Joint Office of Gas Transporters

UNC Workgroup Report	At what stage is this document in the process?
# UNC 0627S: ## Removal of the absolute requirement to include a Remotely Operable Valve (ROV) Installation for all new NTS Exit connections	01 Modification 02 Workgroup Report 03 Draft Modification Report 04 Final Modification Report

Purpose of Modification: This modification would remove the requirement for every new NTS Exit connection to include a Remotely Operable Valve (ROV) Installation.

	The Workgroup recommends that this modification should be: • subject to self-governance The Panel will consider this Workgroup Report on 16 November 2017. The Panel will consider the recommendations and determine the appropriate next steps.
	High Impact: None
	Medium Impact: None
	Low Impact: Transporters, Shippers and Consumers

Joint Office of Gas Transporters

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Timetable

The Proposer recommends the following timetable:

Initial consideration by Panel	21 September 2017
Modification considered by Workgroup	05 October / 02 November 2017
Workgroup Report presented to Panel	16 November 2017
Draft Modification Report issued for consultation	16 November 2017
Consultation Close-out for representations	08 December 2017
Final Modification Report available for Panel	21 December 2017
Modification Panel decision	21 December 2017

Any questions?

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1 Summary

What

At present, there is an absolute requirement for a new NTS Exit connection to include a Remotely Operable Valve (ROV) Installation as part of the connection. National Grid NTS wishes to have discretion as to whether the installation of an ROV is required or whether a manual isolation valve will be sufficient. For the avoidance of doubt, the requirement to include a ROV Installation will remain for all new Entry or Bidirectional NTS connections.

Why

National Grid NTS has challenged that an ROV installation is not needed in all instances and in particular at new Exit Point connections. By removing the requirement for a ROV a saving can be made on the cost of connection. This facilitates the work being carried out by Project CLoCC to reduce the time and cost of Connection to the NTS and addresses feedback from customers this would remove the requirement for installation of assets making it a more efficient connection.

How

A change would be made to the UNC to enable National Grid NTS to determine, via an appropriate assessment, whether there is a requirement for a new NTS Exit connection to include a ROV Installation, as part of the connection or whether a manual isolation valve will be sufficient.

2 Governance

Justification for Self-Governance

Panel determined that Modification 0627 is subject to Self-Governance procedures as it is unlikely to have a material impact on consumers, competition, operation of the pipeline system, matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies, or governance procedures. In addition, it is unlikely to discriminate between different classes of parties to the UNC. This is on the basis that it seeks to make a minor change to the current requirement for all new NTS Exit connections to include a ROV Installation.

Requested Next Steps

This modification should:

- Be considered a non-material change and subject to self-governance

3 Why Change?

Project CLoCC is a Network Innovation Competition project with the objective of reducing the time and cost of connection to the National Transmission System (NTS). Project CLoCC is aiming to deliver in October 2018. As part of the simplified Standard Design development we have been challenging previous requirements and we have concluded that we can remove the absolute requirement for the

Remotely Operable Valve (ROV) from UNC as the requirement to have one can be determined by site specific assessment. The cost of the installing an ROV of approximately £100k - £200k could be saved for the customer compared to a manual valve, by removing the requirement to have this on new Exit Connections. In addition, the customer would not require power making a further saving. Ongoing annual maintenance costs can also be saved. By reducing the cost of exit connections to the NTS, these connections can be opened up to more potential customers. In addition to the Project CLoCC driver we have customers requesting this for new connections which are currently under development.

4 Code Specific Matters

Reference Documents

Network Innovation Competition information can be found here.

https://www.ofgem.gov.uk/network-regulation-riio-model/network-innovation/gas-network-innovation-competition

Published Project CLoCC documentation can be found at

www.projectclocc.com

Knowledge/Skills

No specific requirements.

5 Solution

It is proposed that paragraph 26 of SECTION 3 - CONNECTION CHARGING METHODOLOGY within Section Y of TPD is amended to provide that…

All new Entry and Bidirectional connections will include an ROV Installation.

All new Exit connections may include an ROV Installation, the need for which will be determined at National Grid's sole discretion (in accordance with the appropriate Hazard and Operability Study (HAZOP) assessment).

Note that in paragraph 27 UNC already gives National Grid sole discretion on design of connection at or adjacent to an existing site and does not specify the ROV requirement.

National Grid carries out Formal Process Safety Assessments which will include the ROV assessment. It is a requirement of National Grids Gas Transporters Safety Case to have an isolation valve and to carry out the HAZOP assessment. If the assessment concludes that a Remotely Operable Valve is not required then a Locally Operated Valve allowing a manual isolation will be included in the design.

Note that Gas Safety Management Regulations (GSMR) 1996 states *'Where any gas escapes from a network the person conveying the gas in the part of the network from which the gas escapes shall, as soon as is reasonably practicable after being so informed of the escape, attend the place where the gas is escaping, and within 12 hours of being so informed of the escape, he shall prevent the gas escaping'.*

6 Impacts & Other Considerations

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

None

Consumer Impacts

It is expected that connection costs will be reduced for connecting parties/shipper users which in turn may result in lower costs to consumers.

Cross Code Impacts

None

EU Code Impacts

None

Central Systems Impacts

None

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.	N/A
b) Coordinated, 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.	N/A
c) Efficient discharge of the licensee's obligations.	N/A
d) Securing of effective competition: (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.	N/A
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.	N/A
f) Promotion of efficiency in the implementation and administration of the	N/A

Code.	
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.	N/A

Section Y (Charging Methodology) Modifications

Impact of the modification on the Relevant Charging Methodology Objectives:	
Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: (i) no reserve price is applied, or (ii) that reserve price is set at a level - (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers;	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	Positive
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	Positive
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) 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

Justification statement agreed by the Workgroup is needed here ……..

8 Implementation

Implementation is required before October 2018 to satisfy Project CLoCC implementation timescales, however earlier implementation is beneficial to customer connections and is sought as per the proposed timetable. National Grid are proposing to utilise the principles of Rapid Mod Development in order to develop this mod in the most efficient timescales.

As self-governance procedures are proposed, implementation could be sixteen business days after a Modification Panel decision to implement, subject to no Appeal being raised.

9 Legal Text

Text Commentary

~~To follow during workgroup development process.~~

Paragraph	Explanation
TPD Y26A	Makes reference to the addition of Paragraph 26.B and determination made in existing paragraph 27 regarding the requirement of an ROV.
TPD Y26B	Additional Paragraph to allow the installation of a manual valve in place of a ROV at Exit points
TPD Y26C	Addition of the Manual valve installation as a cost to be paid as part of connection charges if this was installed in palce of an ROV.
TPD Y27	Removal of the word However at the start of the paragraph as this is now referenced in Y26A.

Text

~~To follow during workgroup development process.~~

The following legal text has been provided by the proposer:

TPD Y 26 to be amended as follows:

Remotely Operable Valve (ROV) Installations

26A. Subject to paragraph 26.B and any determination by National Grid under paragraph 27 that an ROV Installation is not required, ~~A~~all new connections will include an ROV Installation which may be situated either:

a) at a point on the NTS, where the customer wishes to:

i. construct and connect a pipeline with a view to owning and operating the pipeline (such pipeline would not be a System Extension as it would not be owned and operated by National Grid), or

ii. construct and connect a pipeline with the intention that it will transfer to National Grid under a Taking Ownership Agreement (in which case it would become a System Extension); or

b) at the termination point of a System Extension constructed by National Grid. The costs of the ROV Installation form a part of the connection charge irrespective of whether the connection is for Exit, Entry or Bidirectional purposes.

26B. If a new connection comprises a new Exit Point, National Grid may determine that a manually operated valve shall be installed rather than a remotely operated valve.

26C. The costs of any ROV Installation, or manually operated valve installation, will form a part of the connection charge irrespective of whether the connection is for Exit, Entry or Bidirectional purposes.

27. ~~However, W~~where a connection is requested at or adjacent to an existing National Grid Joint site, National Grid will at its sole discretion determine the most appropriate point and design of the connection taking into account potential costs of connection, future operational costs, security of supply and operational flexibility.

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to / The Workgroup asks Panel to agree that:

- This self-governance modification should proceed to consultation.