

## Stage 01: Proposal

What stage is this document in the process?



# Amendments to Section I of the OAD to reflect Offtake Profile Notice rules and recognition of different offtake sensitivities

This proposal has two central themes

- (i) Recognises that specific NTS/LDZ offtakes need separate rules from the vast majority of offtakes when determining flow tolerance levels
- (ii) Amends a small number of operational timeframes and inconsistencies to better reflect the working practices of NG NTS and the GDNs



The Proposer recommends  
This Modification Proposal should follow the self governance route on the basis that it meets the self-governance criteria set out in the Licence.



High Impact:  
n/a



Medium Impact:  
n/a



Low Impact:  
National Grid NTS & Distribution Network Operators.

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## About this document:

This document is a proposal, which will be presented by the Proposer to the Panel on 16 June 2011. The Panel will consider the Proposer's recommendation, and agree whether this modification should proceed to consultation or be referred to a Workgroup for assessment.



3 **Any questions?**

5 Contact:

6 **Joint Office**



8 [enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)

10



13 **0121 623 2115**

14 Proposer:

15 **Insert name**



...@...



0000 000 000

Transporter:

**Insert name**



...@...



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xoserve:

**Insert name**



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# 1 Summary

The following paragraphs should be completed by the Proposer, be **brief** and in **plain English** using the standard styles for body text, bullets and numbered paragraphs as required.

## Is this a Self Governance Modification

The Proposer believes that this modification proposal should be subject to the self governance procedures as it meets the criteria for self-governance modification proposals as defined in Standard Special Condition A11(24)(a) of the Transporter's Licence.

## Why Change?

The Proposer's view is that the proposed Offtake tolerance rules will enable all Transporters to target those offtakes where the requirement to remain with agreed flow profile tolerances has a greater potential impact on the whole systems operation.

The suggested timeframes and other revised legal text provide a series of agreed working practices that better support the required processes outlined in OAD Section I

## Solution

The annual Offtake Capacity Statement (OCS) will list all NTS/LDZ offtakes categorised as either;

- (a) Designated" offtakes for the purposes of OAD Section I
- (b) Part designated offtakes will only be subject to some elements of section I,
- (c) Non designated offtakes which will not be subject to the provisions in Section I

A number of other legal text changes are proposed;

- Lengthening the time for Transporters to provide revised OPNs where flow swaps between 2 offtakes are agreed between NTS and the GDNs
- Revising the rules so that both NGG NTS and GDNs can request / agree flow swaps provided that the LDZ aggregate rate of Offtake remains unchanged at LDZ level

## Impacts & Costs

Each Transporter may require changes to existing systems. The cost of any changes will be borne by the relevant Transporter.

## Implementation

The Proposal has been well discussed and articulated, however it may be that Transporter(s) require a lead time to confirm they can fully comply with the proposal intent.

## The Case for Change

The OAD currently sets out a series of clauses which were established pre Network sales in 2005, and which reflected some working practices and anticipated the requirements of all Transporters when establishing the tolerances by which OPNs should operate within.

These proposals reflect the evolving working practices which all Transporters acknowledge supersede those first captured in 2005.

WWU believe that this Proposal is consistent with the achievement of the following relevant objective:-



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Use this column in a Q and A style for explanations, in order to preserve the flow of the main text.

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A11.1 (f) so far as is consistent with sub-paragraphs (a) to (e), the promotion of efficiency in the implementation and administration of the network code and/or the uniform network code. It would add clarity to the contractual terms by removing certain offtakes from tolerance measures where no such measure was required.

Similarly, the proposed changes will allow all transporters to warrant their compliance with this area of the OAD, and not seek to secure compliance by creating unnecessary workarounds or seeking to adhere to rules that do not benefit any party.

## **Recommendations**

The Proposer recommends this modification should proceed to consultation, having been exhaustively assessed within the Offtake Arrangements Workgroup.

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## 2 Why Change?

Whilst the following sections allow a more detailed description of the modification the need to use **plain English** remains. You may wish to begin with definitions that are going to be used in the document. Only quote the code definition, itself, if it is in plain English. References to these definitions can be placed in the right hand column on this page.

### Prevailing Offtake Tolerances

All NTS/LDZ offtakes are currently required to offtake gas within prescribed tolerances of the Prevailing Offtake Rate.

- ALL NTS/LDZ Offtakes Within 10% by offtake
- ALL LDZs Within 3% for all offtakes measured in aggregate in an LDZ.

It is not possible nor necessary for every offtake to be operated within these parameters for reasons set out below;

NTS/LDZ offtakes have different operational characteristics and significance to the National Transmission System.

NTS/LDZ offtakes are either controlled to a set pressure or volume:

Pressure controlled offtakes operate to maintain a set pressure at the outlet of the NTS / LDZ Offtake to satisfy the GDNs variable (daily) capacity needs. The rate of offtake is therefore directly driven by the downstream demand (customer profile). Pressure controlled offtakes generally have a small capacity that is likely to be of less significance to the NTS.

Volumetric controlled offtakes operate to maintain a set flow (volume per hour) through the offtake irrespective of downstream demand. Fluctuations in demand are satisfied through DN storage, often linepack storage within the pipeline. Volumetric offtakes are likely to have high capacities and have more significant impact on the NTS.

By agreeing designated offtakes with NG NTS, GDNs can focus its efforts on predicting and managing flows through these sites.

The proposal does stipulate the specific sites proposed as designated. It is anticipated this list may alter over time with new offtakes etc, therefore this list will be kept under review by all Transporters.

#### *Alignment of OPN revision request criteria*

There is an anomaly in Section I of the OAD(I 2.4.3 and I 2.5.3) which details arrangements for flow swaps requested by GDNs or NTS. Currently NGG NTS can request flow swaps provided that the aggregate OPN remains unchanged at LDZ



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level, whereas GDNs can only request flow swaps provided that the aggregate OPN remains unchanged within an NTS Exit Zone.

This proposal aligns the rules for both parties to flow swap at LDZ level.

## 3 Solution

### Proposal

The legal text sets out the proposed changes to the OAD

#### 3.1.1 In this Section I:

*3.1.1.1 references to Offtakes are to NTS/LDZ Offtakes;*

*3.1.1.2 a reference (in relation to an LDZ or NTS/LDZ Offtake(s) serving an LDZ) to the aggregate offtake or rate of offtake is a reference to the aggregate, for all NTS/LDZ Offtakes serving the LDZ, of the offtakes or rates of offtake.*

*3.1.1.3 references to Designated Offtakes, Part Designated Offtakes and Non Designated Offtakes are to NTS/LDZ Offtakes as agreed and published in the Offtake Communications Document*

#### 2.3 Revisions to Offtake Profile Notices

2.3.1 Subject to the provisions of this paragraph 2, a DNO may revise the prevailing Offtake Profile Notice (in relation to a Designated Offtake) for any Day, as to the rate of offtake as at any time ( $T_{RO}$ ), by submitting a revised Offtake Profile Notice at a time ( $T_{OPN}$ ):

2.3.3 Where, pursuant to one or more revised Offtake Profile Notice(s) submitted by a DNO in relation to the Offtake(s) serving one LDZ, there is at any time ( $T_{RO}$ ) a change in the aggregate rate of offtake:

*(a) the time ( $T_{OPN}$ ) at which such revised Offtake Profile Notice(s) are submitted shall not be less than two hours before time  $T_{RO}$ ; ~~and~~*

*(b) the ~~aggregate-resulting~~ flow rate change, for any time ( $T_{RO}$ ) of the Day, pursuant to revised Offtake Profile Notices submitted within any one hour ( $H_{OPN}$ ) of the clock, shall not exceed 5% per two hours notice provided; and.*

*(c) The maximum frequency of rate changes shall be once every two hours*

*(d) The above rules do not apply to VLDMC's*

2.3.4 For the purposes of paragraph 2.3.3(b), in relation to any hour ( $H_{OPN}$ ), the aggregate flow rate change at any time ( $T_{RO}$ ) is the magnitude of difference between:

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(a) the aggregate rate of offtake at time  $T_{RO}$  pursuant to the Offtake Profile Notices prevailing at the start of hour  $H_{OPN}$  (excluding any flex component); and

(b) the aggregate rate of offtake at time  $T_{RO}$  pursuant to the Offtake Profile Notices prevailing (pursuant to any revisions thereof within hour  $H_{OPN}$ ) at the end of hour  $H_{OPN}$  (excluding any flex component);

2.3.5 The DNO may not submit a revised Offtake Profile Notice in relation to any Offtake:

~~(a) more frequently than once in each hour of the clock~~

~~(b)(a)~~ so as to change the rate of offtake other than with effect from an exact hour of the clock; or

~~(c) later than 04.00 on the gas flow day~~

2.4.4 To the extent to which the revision by the DNO of any Offtake Profile Notice(s) in compliance with National Grid NTS' request would infringe any of the requirements of this paragraph 2 or TPD Section J4.5.2, National Grid NTS shall be deemed to have waived such other requirements (on the assumption that the DNO submits such revised Offtake Profile Notice(s) within ~~15 minutes~~ the nearest full hour after \_\_\_\_\_ National Grid NTS request is made)

2.5.2 A DNO's request shall specify:

~~(a) the Operational circumstances giving rise to to the DNO's request~~

(b) the Offtakes and LDZ in respect of which such revision is requested

(c) the times with effect from which the DNO wishes to revise the relevant rates of offtake; and

(d) the revised rates of offtake requested.

2.5.3 Any request by a DNO for the revision of any Offtake Profile Notices shall satisfy the requirement that, for all times in the Day, the aggregate, in respect of all Offtakes (serving the same ~~LDZ NTS-Exit Zone~~ for which such request is made, of the revised rates of offtake requested is the same as the aggregate rates of offtake under the prevailing Offtake Profile Notices at the time the request is made.

### 3.1 Offtake tolerances

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3.1.1 This paragraph 3.1 sets out the tolerances referred to in TPD Section J4.6.2, and the Offtake Designations referenced in the Offtake Communications Document (OCD), Appendix 4.

3.1.2 For the purposes of TPD Section J4.6.2(a), the tolerance, in respect of the offtake of gas at a Designated Offtake, is the Prevailing Offtake Rate in MCM day as set out in the OCD.

3.1.3 For the purposes of TPD Section J4.6.2(a), the tolerance, in respect of the offtake of gas at a Part Designated Offtake the Prevailing Offtake Rate as set out in the OCD.

3.1.4 3.1.4 For the purposes of TPD Section J4.6.2(b) the tolerance in respect of each offtake of gas in aggregate at all offtakes (served by two or more offtakes) which serve the LDZ is 3% of the Prevailing Offtake Rate

3.1.5 For the purposes of TPD Section J4.6.2 (b) the tolerance in respect of each offtake of gas in aggregate at all of the offtakes (served by any LDZ where the total daily throughput of the highest measured NTS/LDZ Offtake flow is <90% of the aggregate LDZ throughput) is 3% of the Prevailing Offtake Rate

## 4 Relevant Objectives

The Proposer believes that implementation will better facilitate the achievement of **Relevant Objectives a, b, c, d, e and f.**

Proposer's view of the benefits against the Code Relevant Objectives	
Description of Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Yes
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.	Yes
c) Efficient discharge of the licensee's obligations.	
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.	
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.	
f) Promotion of efficiency in the implementation and administration of the Code	Yes



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*The following section should explain how each of the impacts identified above would arise and so further the objective identified.*

### **Insert subheading here**

Insert body copy here

- Insert Bullet here
- 1. Insert number paragraph here

Insert table heading here	
Insert table subheading here	Insert table subheading here
Insert body copy here	Insert body copy here

## 5 Impacts and Costs

### Insert subheading here

Insert body copy here

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Insert text here

Insert table heading here

Insert table subheading here	Insert table subheading here
Insert body copy here	Insert body copy here
Insert body copy here	Insert body copy here

### Costs

*Include here any proposal for the apportionment of implementation costs amongst parties.*

Indicative industry costs – User Pays

Classification of the proposal as User Pays or not and justification for classification

Not User Pays

Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification

All costs will be borne by the relevant Transporter

Proposed charge(s) for application of Users Pays charges to Shippers n/a

Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

### Impacts

Impact on Transporters' Systems and Process

Transporters' System/Process	Potential impact
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UK Link	• none
Operational Processes	• low
User Pays implications	• none



**Where can I find details of the UNC Standards of Service?**

In the Revised FMR for Transco's Network Code Modification **0565 Transco Proposal for Revision of Network Code Standards of Service** at the following location:  
<http://www.gasgovernance.com/networkcodearchive/551-575/>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	• none
Development, capital and operating costs	• none
Contractual risks	• none
Legislative, regulatory and contractual obligations and relationships	• none

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• medium
Development, capital and operating costs	• low
Recovery of costs	• none
Price regulation	• none
Contractual risks	• low
Legislative, regulatory and contractual obligations and relationships	• low
Standards of service	• low

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	• none
UNC Committees	• none
General administration	• none

Impact on Code	
Code section	Potential impact
TPD Section B	medium
OAD Section I	high

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Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	none
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	none
Storage Connection Agreement (TPD R1.3.1)	none
UK Link Manual (TPD U1.4)	none
Network Code Operations Reporting Manual (TPD V12)	high
Network Code Validation Rules (TPD V12)	none
ECQ Methodology (TPD V12)	none
Measurement Error Notification Guidelines (TPD V12)	none
Energy Balancing Credit Rules (TPD X2.1)	none
Uniform Network Code Standards of Service (Various)	none

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	none
Gas Transporter Licence	none

Other Impacts	
Item impacted	Potential impact
Security of Supply	none
Operation of the Total System	none
Industry fragmentation	none
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	none

## 6 Implementation

Include here, as far as is known, the schedule for implementation including any assumptions made. Also consider any critical dependencies such as latest decision dates for scheduling into a release programme.

### Insert subheading here

Insert body copy here

- Insert Bullet here
- 1 Insert number paragraph here



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### Question 1

Insert question here

Insert answer here

Insert table heading here

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## 7 The Case for Change

*This section allows further development of the case than is included in the earlier summaries*

In addition to that identified the above, the Proposer has identified the following:

### Advantages

#### Insert subheading here

Insert body copy here

- Insert Bullet here
- 1. Insert number paragraph here

### Disadvantages

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## 8 Recommendation



The Proposer invites the Panel to:

- DETERMINE that Modification XXXX progress to [Workgroup/Consultation]

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[Insert relevant text or delete box]

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