

## UNC Modification Proposal 0440

### Outline of proposed UNC changes

#### **1 Introduction**

- 1.1 A definition of **Independent Transporter** will be included in UNC to refer to an iGT (i.e. a GT licence holder which operates a Connected Offtake System (**Independent Transporter's System, ITS**) connected to a LDZ at an Unmetered CSEP.
- 1.2 As currently, each Unmetered CSEP will be treated (pursuant to TPD A3.3.5) as comprising a virtual system exit point (**CSEP Supply Point**) corresponding to each supply point on the relevant ITS (**ITS Supply Point**). Equivalent definitions of CSEP Supply Meter Point (and subject to Modification Proposal 0428) <sup>1</sup> CSEP Supply Point Component will also be included. Certain other defined terms in the UNC (such as Annual Quantity, EUC) will be amended so as to apply, where relevant, to CSEP Supply Points (etc).
- 1.3 For purposes of certain sections of TPD, references to Supply Points (etc) will include CSEP Supply Points; and for those purposes, references in the UNC to the Registered User of a Supply Point will be the User which is registered user of the corresponding ITS Supply Point. This has the effect that provisions of the TPD which apply to Supply Point Capacity, Output Nominations, UDQOs and NDM reconciliation at NDM and DM Supply Points Components will apply directly to CSEP Supply Point Components.
- 1.4 The UNC will be modified as follows:
- (a) a new document, the Independent Transporters Arrangement Document (ITAD) will be added to the UNC (alongside the TPD, OAD, GT, MR and TD);
  - (b) in certain sections of TPD, references to Supply Points (etc) will include CSEP Supply Points;
  - (c) in GT, Independent Transporters will be included as a new class of Party;
  - (d) in MR, the modification rules will be extended to include Independent Transporters;
  - (e) transitional rules may be needed in TD.
- 1.5 As under the existing CSEP NExA, the ITAD will (among other things) require the Independent Transporter to apply (in its network code) and operate provisions the same as the UNC in certain areas. In practice, xoserve will do this, largely based on data flows directly from the shipper. However as between Transporters and Independent Transporters as principals, it is the Independent Transporter's responsibility to do this.
- 1.6 Note that the requirement under ITAD for the Independent Transporter to apply the same provisions as the UNC arises for two separate reasons:
- (a) so that (as with the existing CSEP NExA) the Transporters can implement capacity booking, allocation, reconciliation, etc at an Unmetered CSEP;

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<sup>1</sup> This note addresses the current UNC, Pre 0428, and unless otherwise stated, Pre 0432.

- (b) so that there is compatibility between xoserve's systems and the rules of the Independent Transporters' network code which (under 0440) xoserve agrees to support.

1.7 This note outlines these UNC changes in more detail.

## **2 Transportation Principal Document**

### **2.1 Section A**

- 2.1.1 An Unmetered CSEP will be treated, where the Code so provides, as comprising a CSEP Supply Meter Point corresponding to each ITS Supply Meter Point.
- 2.1.2 CSEP Supply Meter Points will have the same classifications as Supply Meter Points (e.g. under 0432, product/class 1, 2, 3 or 4; DM and NDM; Firm and Interruptible).

### **2.2 Section B**

- 2.2.1 For the purposes of Section B4 (and certain parts of B1) references to Supply Point Components include CSEP Supply Point Components.
- 2.2.2 This has the effect that provisions of Section B as to booking (and for NDM, deemed booking) of Supply Point Capacity (and LDZ Capacity) apply directly to CSEP Supply Point Components.

### **2.3 Section C**

- 2.3.1 References to Supply Point Components (and derivative references to DMA and NDM Supply Point Groups) include CSEP Supply Point Components.
- 2.3.2 This has the effect that the provisions of Section C for (in case of NDM, deemed) Output Nominations apply directly to CSEP Supply Point Components.
- 2.3.3 Existing C1.5.3 is no longer required.

### **2.4 Section E**

- 2.4.1 References to Supply Meter Points (and any derivative references) include CSEP Supply Meter Points. References to Meter Readings, metered volumes, etc to include meter readings obtained by the Independent Transporter at ITS Supply Meter Points (see ITAD below).
- 2.4.2 This has the effect that individual reconciliation is triggered by each Meter Read of a meter on the ITS.
- 2.4.3 It also has the effect that aggregated reconciliation (currently RBD, but UIG Reconciliation post 0432) is apportioned on a basis which includes the Aqs of CSEP Supply Points.

### **2.5 Section F**

- 2.5.1 Subject to approach on DM Supply Point Components rules on Daily Read Errors to apply to CSEP Supply Point Components.

## **2.6 Section G**

2.6.1 Generally the provisions of Section G will not apply to CSEP Supply Points; instead, under ITAD, the Independent Transporter will be required to operate equivalent provisions in relation to ITS Supply Points.

2.6.2 However in relation to DM CSEP Supply Points, the provisions of G5 will apply.

## **2.7 Section H**

2.7.1 In the provisions of Section H which provide for estimation of demand (NDM SMPD), calculation of AQs, and determination of NDM Supply Point Capacity, references to NDM Supply Meter Points will include NDM CSEP Supply Meter Points.

2.7.2 An CSEP Supply Meter Point will be treated as belonging to the EUC to which the corresponding ITS Supply Meter Point belongs.

## **2.8 Section J**

2.8.1 The Network Exit Provisions in relation to an Unmetered CSEP are contained in the ITAD and relevant Supplemental Agreement (J1.5.4).

2.8.2 Some other cross references to the ITAD may be required in Section J1.

2.8.3 Further discussion is needed as to which of the provisions of J3 apply to the physical Unmetered CSEP, and which to each CSEP Supply Point.

2.8.4 Certain provisions of J6 will apply only to Metered CSEPs.

2.8.5 J6.5.3 to J6.5.7 can be deleted; they will be replaced by ITAD provisions.

## **2.9 Other TPD Sections**

There may be consequential changes to other provisions.

## **3 Independent Transporters Arrangements Document (ITAD)**

### **3.1 Section A – scope and classification**

3.1.1 The ITAD applies in relation to Unmetered CSEPs.

3.1.2 The ITAD provides arrangements between Transporters and Independent Transporters (as Connected System Operators) relating to Unmetered CSEPs and ITSs (as Connected Offtake Systems).

3.1.3 Definitions:

- (a) ITS Supply Meter Point – a supply meter point on an Independent Transporter's System;
- (b) ITS Supply Point and ITS Supply Point Component – a supply point and supply point component on an Independent Transporter's System;
- (c) ITNC – the Independent Transporter's network code.

- 3.1.4 Pursuant to the classification adopted by the Independent Transporter under ITAD Section D, ITS Supply Points, Supply Point Components and Supply Meter Points are classified as Class (0432 product) 1 to 4; DM and NDM; DMC and DMA; Firm and Interruptible; Smaller and Larger.
- 3.1.5 For each ITS System Exit Point there is (under TPD Section A3.3.5) a corresponding CSEP System Exit Point.
- 3.1.6 An **ITS User** is a User in its capacity as user under an Independent Transporter network code.
- 3.1.7 The registered ITS User for a ITS Supply Point is also the CSEP User treated as Registered User at the corresponding CSEP Supply Point; therefore there is no facility for trading gas between shippers at the CSEP.
- 3.1.8 Requirement for Supplemental Agreements (in the form in the Appendix to the ITAD) to be in place between the Transporter and Independent Transporter for each UCSEP. (Query whether more than one type of Supplemental Agreement depending on specifics of the ITS.)
- 3.1.9 A provision like clause 6.2 of the interim CSEP NExA may be included.

### **3.2 Section B – Connection**

- 3.2.1 Provisions for the connection of ITSs to LDZ at Unmetered CSEPs
- 3.2.2 Right for Independent Transporter to have and keep the ITS connected
- 3.2.3 Conditions and process for new ITSs to be connected/new Unmetered CSEPs. Requirements for connection facilities. Commissioning of new Unmetered CSEPs. Information requirements and rules about system changes which impact an Unmetered CSEP. Process of new Supplemental Agreements.

### **3.3 Section C – Operations at CSEPs**

- 3.3.1 Operational obligations on Party (Transporter and Independent Transporter) as to operation and maintenance of their respective systems; see clauses 4.4, 7.6, 7.7, 9. 9, 10 of the interim NExA.
- 3.3.2 Provisions relating to gas supply emergencies; see clause 11 of the interim NExA.
- 3.3.3 Offtake rate provisions – see Annex A part 11 of the interim NExA

### **3.4 Section D – IT System classification and other requirements**

- 3.4.1 Section D applies for the purposes of ensuring Transporters are able to allocate quantities of gas offtaken, and LDZ capacity, to Users at the CSEP in the absence of a meter.
- 3.4.2 Subject to paragraph 3.4.4, the Independent Transporter will adopt and implement (in its transportation arrangements with ITS Users) rules which are the same as those from time to time of the TPD as respects (i) classification of supply meter points, supply points, etc; (ii) identification of a user as responsible for each supply meter point; (iii) allocation of supply meter points to EUCs; (iv) requirements for the reading of supply meters (by reference to class) including meter reading frequency and batch frequency, validation, etc; (v) determination of annual quantities for supply meter points.

- 3.4.3 This will set out any agreed exceptions to the requirement in 3.4.3.
- 3.4.4 This section will provide for coordination of modifications to UNC and ITNC to ensure the ITNC remains in line with the UNC in the relevant areas.
- 3.4.5 The Transporters will provide data to Independent Transporters, as needed, including EUC definitions.
- 3.4.6 The Independent Transporter will provide data to the relevant Transporter, in timescales stipulated by the Transporter as necessary for implementation of the relevant provisions of the UNC, including for each CSEP Supply Meter Point: the identity of the Registered User; EUC; AQ; Class 4 meter reading frequency; Class 3 batch period; and Meter Reading data on each meter read.
- 3.4.7 Parties acknowledge that the data will be provided via xoserve
- 3.4.8 Quantities at CSEP Supply Meter Points which are derived from quantities at ITS Supply Meter Points are to be stated on a shrinkage-adjusted basis.

### **3.5 Section E – DM CSEP Supply Points**

This will set out additional rules applying where there are DM supply meter points on the ITS (based on the DM Ancillary Agreement rules and Annex A part 10).

### **3.6 Section F – ITS Shrinkage**

This will set out rules for assessing shrinkage (if any) in the ITS; calculating shrinkage factors; and scaling quantities stated at ITS Supply Points to be stated at CSEP Supply Points.

### **3.7 Section G – Role of Transporter Agency**

- 3.7.1 Further work is needed to determine what direct contractual arrangements the Independent Transporters may have with the Transporter Agency; whether existing arrangements (under TPD Section U - UK Link) between Users and Transporters/xoserve need changing.

### **3.8 Section H – General**

- 3.8.1 This Section will contain general provisions which are specific to the Transporter/Independent Transporter relationship (i.e. are not contained in the GTs). It is analogous to OAD Section N.

- 3.8.2 It may cover:

- (a) interpretation of ITAD;
- (b) nature of relationships between Transporters and Independent Transporters;
- (c) form and process for execution and amendment of Supplemental Agreements;
- (d) accession of new Independent Transporters;
- (e) withdrawal and termination of Independent Transporters;
- (f) confidentiality and data ownership;

- (g) liability;
- (h) any required governance (not including modification) required in relation to ITAD.

- 3.8.3 It will include provisions similar to clauses 4.3, 4.5, 5.1, 5.2, 7.2, 7.4 of the interim CSEP NExA may be included.
- 3.8.4 The interim CSEP NExA, Annex A part 12, specifies whether the CSEP is a 'relevant' CSEP for the purposes of specific provisions of TPD (ie, in effect, whether those provisions apply to it). In some cases those are superseded by TPD changes described above. In others, the relevant TPD provision may be capable of applying to each CSEP Supply Point rather than the physical Unmetered CSEP (and therefore can be dealt with by a further TPD modification similar to those in para 2 of this note. In others it will be necessary to include the Annex A part 12 rules in ITAD.

## **4 Other parts of UNC**

### **4.1 Transition Document**

- 4.1.1 Existing NExAs to be terminated from the date the new Supplemental Agreement takes effect.
- 4.1.2 Possible need for some other transitional arrangement; preferable for old NExAs to come to an end rather than to be converted into new Supplemental Agreement.

### **4.2 Modification Rules**

- 4.2.1 Details to be discussed but possible amendment to rules around appointment, status etc of the existing Independent Transporter's Representative, e.g. to become voting member of the Modification Panel? To be more than one representative?
- 4.2.2 To include scope for Independent Transporters participating in the UNC modification procedures, i.e. to be limited to those modifications relating to (i) IATD, (ii) provisions of the UNC which are referred to in the IATD and/or IATD Supplemental Agreements, (iii) those parts of the UNC which are binding on Independent Transporters and (iv) the Modification Rules themselves.
- 4.2.3 Content of modification proposal might usefully now include outline impact on network codes of Independent Transporters?

### **4.3 GTs – Section A – Disputes**

Rules re dispute resolution to be extended to apply to disputes between GTs and Independent Transporters. If expert determination to be used re disputes under the IATD there is a need to change some of the detailed procedures regarding selection of the expert.

### **4.4 GTs – Section B - General**

- 4.4.1 UNC to now include ITAD as new part of the UNC. Independent Transporter to be defined (and not as a subset of Transporter). Independent Transporters to be a Party to the UNC (along with Transporters and Users).
- 4.4.2 Each Independent Transporter to contract with GTs through an amended Transporter's Framework Agreement (to give effect to the IATD). References to the Independent Transporter in the context of a ITS Supply Point etc to be to the Independent Transporter

operating the Connected Offtake System on which ITS Supply Point is located. Possibly also include ITS Users, i.e. shippers in their capacity as shippers on an ITS.

- 4.4.3 Other architectural changes, e.g. references to a Party to an IATD Supplemental Agreement are to the relevant Transporter and the Independent Transporter, nothing in the UNC or IATD Framework Agreement to give rise to rights between Independent Transporters inter se etc.

**31st January 2013**