

UNC Modification	At what stage is this document in the process?
<h1 data-bbox="134 322 655 416">UNC 0853:</h1> <h2 data-bbox="134 450 1182 591">CDSP permissions to facilitate implementation of UNC0701 <i>(Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs)</i></h2>	<div data-bbox="1209 309 1469 629"> <div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div> </div>
<p>Purpose of Modification:</p> <p>Modification 0701 (<i>Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs</i>), is being implemented in November 2023, should Shippers not reduce capacity in line with the NExA agreement they will be in breach of Uniform Network Code at this time. This Modification gives permission for the CDSP to reduce the capacity to align with the NExA should the Shipper not do so. Also amends numbering from original modification to take into account changes brought in by Modification 0708S (<i>Re-ordering of the UNC in advance of Faster Switching</i>)</p>	
<p>Next Steps:</p> <p>The Proposer recommends that this Modification should be:</p> <ul style="list-style-type: none"> subject to Self-Governance proceed to Consultation <p>This Modification will be presented by the Proposer to the Panel on 17 August 2023. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
<p>Impacted Parties:</p> <p>High: Gas Transporters, & Shippers</p> <p>Low: IGTs (<i>where the NExA is with the IGT in relation to a single MRPN CSEP</i>)</p> <p>None:</p>	
<p>Impacted Codes:</p> <p>The IGT UNC may need to raise a Modification in relation to any sites that are single MRPN CSEPS, as these are within the scope of Modification 0701. The IGT UNC administrator has been contacted, 14 July 2023, to ask them to assess.</p>	

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Timetable		 0121 288 2107
Modification timetable:		 enquiries@gasgovernance.co.uk
Pre-Modification Discussed	22 June 2023 & 27 July 2023	 trsaunders@northerngas.co.uk
Date Modification Raised	19 July 2023	 07580 215743
New Modification to be considered by Panel	17 August 2023	Transporter: Tracey Saunders, Northern Gas Networks
Workgroup Report to be presented to Panel	17 August 2023	 trsaunders@northerngas.co.uk
Draft Modification Report issued for consultation	18 August 2023	 07580 215743
Consultation Close-out for representations	08 September 2023	Systems Provider: Xoserve
Final Modification Report available for Panel	11 September 2023	 UKLink@xoserve.com
Modification Panel decision	21 September 2023	Other: Insert name
		 email address
		 telephone

1 Summary

What

- a) To add clarity that should the Shipper not reduce the capacity of any site where the booked capacity exceeds that as stated in the Network Exit Agreement (NExA), in line with the legal text for approved Modification 0701 (*Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs*) due to be implemented in November 2023), then the CDSP will do so. Without the intervention by the CDSP in these cases, the Shipper would continue to remain in breach of Code without any confirmed time frame for rectification of the breach.
- b) There is also a numbering change for the original 0701 approved legal text, this is due to the Modification 0708 (*Re-ordering of the UNC in advance of Faster Switching*) having been implemented in the meantime. There is a change of instances of 'Network Exit Agreement' to 'NExA' to be consistent with the use of the abbreviation within the rest of the section.

Why

Modification 0701 was approved by Ofgem in May 2021. Due to the system solution impacting areas that were changing under CSS, it was agreed that a post-CSS solution only would be considered to save on the cost of implementing two different solutions, especially when one of these solutions would be in place for only a year.

The original implementation date was foreseen to be in November 2022, post-CSS go live: The CDSP raised concerns around the complexity of the solution and its link to the CSS systems and therefore had concerns about implementing the Modification 0701 system changes during the post-CSS hyper care period, therefore they removed it from the November 2022 release, and it is now set for November 2023.

- a) Permissions are included to allow the CDSP to carry out capacity reductions, within a capacity reduction window, for these sites, should the Shipper fail to carry these out before the modification implementation date (04 November 2023).
- b) Additionally, due to the implementation of Modification 0708 - Re-ordering of the UNC in advance of Faster Switching, the numbering within the approved legal text for Modification 0701 is now misaligned with the current Code, therefore this also needs to be amended. Additionally, the existing approved Modification 0701 text uses both the phrase 'Network Exit Agreement' and the recognised abbreviation 'NExA'. Therefore all references within this text have now been amended to 'NExA' for consistency.

How

- a) From 04 November 2023 the CDSP will be given enduring permissions to reduce sites, within the existing capacity reduction window, where a booked SOQ and/or SHQ exceeds the value as stated in the NExA.
- b) The numbering of the existing Modification 0701 legal text will also be amended to align with the post-Modification 0708 version of UNC numbering. Additionally, existing references to 'Network Exit Agreement' and 'NExA' within the Modification 0701 text will all now be shown as 'NExA' for consistency.

2 Governance

Justification for Self-Governance

This Modification is to facilitate the effective implementation of an existing approved modification. And is only relevant to a small number of sites (estimated to be less than 25). The Modification adds clarity that should the shipper not rectify the breach, that the CDSP will be able to do so on the Shippers behalf. Based on these factors we believe the impact to be de minimis and that it meets the Self Governance criteria.

The amendments to the numbering and consistency of terminology are in line with the criteria for Self-Governance as they facilitate the efficiency of the Code without amending any obligations.

Requested Next Steps

This Modification should:

- be considered a non-material change and subject to Self-Governance.
- proceed to Consultation.

Modification 0701 has been approved since May 2021, and its expected implementation date of 04 November 2023, has been discussed in the UNC Panel and at other UNC Workgroups/Meetings for a number of months. The change to clarify that the CDSP will reduce the capacity, should the Shipper not do so, has also been discussed as a pre-Modification at the June 2023 and July 2023 Distribution Workgroups.

3 Why Change?

Modification 0701 was raised in August 2019 and was approved for implementation by Ofgem in May 2021. Due to the implementation of CSS scheduled in 2022, and the fact that this impacted the same areas of the systems that would need to be changed for Modification 0701 it was agreed that it was more efficient to only implement Modification 0701 after CSS had been successfully implemented. As Modification 0701 implementation also requires this to be within a capacity reduction window this has resulted in implementation being delayed until November 2023.

The passage of time, from both original workgroups and Ofgem's decision, has resulted in the need for this additional Modification to be raised to address these items.

Renumbering & Consistency of terminology

The original Modification as sent to Ofgem, included legal text that was drafted prior to the approval of Modification 0708 this has resulted in an inconsistency with the numbering of the legal text and the numbering within the current Code.

Therefore the legal text will include renumbering of these incorrect references, so that this Modification, when implemented at the same time as Modification 0701, will allow for the text to be correctly inserted into Code. Also for consistency, instances of 'Network Exit Agreement' have been amended to 'NExA' so that the whole section is consistent in its use of the abbreviation (as there was a mix of both throughout).

It should be noted that without this numbering amendment, the existing, approved, Modification would not be able to be inserted into the UNC correctly.

CDSP Permissions

The original discussions in Workgroups were based on assumptions that existing sites where the value of the booked capacity exceeded that within the NExA would be brought line with the NExA before implementation of the Modification. The Workgroup Report (published 31/03/2020) states the following;

Workgroup Impact Assessment

The Workgroup has met seven times to refine the proposed rules and text to give effect to 3 principal aspects of the interaction of NExAs and the prevailing business rules in the UNC. These factors can be summarised as follows:

- 1. to provide increased visibility of the existence of NExA Supply Points and the associated offtake parameters by populating the NExA flag in DES and ensuring the corresponding data fields are complete and accurate,*
- 2. to establish the maximum capacity in the NExA as maximum bookable under the provisions of the UNC; and,*
- 3. where a capacity increase is triggered under the provisions of the UNC, and the associated NExA has a future dated capacity increase included in a NExA, to ensure that any capacity increases are limited by date & quantity to the values set-out in the NExA.*

There was a consensus in the Workgroup that in these specific areas of the UNC would benefit from additional clarity, in terms of the primacy of NExA conditions over general conditions set out in the UNC, and improved information flows resulting from the DES changes would add clarity for Users and consumers alike.

Given there have been instances where Shippers have experienced issues in relation to the interaction of offtake arrangements, where a NExA has constrained offtake parameters, and the UNC has permitted these values to be exceeded, tying system capacity and NExA values together was generally viewed as a positive measure.

These statements support the intent that the NExA and the capacity booked would be aligned. However due to the time between these Workgroups and implementation, along with the fact that both the NExA and the Shippers contracts with the sites are commercial agreements, it is felt that an explicit statement in the UNC, of the CDSPs ability to reduce the capacity for any sites that remain above the value in the NExA at implementation, is needed.

The hope is that all Shippers will reduce any capacity bookings that remain in excess of the NExA values between the opening of this year's capacity window (01/10/2023) and the implementation date of Modification 0701 (04/11/2023) so that the CDSP do not need to make the reductions. The inclusion of their ability to do so within the UNC will hopefully aid in this endeavour.

The CDSP permissions are to be added as enduring, so that should there be any instances in the future where, for whatever reason (e.g. system fault or manual input error), the CDSP retain the ability to correctly align the booked capacity and NExA, where the Shipper does not do so itself.

There has been a period of monthly reporting to both Shippers and Networks advising of any sites where the booked capacity exceeds that stated within the NExA over the past year, these communications will restart on or before the start of the Capacity Reduction Window, which is just over a month before the implementation date for Modification 0701.

Without this clarity Shippers may find themselves in breach of the Code with sites not wanting them to amend the capacity booking to rectify the situation, this solution therefore allows the Shippers to confirm to sites that the rectification of the breach is inevitable with or without the Shippers submission of a reduction. Without this solution, Shippers could potentially remain in breach of Annex B-3 paragraph 6.1 (as per approved Modification 0701), shown below for reference.

6.1 For the purposes of this Annex B-3, is respect of a DM Supply Point:

- (a) the "**Maximum Supply Point Capacity**" is:
 - (i) except where paragraph (a)(ii) applies, the quantity which (where it is necessary to do so under this Section G) the Transporter determines to be the maximum quantity which it is feasible to make available for offtake in a 24 hour period at the DM Supply Point;

- (ii) *which comprises a NExA Supply Meter Point,*
 - (A) *any maximum daily rate of offtake specified in the NExA; or*
 - (B) *where not specified in the NExA, 24 times any maximum offtake hourly rate specified in the NExA;*
- (b) *the "Maximum Supply Point Offtake Rate" is:*
 - (i) *except where paragraph (b)(ii) applies, the instantaneous rate of offtake (in kWh/hour) which (where it is necessary to do so under this Section G) the Transporter determines to be the maximum instantaneous rate at which it is feasible to make available for offtake at the DM Supply Point; and*
 - (ii) *which comprises a NExA Supply Meter Point, any maximum offtake rate specified in the NExA;*

in each case consistently with the requirements of paragraph 5.

4 Code Specific Matters

Reference Documents

Knowledge/Skills

Awareness / understanding of:

- UNC in relation to Capacity reductions, NExAs and Ratchets.
- UNC Modification 0701 - Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs - <https://www.gasgovernance.co.uk/0701>

5 Solution

- BR1. In the event that the Shipper does not reduce the SOQ and/or SHQ on or before the implementation of Modification 0701 (4th November 2023), or at any time after this, at which the CDSP become aware that the SOQ and /or SHQ exceeds the value in the NExA, the CDSP will be given permissions to reduce the SOQ and / or SHQ of a site from where the booked capacity exceeds the capacity as stated within the NExA. This reduction is to be performed as soon as the CDSP is able, following from BR2, and will be within the capacity reduction window.
- BR2. The CDSP will notify the Shipper of the Maximum Permitted Supply Point Capacity and Maximum Permitted Supply Point Offtake Rate, from which point the user will have 10 Supply Point System Business Days (SPSBD) to submit a Supply Point Amendment to reduce to on or below the Maximum Permitted Supply Point Capacity and Maximum Permitted Supply Point Offtake Rate. Should the notice be sent outside of the capacity reduction window and more that 10 SPSBDs before the start of the next capacity reduction window, then the user will be expected to submit the Supply Point Amendment on the 1st SPSBD of the next capacity reduction window.
- BR3. Use of the term 'Network Exit Agreement' within the approved Modification 0701 legal text is to be amended to 'NExA' to be consistent with the rest of the Modification 0701 legal text.

BR4. The numbering of the current approved Modification 0701 legal text is to be amended to align with the ordering and number of Code post-Modification 0708.

Renumbering is to be as follows (all TPD) within the already approved Modification 0701 legal text:

Pre 0708 Numbering	Post 0708 Numbering
G 5.4	Annex B-3 paragraph 5
G 5.4.1	Annex B-3 paragraph 5.1
G 5.4.2	Annex B-3 paragraph 5.2
G 5.5.1	Annex B-3 paragraph 6.1
G 5.5.2	Annex B-3 paragraph 6.2
G 5.5.5	Annex B-3 paragraph 6.5

Additionally the following, within paragraph references, are to be amended:

Reference in Section B Paragraph 4.7.3 to G5.5.5 to become reference to *Annex B-3 Paragraph 6.5*

Reference Annex B-3 Paragraph 5.2, new numbering as above, to *paragraph 5.4.1* to become *paragraph 5.1*

Reference in Annex B-3 paragraph 6.1, 6.1 (a)(i), & 6.1 (b)(i), new numbering as above, to *Section G* to become reference to *Annex B-3*

Reference Annex B-3 Paragraph 6.1, new numbering as above, to *requirements of paragraph 4* to become *requirements of paragraph 5*

6 Impacts & Other Considerations

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

No.

Consumer Impacts

Modification 0701, and therefore this Modification by association, impacts Daily Metered Consumers where there is a NExA agreement in place. This Modification ensures that the maximum capacity is aligned between the NExA which is between the Site and the Transporter via the NExA, and under UNC which is between the Shipper and Transporter.

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

The below is completed in reference to non-domestic consumers, who have a NExA for a single CSEP with a transporter.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
<p>Improved safety and reliability</p> <p>The visibility and alignment of both the maximum value in the NExA and the maximum capacity in the system ensure that the Shipper is always aware of the existence of a NExA and can convey the details as such to the site when discussing bookings. (Some NExAs have been in place for an extended period, and with changes of staff and restructuring of roles at some sites, this has resulted in those responsible for agreeing the contracts with the shippers are not always aware of the existence of a historical NExA at the site).</p>	Positive (<i>limited to sites with a NExA</i>)
<p>Lower bills than would otherwise be the case</p> <p>Where a capacity booking exceeds the maximum value in the NExA, in theory, additional capacity is being paid for than what is contractually permitted in the NExA. Ensuring that these are aligned, should reduce the costs in these limited cases.</p>	Positive (<i>limited to sites with a NExA that have bookings in excess of the NExA value</i>)
<p>Reduced environmental damage</p> <p>Not Applicable</p>	None
<p>Improved quality of service</p> <p>Not Applicable</p>	None
<p>Benefits for society as a whole</p> <p>Not Applicable</p>	None

Cross-Code Impacts

IGT UNC

Sites where there is a single MPRN on a CSEP are in scope of Modification 0701, and therefore also in the scope of this additional Modification. I have reached out to the IGT UNC, and should they identify the need for a Modification to also be raised in the IGT UNC this will need to be managed accordingly.

EU Code Impacts

None.

Central Systems Impacts

- The CDSP will need to create and send a report to advise Shippers where a site exceeds the value as stated in the NExA.
- The CDSP will need to be able to reduce the capacity of any sites identified above, where the shipper fails to reduce it in accordance with the business rules.

Due to the small number of sites these solutions are expected to be manual processes.

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 (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.	Positive
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

a, b & c - Ensuring that where a NExA exists the booked capacity is not in excess of the values in the NExA helps protect the integrity of each Transporters pipeline. This includes sites that have a single MPRN on a CSEP. We are not specifically referring to one specific Licence obligation as the economical and efficient operation of the pipeline, is a principle throughout the Licence.

f – the renumbering of the approved legal text to align with the restructured (under Modification 0708) Code, as well as the consistency of terminology within this text improved the efficiency and implementation of Modification 0701 and Code.

8 Implementation

This Modification should be implemented at the same time as Modification 0701 (04 November 2023).

9 Legal Text

Text Commentary

Updated all paragraph numbers and references to reflect the current (post 0708) UNC.

Updated references to 'Network Exit Agreement' to NExA to be consistent with the rest of the text

Added new paragraph 5.5 to confirm that where a User does not reduce the capacity, the CDSP will do so and the steps and time frame needed for this.

Amendment to Annex G-1 Table D to confirm that the CDSP can amend the Supply Point Capacity in accordance with the new paragraph 5.5.

Text

Legal text (change marked against the approved 0701 legal text)

TRANSPORTATION PRINCIPAL DOCUMENT

SECTION B – SUPPLY POINT CAPACITY

Amend paragraph 4.7.3 to read as follows:

- 4.7.3 Subject to ~~Section G5.5.5~~ Annex B-3 paragraph 6.5, the increased amount (the "**Ratchetted Supply Point Capacity**") of the User's DM Registered Supply Point Capacity shall be;
- (c) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount;
 - (d) where the Supply Point at which the Supply Point Ratchet occurred comprises a NExA Supply Meter Point, the lesser of:
 - (i) the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount; and
 - (ii) where the sum of the User's DM Registered Supply Point Capacity on the Day of the Supply Point Ratchet and the Capacity Ratchet Amount would exceed any maximum daily rate of offtake specified in the NExA, any daily rate of offtake specified in the NExA.

Amend Annex B-3 paragraphs 5.1 and 5.2 to read as follows:

~~5.4~~ 5 Absolute Requirement

~~5.4.1~~ 5.1 A User's Supply Point Capacity shall be:

- (a) in respect of a DM Supply Point no greater than 24 times, or less than 4 times, the Supply Point Offtake Rate;
- (b) in respect of a DM Supply Point which comprises a NExA Supply Meter Point no greater than any maximum daily rate of offtake specified in the NExA;
- (c) in the case of an NTS Supply equal to 24 times the Supply Point Offtake Rate ("the Absolute Requirement").

~~5.4.2~~ 5.2 The CDSP will reject any Registration Nomination in respect of a Proposed Supply Point which is a DM Supply Point where the Nominated Supply Point Capacity and the Supply Point Offtake Rate are not in compliance with paragraph ~~5.4.1~~ 5.1

Add new paragraph 5.5 to read as follows:

- 5.5 In the case of a NExA Supply Meter Point in the event the CDSP is made aware that a User's Supply Point Capacity and/or Supply Point Offtake Rate is greater than permitted in the NExA, the CDSP shall:
- (d) promptly notify the User of the prevailing Supply Point Capacity and/or Supply Point Offtake Rate and the maximum permitted rate of offtake specified in the NExA;
 - (e) the User shall submit a Supply Point Amendment to modify the Supply Point Capacity and /or Supply Point Offtake Rate to reflect the maximum permitted rate of offtake (or lesser rate) specified in the NExA with effect from the date of the notice under paragraph (a) within ten (10) Supply Point Systems Business Days of such notice, or where such period ends outside of a Capacity Reduction Period, with effect from the first Supply Point Systems Business Day in the following Capacity Reduction Period;
 - (f) where the User fails to submit a Supply Point Amendment in accordance with paragraph (e), as soon as reasonably practicable modify the Supply Point Registration with effect from the relevant date in paragraph (e) such that the Supply Point Capacity and/or Supply Point Offtake Rate reflect the maximum permitted rate of offtake specified in the NExA.

Amend *Annex B-3 paragraphs 6.1, 6.2 and 6.5* to read as follows:

6 Transporter Determination of Feasibility

~~5.5.1~~ 6.1 For the purposes of this ~~Section G Annex B-3~~, in respect of a DM Supply Point:

- (a) the "**Maximum Supply Point Capacity**" is:
 - (i) except where paragraph (a)(ii) applies, the quantity which (where it is necessary to do so under this ~~Section G Annex B-3~~) the Transporter determines to be the maximum quantity which it is feasible to make available for offtake in a 24 hour period at the DM Supply Point;
 - (ii) which comprises a NExA Supply Meter Point,
 - (A) any maximum daily rate of offtake specified in the ~~Network Exit Agreement~~ NExA; or
 - (B) where not specified in the ~~Network Exit Agreement~~ NExA, 24 times any maximum offtake hourly rate specified in the ~~Network Exit Agreement~~ NExA;
- (b) the "**Maximum Supply Point Offtake Rate**" is:
 - (i) except where paragraph (b)(ii) applies, the instantaneous rate of offtake (in kWh/hour) which (where it is necessary to do so under this ~~Section G Annex B-3~~) the Transporter determines to be the maximum instantaneous rate at which it is feasible to make available for offtake at the DM Supply Point; and
 - (ii) which comprises a NExA Supply Meter Point, any maximum offtake rate specified in the ~~Network Exit Agreement~~ NExA;

in each case consistently with the requirements of paragraph ~~5.4~~ 5.

~~5.5.2~~ 6.2 The "**Provisional Maximum Supply Point Capacity**" is respect of a DM Supply Point (other than a Proposed Supply Point which comprises a New Supply Meter Point and a NTS Supply Point) is whichever is the lesser of:

- (a) 2 times the Prevailing Supply Point Capacity;
- (b) 16 times the Supply Point Offtake Rate or (in the case of a Proposed Supply Point) the Nominated Supply Point Offtake Rate; and
- (c) where the DM Supply Point comprises a NExA Supply Meter Point, any maximum rate of offtake specified in the NExA.

~~5.5.5~~ 6.5 Where, following the occurrence of a Supply Point Ratchet in relation to a DM Supply Point, the sum of the Capacity Ratchet Amount and the User's Registered Supply Point Capacity would exceed the Provisional Maximum Supply Point Capacity the CDSP will inform the Transporter:

- (a) with effect from the Day following the Day on which the Supply Point Ratchet occurred, and until the Transporter has assessed whether it is feasible to make available gas for offtake (in a 24 hour period) in the amount of such sum, the Ratchetted Supply Point Capacity shall be equal to the Provisional Maximum Supply Point Capacity;
- (b) with effect from the time at which the Transporter has assessed such feasibility and notified the CDSP, the Ratchetted Supply Point Capacity shall be equal to the lesser of:
 - (i) the Maximum Supply Point Capacity;
 - (ii) the sum of the User's Registered Supply Point Capacity (immediately before the Supply Point Ratchet) and the Capacity Ratchet Amount; and
 - (iii) where a NExA exists, any maximum rate of offtake specified in the NExA; and
- (c) the CDSP will inform the Registered User of the Ratchetted Supply Point Capacity determined under paragraph (b) as soon as reasonably practicable after such feasibility was assessed by the Transporter and notified to the CDSP.

SECTION G – SUPPLY POINTS

Amend Annex G-1 Table D, Column 2 – Who may modify, and the row labelled, Supply Point Capacity, to read:

CDSP, subject to Section B, Annex B-3 paragraph 5.5

10 Recommendations

Proposer's Recommendation to the Panel

The Panel is asked to issue this Modification directly to Consultation.