
















UNC Modification		At what stage is this document in the process?
<h1 style="color: #00a651;">UNC 0XXX:</h1> <h2 style="color: #00a651;">Updating the Offtake Arrangements Document (OAD) with recommendations resulting from UNC Request Workgroup 0646R – Phase 1</h2>	<div style="display: flex; flex-direction: column; gap: 5px;"> <div style="border: 1px solid #00a651; background-color: #00a651; color: white; padding: 2px; display: flex; align-items: center; justify-content: center;">01 Modification</div> <div style="border: 1px solid #00a651; background-color: #e6f2ff; padding: 2px; display: flex; align-items: center; justify-content: center;">02 Workgroup Report</div> <div style="border: 1px solid #00a651; background-color: #fff2cc; padding: 2px; display: flex; align-items: center; justify-content: center;">03 Draft Modification Report</div> <div style="border: 1px solid #00a651; background-color: #fff2cc; padding: 2px; display: flex; align-items: center; justify-content: center;">04 Final Modification Report</div> </div>	
<p>Purpose of Modification:</p> <p>This Modification seeks to update the OAD in order to bring it in line with industry changes made since 2005. The 0646R Workgroup has since identified a number of areas in OAD that can be updated now (Phase 1), with this being the first in a number of Modifications.</p>		
	<p>The Proposer recommends that this modification should:</p> <ul style="list-style-type: none"> Proceed to consultation <p>This modification will be presented by the Proposer to the Panel on 21st February 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact: NG UKT and all GDN's.</p>	
	<p>Medium Impact: None</p>	
	<p>Low Impact: None</p>	

Contents		?	Any questions?
1	Summary	3	Contact: Joint Office of Gas Transporters
2	Governance	4	
3	Why Change?	4	
4	Code Specific Matters	87	 enquiries@gasgovernance.co.uk
5	Solution	8	 0121 288 2107
6	Impacts & Other Considerations	12	Proposer: Shiv Singh
7	Relevant Objectives	1342	 shiv.singh1@cadentgas.com
8	Implementation	14	 07580 999 287
9	Legal Text	14	Transporter: Cadent
10	Recommendations	14	 shiv.singh1@cadentgas.com
Timetable			 07580 999 287
The Proposer recommends the following timetable:			
Modification presented to Panel	21 February 2019		 shiv.singh1@cadentgas.com
Workgroup Report presented to Panel	21 February 2019		 07580 999 287
Draft Modification Report issued for consultation	22 February 2019		Systems Provider: Xoserve
Consultation Close-out for representations	14 March 2019		 UKLink@xoserve.com
Final Modification Report available for Panel	21 March 2019		Other: Darren Dunkley
Modification Panel decision	21 March 2019		 Darren.dunkley@cadentgas.com
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1 Summary

What

Since the implementation of the OAD in 2005, a number of issues have been identified that need to be addressed. A series of amendments were identified during the development of Request 0646R, a number of which it has been identified can be addressed at an early stage. This Modification Proposal is described as Phase 1 and addresses:

- Tripartite arrangements;
- Shared Sites (including the definitions: for bi-directional/reverse flow; and Closed Sites NTS/LDZ);
- Asset Removal process;
- Supplemental Agreement Template;
- Critical National Infrastructure (CNI); and
- Material impact on 'Affected Party'

Why

In its current form, sections of OAD are unclear and ambiguous. As a result, it is open to interpretation which has at times resulted in an inefficient use of both time and resource of the parties concerned. The proposed changes would enable all parties to interpret a Code that is clear, concise, practical and consistent.

- Tripartite Arrangements: OAD currently makes an assumption that there is only one Site Owner and one Site User, but there are cases where two Site Users may be present at the same offtake that there can be multiple offtakes at an offtake site. OAD also confirms that the Site Owner is normally the Site Services Party. However, for Tripartite sites, there are normally three parties on site. The Supplemental Agreement is agreed between the upstream and downstream parties and for tri-partite sites two agreements will be in place. One of these agreements will be between the two site users and therefore the site owner, acting as Site Services Party, may be unaware of site services or updates being confirmed or been made available at the offtake in their name;
- Shared Sites: the current definition of an Offtake needs to be updated to allow for: Closed NTS to LDZ offtakes with the potential to flow gas; Bi-directional flows between NTS to LDZ offtakes; and Shared sites with no physical connection via Individual Offtake Points. As it stands, Offtakes exist that meet these criteria, but are not covered by OAD;
- Asset Removal Process: there are no clauses in OAD that allow the Site Owner to request the removal of redundant assets. In this particular case, OAD leaves the Site Owner at a disadvantage. A new process has been agreed that would allow any Operator to request another Operator to remove an asset under defined situations;
- Supplemental Agreement Template: the Supplemental Agreement does not specify all of the Connections Facilities in Appendices C, D and E of the current Supplemental Agreement (SA). The template has been redesigned to ensure that the typical types of asset found at offtake sites can be documented and confirmation provided on ownership so that this can more robustly demonstrate compliance with the arrangements currently outlined in OAD;

Commented [ML1]: Note: Our understanding is that under OAD b1.2.2 each Offtake Site (i.e the physical land) may contain more than one Offtake. (i.e. NTS/LDZ Offtake or LDZ/LDZ Offtake. B1.5 mentions that for each Offtake (not Offtake Site) there should be a Supplemental agreement. Therefore this could mean more than one Site User on a Offtake Site.

Commented [ML2]: Site Services Party usually the Site Owner

Commented [NG3]: ML1 & ML2 accepted

Commented [NG4]: ML5: OAD currently allows for the 'relocation' of assets but not 'removal'.

Commented [ML5]: Note: The Site Owner already can request the Site User to relocate connection facilities at the Site Owners cost.

- CNI is a new area not currently covered by OAD. As it stands, it is the Site Owner that is responsible for Site Security. There is though, the potential for the scenario where it is the Site User who will be responsible for security arrangements, such as installing a Site Security Fence and providing the operation and maintenance thereafter. OAD requires updating to allow for such eventualities;
- The material impact on an Affected Party is not currently defined in OAD. This can lead to a difference in the interpretation of what defines 'material impact', and has resulted in an adverse impact upon operational matters due to the lack of communication between Parties.

How

The relevant sections of OAD are proposed to be amended, with where required, new additions included, so that the resultant legal text satisfies the objectives of the Proposal.

The sections of OAD to be modified include:

- Section A – Scope and Classification
- Section B – Connection Facilities, and
- Appendix Supplemental Agreements

[The remainder of OAD will be reviewed to ensure there is no further impact.](#)

Commented [ML6]: Legal text will need to review other sections of the OAD

Commented [NG7]: accepted

2 Governance

Justification for Self-Governance

This Modification should be subject to Self-governance procedures on the basis that the necessary changes would have no material impact on the commercial activities of Shipper Users, Gas Transporters or Gas Consumers. This is because the proposed changes are to either bring the Code in line with industry changes since 2005, or to address process gaps that have come about as a result of new industry practice. [Although we do not envisage any implementation costs, there may be consequential costs.](#)

Commented [ML8]: Comment: there shouldn't be an implementation cost but there may be consequential costs.

Commented [NG9]: accepted

Requested Next Steps

This Modification should:

- Proceed to consultation

3 Why Change?

Background

Since the implementation of the OAD in 2005, a number of issues have been identified which need to be addressed. It has been identified that specific sections of OAD are unclear and ambiguous and require clarity to ensure all parties are able to interpret them in a consistent manner. [By not addressing these issues, parties may continue to apply different interpretations, on occasions resulting in an inefficient use of time and resource. Addressing these issues should lead to greater efficiency.](#) The 0646R Workgroup has agreed that a number of changes to OAD should be made as part of Phase 1. These cover:

- Tripartite arrangements;

Commented [ML10]: Why change? Manage shared sites efficiently.

Commented [NG11]: accepted

- Shared Sites (including the definitions: for bi-directional/reverse flow; and Closed Sites NTS/LDZ);
- Asset Removal process;
- Supplemental Agreement Template;
- Critical National Infrastructure (quick win)(Integrated Security System (ISS)/Physical Security Upgrade Programme (PSUP)); and
- Material impact on 'Affected Party'.

Commented [RP12]: I have commented in discussions on the use of shared sites which naturally means sites with more than one Site User which I accept is covered by the Tripartite arrangements heading.

Commented [NG13]: Covered under 'the Detail'.

Further Phase 2 Modifications are anticipated in a separate Modification in 2019 to cover:

Commented [ML14]: Is phase 2 information needed in the modification?

Commented [NG15]: We believe this clarifies why the areas have not been dealt with by this modification.

- Maintenance (and clarity on impact assessments/threshold for OAD notices "significant impact" Section G);
- Further requirements for Critical National Infrastructure (Integrated Security System (ISS)/Physical Security Upgrade Programme (PSUP));
- Site Drawings;
- OAD Notices;
- Point of Offtake.

Commented [MD16]: Site drawings need to show clear demarcation points, which is covered, but maybe a little more specific.

Commented [NG17]: The new SA template provides operators to textualise/document the assets on site. This includes demarcation points. Not only do you have to list Points of Offtake, but you also have to list other pts of demarcation that exist between operators.

The 0646R Workgroup also recognised that additional areas for related Offtake Arrangements work in 2019 is expected to include:

Q. Does there need to be a requirement in OAD for the site owner to have updated drawings showing correct demarcation? B1.6(b) site owner is responsible.

- Section D; and
- Safe Control of Operations (SCO) interface documents.

The issue about site owner drawings and what they should & should not contain is an issue for the Site Drawings Workshop to investigate & propose a way forward.

It is still to be determined whether these items will be addressed by the existing 0646R Workgroup or by the Offtake Arrangements Workgroup, and whether they will be addressed in Phase 2, or at a later stage.

The Detail

Commented [ML18]: Overall comment: Should this section only include the issue only and not the solution?

Tripartite Arrangements

Commented [NG19]: Partially accept. Information provided supports understanding of issue without detailed business rules.

Section A2.1.2 & A2.3.1

Commented [ML20]: Please see comments above relating to Offtake Sites.

Cadent has two tri-party sites where there is one Site Owner and two Site Users located at an offtake site. OAD is currently written in a way that assumes there is only one Site Owner and one Site User, and that gas flows from the NTS into one LDZ. In reality, this is not the case and the definitions need to be updated to cover both approaches.

The current Offtake definition i.e. "one or more Individual Offtakes Points, located at each site, at each of which gas can flow into the same LDZ." does not cater for tri-party sites.

Section B2.6.1

Site Services need to be revised to take into account tri-party sites. Normally, there are two Supplemental Agreements in place between the upstream and downstream Operators. However, as the Gas Distribution Networks (GDN) are normally the Site Owners, one SA will be between the Site Owner and Site User, and the other SA will be between the Site User and Site User. Where a SA is between two Site Users, the Site Services are not confirmed by the Site Owner as they are not a party to the agreement. Therefore the two Site Users are unable to agree these services without the Site Owner.

The "Services Party" can be a third operator who is the Site Owner but not a party to the Supplemental Agreement because this is between the upstream and downstream party only - as in the case at Ross-on-Wye and Winkfield (i.e. tri-partite sites).

New Addition

There have been occasions for tri-party sites where one SA has been updated between the Site Owner and Site User, but the changes have not been mirrored across to the other SA in place between the Site User and Site User. This is critical for issues where for example there are data items that are common between the two SA's in place, such as Access, Security, Cathodic Protection, Utilities Supply and Drawings i.e. General Arrangement (GA) and Hazardous Area Zone (HAZ) Drawings resulting in a mismatch of data between the two SA's.

Shared Sites

Section A2.1.4

Cadent has a specific site where the systems are connected by closed valves and if opened gas could flow. There are two Networks, physically connected by closed valves. This scenario currently exists between LDZ to LDZ, but not NTS to LDZ. This type of site is not covered by a Supplemental Agreement.

- In addition to the current definition of an Offtake, OAD should be updated to allow for the following type of site: NTS and LDZ Shared Sites;
- Closed Sites; and
- Bi-directional Shared Sites

New Addition

Offtake sites are governed by OAD but, due to the current offtake definition in Clause A2.1.4, it only covers where gas flows from the NTS into an LDZ. Cadent have a number of offtake sites where a connection back onto the NTS is required to facilitate pipeline inspections that only occur once every 10-15 years.

Asset Removal Process

This new process is being introduced as an Operator has experienced a situation where a non-operational asset belonging to another Operator, has been left on site taking up space that could otherwise be used for something else.

The intent of this process is to allow any Operator to request another Operator to remove an asset under defined situations.

Section B3.1.1

Clause states that "right to the Site User to retain such Connection Facilities on the Site Owner land." as per the date of the SA or following relocation. The issue here is that this right allows the Site User to leave assets in place even though they are not operational and there are no clauses in OAD that allow the Site Owner to request the removal of redundant assets so it frees up space for any other use.

Section B3.6

Commented [ML21]: Following the Dec workgroup for clarity we changed this to Non-Offtake NTS/LDZ shared site.

Commented [ML22]: I thought we were proposing all categories NTS/LDZ Offtake, Closed and non-offtake NTS/LDZ shared sites could be potentially bi-directional?

Commented [NG23]: Accept both.

This clause focuses on the Removal of Site User Facilities from only a Site User perspective. OAD provides no coverage for Site Owners to request the removal of Site Users assets, especially redundant assets given the right to retain stated in B3.1.1.

It should be noted that some Operators have Lease Agreements in place and where this is the case, the lease takes precedence over OAD. However, Lease Agreements generally specify whole site redundancy, such as 'end of life' and not specific assets.

The 'Proposal for the Removal of Assets v0.4' is included alongside this Modification.

Commented [ML24]: Note clause B3.3 enables the Site Owner to request the Site User to relocate.

Commented [NG25]: Accept, but relocation not always an option

Commented [NG26]: accept

Commented [RP27]: This is still being discussed with our legal department.

Supplemental Agreement Template

Section B2.1.2

The existing version of the SA does not specify all the Connection Facilities in Appendices C and D of the current SA. These are also contained within Appendix E.

New Addition

The SA's should have version control so that you are able to see what changes were implemented when, and arising from what work.

The 'SA Appendix Template v1.0 – Blank' is included alongside this Modification.

Appendix

Current Supplemental Agreements do not document all of the Connection Facilities on site, as per Section B of OAD. Specifically, whilst the mechanical drawing is included with the SA, there is no mention of the electrical or instrumentation assets on site which often can be shared and therefore lead to confusion as to who owns them and thus, maintains them. This is to be addressed by the new SA Template.

[Appendix SA to be revised to the new OAD Pack.](#)

Commented [ML28]: This is a OAD obligation yet you are referring to the Supplemental Agreement template

Commented [NG29]: The existing SA Template as in Appendix 1 and 2 in OAD, are blank templates with Headings only. They do not specify, or instruct a user to ensure all the Connection Facilities are documented in line with clause B1.5.1.

Commented [ML30]: Proposed template does not include revisions required yet for tripartite changes. Also the template includes an appendix for assets rather connection facilities, are assets defined anywhere ?

Commented [NG31]: The revised SA Template does cater for tripartite sites as the Site Owner & Site User are confirmed on the front cover. Site Services (Section 3) confirms which party is providing these arrangements. Also, whilst the template aligns to site assets, these are covered by the Connection Facilities definition in OAD B1.3.1(a).

Commented [MD32]: The SA should be more clearer around duty holder responsibilities. From an E&I "duty holder" perspective, we're not comfortable with a "third party" having access to our "boards & panels" to undertake maintenances or modifications. If this is the case they need to be assessed by us (SGN) and work to our electrical safety rules around authorization and competency.

Commented [NG33]: For maintenance, there should be no changes that occur as part of that activity. Where a shared board exists, the asset would be isolated by turning the fuse off. Where modifications are required and impact to another operator occurs, this should be flagged up and addressed via the OAD notification process. In either scenario, the third party should not be accessing another parties board unless it is shared and only then it should be only handling up to the fuse/isolator. Refer to Interference (B2.4.4).

Commented [ML34]: Thought we had agreed to remove the OAD pack.

Commented [NG35]: agreed

Critical National Infrastructure

CNI was introduced to the industry after the OAD was written in 2005. This area deals predominantly with security arrangements, which is covered in OAD Section B3.8.1. This states that it is the Site Owner who is responsible for Site Security. This will not always be the case, as we are aware of scenarios where it will be the Site User who will be installing security arrangements such as a site fence.

Material Impact on 'Affected Party'

As this is not defined in OAD, it can lead to a difference in the interpretation of the term 'material impact'. This has had an adverse impact on operational matters (such as Routine and Non-Routine Operations) due to a lack of communication between Parties.

It should be noted that any change that a Site User wants to undertake on site must always have Site Owner support via the OAD, and the criteria set out in the solution are more for the Site Owner to consider when determining the need to notify the Site User. [This material impact upon another operator needs to be outlined in the respective OAD notices when they are raised, to assist the other operator in its review and returning its](#)

Commented [ML36]: Our understanding is that when "works" at a shared site is likely to affect another Party then written notice is required. Is the issue that when OAD notices are raised some of the impacts on other Parties are not included/missed

Commented [NG37]: accepted

~~formal consent to the proposed work. The issue being that when OAD notices are raised, some of the impacts on the other Parties are not included.~~

4 Code Specific Matters

Reference Documents

Offtake Arrangements Document (found here: <https://www.gasgovernance.co.uk/OAD>)

Knowledge/Skills

An understanding of physical assets, access arrangements, etc would be advantageous.

5 Solution

Tripartite Arrangements

Section A2.1.2 & A2.3.1

To be amended to cater for tri-party sites. This requires the inclusion of new categories being:

- One Site Owner - Existing
- One or more Site Users - Amended from one to many
- Gas flows from NTS into one or more LDZs - Amended from one to many

Section B2.6.1

- "Services Party" to be named in the Supplemental Agreement - New
- "Services Party" to be recognised as the Site Owner who has a presence on site - New

Section B2.6.2

To include a new sub-clause:

- ~~Site Owner is neither the upstream nor downstream party named in the Supplemental Agreement~~ Where the Site Services Party is neither the upstream nor downstream Party, the Site Services Party must be clearly documented in the SA (for tripartite sites ~~only~~)

Shared Sites

NTS and LDZ Shared Sites

- NTS/LDZ Offtake definition – Definition to be retained
- Closed offtakes – Modify to include NTS/LDZ Closed Offtakes
- Non-offtake NTS/LDZ shared site – New

All of the above categories to be bi-directional: can flow gas from the NTS to the LDZ and can flow gas from the LDZ to the NTS (subject to appropriate caveats).

Commented [ML38]: As per previous comment relating to Offtake Sites changes to definitions may not be needed will depend on legal text to resolve issue.

Commented [NG39]: Subject to BR agreed at January WG.

Commented [ML40]: 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.

Commented [NG42]: Accepted.

Commented [ML43]: What changes are you proposing to the recitals and agreement & execution?

Commented [NG41]: No changes proposed to recitals. SA Template requires amending.

Commented [MD44]: We feel that it is important to mark up equipment on site as to who the owner is this is where mistakes could happen.

Commented [NG45]: Accept. There needs to be physical demarcation on site. An appropriate common way needs to be found. One that can be applied to all assets on site (mechanical, electrical, etc).

Modify Closed offtakes to include NTS/LDZ Closed Offtake

- Supplemental Agreement required
- NTS and LDZ connection facilities on a site
- Physical connection to flow gas but valve is closed
- In exceptional circumstances flow gas from NTS/LDZ e.g. Inline Inspection (ILI) run
 - Subject to agreement by all Parties
 - Subject to liabilities being appropriate
- On-going maintenance required
- Measurement equipment may be on site – Calculation for unmeasured gas ~~where metering is not present or where the associated gas will not be recorded via the recognised fiscal meter on site.~~

Add non-offtake NTS/LDZ shared site

- ~~Intent to~~Must have a Supplemental Agreement in place
- NTS and LDZ assets/facilities on a site
- No physical connection to flow gas
- In exceptional circumstances (temporary connection) flow gas from ~~NTS to~~ LDZ NTS/LDZ e.g. ILI run
 - Subject to agreement by all Parties
 - Subject to liabilities being appropriate
 - No measurement equipment on site – calculation for unmeasured gas

Bi-Directional flows

- Bi-directional flow applies to:
 - NTS/LDZ offtakes,
 - NTS/LDZ closed offtakes,
 - Non-offtake NTS/LDZ Offtake
- Can flow gas from the NTS into an LDZ
 - In exceptional circumstances for closed sites and non-offtakes
 - NTS/LDZ offtakes,
 - NTS/LDZ closed offtakes,
 - Non-offtake NTS/LDZ Offtake (temporary connection)
 - Can flow gas from the NTS into an LDZ
 - In exceptional circumstances for closed sites and non-offtakes
- In exceptional circumstances, can flow gas from the LDZ to NTS e.g. ILI runs
 - Subject to agreement by all Parties
 - Subject to liabilities being appropriate

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Commented [ML46]: I thought that non-shared NTS/LDZ Offtake were also being included as having the potential for bi-directional flows?

Commented [NG47]: This cannot be so as there needs to be a connection first which is not the case with non-offtake shared sites. If you want a connection you raise a notice under Section B.

Commented [ML48]: As the above section mentions a temporary connection could be made.

Commented [NG49]: As per BR agreed at January Workgroup.

- o Any unmetered gas accounted for ~~where metering is not present or where the associated gas will not be recorded via the recognised fiscal meter on site.~~

Appropriate Liabilities

Agreement to reverse flow and/or opening of closed sites will be subject to liabilities being appropriate:

- Third Party claims
- NTS direct connections – NG customers
- DN Offtake claims
- DN Gas Quality claims
- GSMR compliance not being demonstrated on entry

The document 'OAD Reference – closed offtakes (006).pdf' is included alongside this Modification.

Asset Removal Process

Section B3.1.1 and B3.6

Request for Removal of Assets

To be amended to enable an operator to request the removal of an Connection Facility asset under the following criteria:

- An asset is causing a credible risk to the health and well-being of all staff on site – New
- An asset is causing a credible risk to the safe operation of transporting gas at a site – New
- An asset has a credible impact upon the gas operations of another network operator – New
- The site owner requires the re-use of land or property where space is of a premium and assets that are currently in place have been seen to be non-operational for 12 months or more – New
- Any other credible and tangible risk that develops, as clearly defined and articulated by the site owner – New
- Request must be in writing – New
- Receiving party to consider impact of request with response not to be unreasonably withheld or delayed and not unwillingly delay a response – New
- Receiver to engage with requesting operator to seek a way forward that is acceptable to equitable for both parties - New

Cost Allocation

- Cost at expense of asset owner where request is based upon the following reasons:
 - o Health - New
 - o Safety - New
 - o Operational - New

Commented [NG50]: accept

Commented [ML51]: We consider it not appropriate to include this as a reference document within this proposal. This was to aid discussion at the review group.

Commented [ML52]: Question: Is this process being applied to connection facilities or all assets? Is assets defined?

Commented [NG53]: Accept. Reworded to connection facilities.

Commented [ML54]: The "need" for the removal identified throughout the project

Commented [NG55]: 'need' identified by relevant criteria

Commented [RP56]: How does "a credible risk" differ from "a risk" or "a material risk" * Replaced by NG58 *

Commented [NG57]: Accept, but process outlined should go under Section B4.3 as this process not currently under OAD. Process of communication/notification not outlined & no SLA's in place.

Not applicable to this area of the Mod as not relevant to removal of assets. Possibly goes into Section B6. May need to apply to whole site rather than limit to connection facilities?

Commented [NG58]: Grant Rogers
Reference the term 'an asset is causing a credible risk' and the use of 'and tangible risk' later on in the section dealing with asset removal, I agree the terms used at least need to be consistent, but we also need to recognise it may not be an 'asset' presenting the risk, it could be a tree, or uneven ground. I prefer terminology along the lines of 'where a material risk to personnel or buildings, plant and equipment can be demonstrated, a mechanism is put in place to request that risk be addressed by the responsible party in a reasonable time'. Bottom line is this might simply be to barrier off (isolate the risk) before addressing by remediation or removal of whatever is the hazard some time later, it will also rely on reasonableness on all sides and I'm not sure an absolute timescale can be applied, maybe we could for a response on what plan will be put in place, 28 days?

Commented [RP59]: What does "seen to be" mean?

Commented [NG60]: 'seen to be': instances where you know an asset has been decommissioned, mothballed or non-operational. Other times, where this may only be assumed that it has not been used, repaired or replaced.

Commented [NG61]: Captured in the process flow.

Commented [ML62]: Party raising the request must demonstrate an ongoing requirement for the removal of the redundant asset

Commented [RP63]: Suggest the receiving party shall respond such response not to be unreasonably withheld or delay

Commented [NG64]: Accept.

Commented [RP65]: Suggest "acceptable to"

Commented [NG66]: Accept.

Commented [NG67]: Refer back to agreements on process. If agreed on H&SE basis, borne by asset owner; operational go via operational test.

Commented [ML68]: Suggest this is removed as the requirement is "vague".

- For all other requests:
 - Cost to be identified and agreed in advance - New
 - Shared equally between parties, **or**
 - Where necessary, based upon a cost benefit analysis - New
- An operator may allow another operator to remove the agreed assets on their behalf subject to the application of the required engineering governance - New
- Cost, or shared cost, to be recovered via the provisions under Section L - New

Disputes

- Where the escalation of a dispute remains unresolved parties to seek settlement via the existing dispute process contained within UNC

Supplemental Agreement **Template**

Section B2.1.2

The Section of OAD entitled '01 January 2006 OAD Appendices' is to be **removed** and set up as a subsidiary document as follows:

1. Recitals (see Supplemental Agreement Template); **and**
2. Appendices (see SA Appendix Template v1.0 – Blank)

There are many references in OAD to the Supplemental Agreements and the OAD needs to be reviewed and updated accordingly, taking into account this important document is now a subsidiary **one**.

Example Supplemental Agreement templates have been included alongside this **Modification**.

Annex B2

Existing text to be modified as follows:

Part 1 – Mandatory Site **Services**

Site Service

- a) Cathodic protection, including:
 - i. Maintaining and testing such cathodic protection systems (and planning for such maintenance in accordance with the provisions for Relevant Maintenance in Section G); and
 - ii. Providing each Site User a report certifying compliance of the cathodic protection systems no later than 14 days after any maintenance or testing in accordance with sub-paragraph (i);
- b) Electrical Services;
- c) Standby Power;
- d) Site security; and
- e) Retention of Site records, including maintenance reports for Site Services.

Commented [ML69]: We discussed the following business rules in respect costs:

In instances where an operator has requested the removal of an assets and it has been agreed by both operators that the asset is genuinely redundant and that removal is the appropriate course of action, an agreement needs to be made between the parties as to how the cost of the work will be split. This will be done using the following logic:

1. Determine if there is any regulatory funding in place to decommission the asset. If so then this should dictate who will bear the financial responsibility for the work.
2. If there is no regulatory funding in place, the asset owner will propose a cost contribution proposal factoring in which costs (maintenance and other) will be avoided through decommissioning. That proposal can be challenged and if an agreement is not ultimately forthcoming would result in an independent decision maker being appointed to confirm how the cost of the work will be split.

Commented [NG70]: The process flow will point to the Dispute process under General Terms Section A. Needs to be discussed and documented who pays.

Commented [NG71]: If the removal of asset is not due to health and safety risk i.e. for operational requirements, then this is subject to economic test. The specific details of how test will work & what data goes into test have not yet been discussed.

Commented [RP72]: Suggest we would use the disputes procedure in General Terms A rather than invent a new one which raises questions of who appoints them and how they are paid.

Commented [MD73]: I believe that the Networks and NG have been discussing Cyber Security the SA's should also cover this. We now have the NIS directive in place which could have severe financial impact on our business, so again need to be clear on ownership and accountabilities. Where would the attack come from and who is liable. May need legal advice on this?

Commented [NG74]: CNI Cyber group has been formed to look at cyber issues. They too need to develop the business rules for their outcomes. These should be subsequently codified into OAD, but Mod 2 is likely.

Commented [NG75]: Accept. Current full version of OAD includes 2 Appendices. Move to subsidiary document.

Commented [ML76]: Throughout modification suggest that moved rather than removed is used.

Commented [NG77]: 2 templates, both containing recitals and SA template.

Commented [ML78]: Is this going to be one document?

Commented [ML79]: Change process to be covered by the existing governance arrangements within Section N.

Commented [NG80]: agreed

Commented [ML81]: As part of the solution do we need to state what is being proposed rather than giving an example.

Do we need to state what is happening to the referencing ?

Commented [NG82]: agreed

Commented [ML83]: Do we need to highlight what has changed?

Commented [NG84]: accept

Further details relating to the Site Services listed in this Part 1 shall be recorded in the relevant Supplemental Agreement.

[NB. b\) and c\) above will move to Part 1 from Part 2.](#)

Part 2 – Other Site Services

- a) Water Services;
- b) Telecommunication Services;
- c) Site Drainage;
- d) Welfare Facilities

Critical National Infrastructure

Section B3.8.1

- Default position is that Site Owner is responsible for Site Security
- Can be [transferred/assigned](#) to Site User providing agreed between Parties
- Documented in Supplemental Agreements(s) and Site Schedule of Responsibilities

Material Impact on 'Affected Party'

Section B2.2.3

- Update definition to include the following [criteria](#):
 - Any impact to the gas flow from the NTS to the LDZ
 - Any impact to the electrical power arrangements i.e. outage or disruption to the site supply or any specific boards; or where standby power arrangements need to be deployed
 - Any impact to the telemetry system i.e. outage or disruption concerning RTU (insert meaning), communication equipment or impact to control and signalling requirements
 - Any site restrictions that will prevent the other party accessing the site in full or part i.e. for safety reasons or Construction Design Management (CDM) regulations
- National Grid to subsequently update Guidance [document](#)

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 impact on any Significant Code Review.

Consumer Impacts

There is no impact on consumers on the basis that the Modification is solely associated with Transporter to Transporter issues.

Commented [RP85]: My understanding is that intention is to state that CNI infrastructure is dealt with in the same way as site security is currently so is this just clarifying that DNI is included as an element of site security?

The separate CNI work group has not landed on an option so will we need to come back to this in the second mod if for example we agree that a particular party will be responsible and we remove the optionality implied by the second bullet point.

Commented [NG86]: B3.8 covers site security. This section needs to be expanded to cater for the CNI/ISS requirements that have developed over the last few years. The CNI forum will have the responsibility to develop these new arrangements. Any changes in this area are likely to be in Mod 2. B3.8.1 was a quick win essentially to cover W&WU.

Commented [RP87]: Suggested "transferred" "assigned" has legal connotations in that only rights but not obligations can be assigned

Commented [NG88]: Accept subject to legal text review.

Commented [ML89]: If known when issuing the notification. This information may not be available until later in the project development.

Commented [NG90]: Affected Party or the term 'reasonably likely to affect another party' are not currently defined in OAD. These 4 tests were proposed and discussed to address this gap.

Commented [NG91]: These tests should be able to be answered by operational or project delivery engineers when the OAD notice is required. However, it is accepted that not all impacts may be known until detailed design phase has been completed. These tests should be able to assist an operator raising OAD notices correctly. Note: whilst the full impact may not be known at this stage, it should be documented in the NRO, providing more NRO's are shared between operators.

Commented [ML92]: Unclear at the moment whether or not you are trying to define what an affected Party is - an affected Party are where these impacts apply or whether you wish the impacts to form part of the written notice issued to affected Parties.

Commented [ML93]: Confirm what subsidiary document will need to be reviewed as a consequential change to this change and that Section N governance will need to be followed.

Commented [NG94]: Covered by other comments.

Cross Code Impacts

No other industry codes are affected.

EU Code Impacts

There is no impact on any EU Code.

Central Systems Impacts

There is no impact on any central systems.

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.	Positive
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.	Positive
c) Efficient discharge of the licensee's obligations.	None
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.	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.	Positive
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

Tripartite Arrangements

This section of the Modification facilitates GT Licence objective *f) Promotion of efficiency in the implementation and administration of the Code* by providing clarity in the UNC regarding Tripartite Arrangements.

Shared Sites

This section of the Modification facilitates GT Licence relevant objective *a) Efficient and economic operation of the pipe-line system* and *b)(i) Coordinated, efficient and economic operation of the combined pipe-line system* as it provides clarity on OAD matters impacting the Gas Transporters, thus enabling effective communication between parties, and a more efficient use of assets contained within their Systems.

Asset Removal Process

This section of the Modification facilitates GT Licence relevant objective *a) Efficient and economic operation of the pipe-line system* and *b)(i) Coordinated, efficient and economic operation of the combined pipe-line system* as it provides clarity on OAD matters impacting the Gas Transporters, thus enabling effective communication between parties, and a more efficient use of assets contained within their Systems.

Supplemental Agreement Template

This section of the Modification facilitates GT Licence objective *f) Promotion of efficiency in the implementation and administration of the Code* by providing clarity in the UNC regarding Supplemental Agreements.

Critical National Infrastructure

This section of the Modification facilitates GT Licence objective *f) Promotion of efficiency in the implementation and administration of the Code* by providing clarity in the UNC regarding CNI, which is a new area to OAD.

Material Impact on 'Affected Party'

This section of the Modification facilitates GT Licence objective *f) Promotion of efficiency in the implementation and administration of the Code* by providing clarity in the UNC regarding the criteria for a material impact on an Affected Party.

8 Implementation

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

Text to follow

Text

Text to follow

10 Recommendations

Proposer's Recommendation to Panel

Panel is asked to:

- Issue this Modification to consultation