations will exist to ensure that the CV level is maintained (see page 9).
- Title and risk transfer - co-ordinated implementation with the IGT-UNC is required to facilitate the title and risk transfer arrangements ((BR 8) and other provisions of this Modification.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

| Relevant Objective | Identified impact |
|---|-------------------|
| a) Efficient and economic operation of the pipe-line system. | Positive |
| b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"> (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. | None |
| d) Securing of effective competition: <ul style="list-style-type: none"> (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers. | None |
| 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. | None |
| g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators. | None |

Proposer's view

- a) The implementation of this UNC Modification will help facilitate additional gas to be entered into the Total System via a DNO Network thus utilising the efficient and economic use of the existing infrastructure and systems.
- b) Gas producers such as bio-methane producers wanting to inject new sources of gas onto the Total System will be able to use IGTs to provide this service. This Modification will ultimately help facilitate the expansion of UK produced gas entering the Total System via a DNO Network. The implementation of this UNC Modification will help facilitate the coordinated entry of new gas into the Total System via multiple Transporter's networks.

Workgroup Assessment of Relevant Objectives and Relevant Charging Methodology Objectives

Workgroup Participants agreed with the Proposer's assessment above in relation to Relevant Objectives a) and b).

8 Implementation

No implementation timescales proposed. However, this UNC Modification should be implemented as soon as reasonably practicable following an Authority direction to do so. It would be beneficial if both this UNC Modification and the corresponding IGT UNC Modification (IGT MOD 172) were considered in parallel by the Authority

9 Legal Text

Legal Text has been provided by SGN and is included published alongside this report:

<https://www.gasgovernance.co.uk/0842>

Workgroup Assessment

On 23 November 2023 the Workgroup considered the Legal Text and was satisfied that it meets the intent of the Solution.

Text Commentary

Provided here: <https://www.gasgovernance.co.uk/0842>

Text

Provided here: <https://www.gasgovernance.co.uk/0842>

10 Recommendations

Workgroup's Recommendation to Panel

The Workgroup asks Panel to agree that this Modification should proceed to consultation.

11 Appended Representations

Initial Representation – Wales and West Utilities