

Stage 02: Workgroup Report

0433S:

Inclusion of the Transmission to Distribution “System Operator Agreement Guidelines” within the Offtake Arrangements Document.

With the termination of the System Operator Managed Service Agreement (SOMSA), there is a requirement for enduring arrangements between the Transmission System Operator and the Distribution System Operators. These arrangements are set out in a document: “*Transmission System Operator to Distribution System Operator Agreement Guidelines*”. This modification, if implemented, would add this document to the Offtake Subsidiary Documents within Section N of the Offtake Arrangements Document (OAD), which will allow for any ongoing governance requirements. Additionally, it is proposed to remove the existing references to SOMSA because the agreement is no longer in place.



The Workgroup recommends that this self-governance modification should proceed to Consultation.



Medium Impact: -



Low Impact: On Transporters.

At what stage is this document in the process?

01

Modification

02

Workgroup Report

03

Draft Modification Report

04

Final Modification Report

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About this document:

The purpose of this report is make a recommendation to the Panel, to be held on 17 January 2013, on whether Modification 0433S should proceed to Consultation, and to submit any further recommendations in respect of the assessment of this self-governance modification.



3 Any questions?

4 Contact:

4 Joint Office



5 enquiries@gasgovernance.co.uk

6



9 0121 623 2115

10 Proposer:

12 Alison Chamberlain



alison.chamberlain@nationalgrid.com



01926 653994

Transporter:

National Grid Gas
Distribution

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is a self-governance modification.

Why Change?

Whilst this document: "Transmission System Operator to Distribution System Operator Agreement Guidelines" and the arrangements within it may exist without this modification, the visibility and additional governance afforded to it by the nature of its inclusion within the Offtake Arrangement Document (OAD), are deemed to be appropriate by the parties involved in its inception. To avoid confusion it is also appropriate to remove references to 'System Operator Managed Service Agreement' (SOMSA) because this agreement is no longer in place.

Solution

The Transmission System Operator (NTS) to Distribution System Operator (DNOs) Agreement Guidelines have been created to detail the arrangements and clarify the responsibilities on parties in order to fulfil the processes defined within the document.

This document covers the processes associated with information sharing between the Parties' IS systems and creates the agreements that will govern the transfer of any such data and the processes by which the appropriate support is provided to ensure that all data that is required by impacted Parties is maintained effectively. It is proposed that this document be included as an OAD Subsidiary Document within the Offtake Arrangements Document which details the governance for amendments to such an agreement. It is also proposed that any references to SOMSA be removed.

Impacts and Costs

There is little impact associated with adopting these guidelines under the governance of the Offtake Arrangements Document. The obligated or agreed information flows/data transfers have been developed and allowed for by the affected parties.

Minor costs are associated with updating the scripts for each Transporter's IS reporting help line.

Implementation

As this is a self-governance modification, implementation could be 16 business days after a Modification Panel decision to implement.

The Case for Change

These Guidelines would allow for the sharing of information between NTS and the DNOs. This facilitates mutual support and allows the efficient and safe operation of the combined network. Therefore, this modification is consistent with the promotion of GT Licence Relevant Objective A11.1 (f) ...the promotion of efficiency in the implementation and administration of the network code and /or the uniform network code.

Recommendations

The Workgroup recommends that this self-governance modification should now proceed to Consultation.

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2 Why Change?



What is an OAD Subsidiary Document?

It is a document set out in OAD Section N 1.2. This allows for the governance of these documents to come under the jurisdiction of the Offtake Committee.

The Enduring Distribution Networks Arrangements (EDNA) Project Team was established by UNC Transporters to discuss what arrangements were required to manage the interface arrangements between the Transmission and the Distribution Network Operator systems post System Operator Managed Service Agreement (SOMSA).

With the termination of SOMSA there remain a number of areas where the “National Grid Transmission System Operator” and a “Distribution System Operator” will need to share information and provide mutual support to allow the efficient and safe operation of the combined network. The EDNA project team developed: “Transmission System Operator to Distribution System Operator Agreement Guidelines”.

Whilst these Guidelines exist without a requirement for this modification, the visibility and additional governance (afforded to them by their inclusion within the Offtake Arrangement Document) are deemed to be appropriate by the parties involved in their inception. The Guidelines themselves will add more detail to the statements within the OAD, e.g. OAD states that a SCADA-SCADA link will be used; the Agreement Guidelines detail how faults and outages to the link, etc will be managed.

It also seems logical to review, amend and remove, where appropriate, the existing references to SOMSA in the OAD. The references to SOMSA in the Offtake Communications Document will not be dealt with as part of this modification because the Offtake Communications Document, which is itself an Offtake Subsidiary Document, is subject to a different modification procedure as per OAD Section N.

3 Solution

It is proposed to add these Guidelines to the Offtake Subsidiary Documents within OAD Section N 1.2 which will allow for any ongoing governance including any future modification requirements to come under the jurisdiction of the Offtake Committee. This is appropriate given that the Offtake Committee is comprised of the Transporters’ representatives on the Uniform Network Code Committee (or their authorised representatives) and this document is likely to be of interest specifically to Transporters.

It is also proposed to:

- Remove the references to SOMSA in OAD Section N 7.1.6
- Remove the whole of the provision M 2.2.4
- Remove Section E3.

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
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.	None
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

f) Promotion of efficiency in the implementation and administration of the Code:

The visibility afforded to this document via its addition to the UNC (as an OAD Subsidiary Document) would be useful for parties to the UNC and helps to embed the principles of good governance. The suggested governance arrangements will provide a proportionate and effective means of managing changes without the need to overburden unaffected parties. This has the potential to reduce costs and facilitate faster implementation of change proposals.

5 Impacts and Costs

Consideration of Wider Industry Impacts

It is not anticipated that this modification will have any impact on wider industry arrangements.

Costs

Minor costs are associated with updating the scripts for each Transporter's IS reporting help line.

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
<i>This is not proposed to be a User Pays modification</i> <i>NB "and justification" – not sufficient to simply say not User Pays. Record whether the Proposer proposes User Pays or not, but also any Workgroup views if there is disagreement</i>
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
N/A
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
N/A

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> None
Operational Processes	<ul style="list-style-type: none"> Some changes have been made to processes as a result of the adoption of this document however there will be no additional implications as a result of the guidelines being included within OAD.
User Pays implications	<ul style="list-style-type: none"> None

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> • None
Development, capital and operating costs	<ul style="list-style-type: none"> • None
Contractual risks	<ul style="list-style-type: none"> • None
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • None

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> • This document applies to the System operation processes associated with information sharing between the IS systems of NTS and DNOs and creates the agreements that will govern the transfer of any such data and the processes by which the appropriate support is provided to ensure that all data that is required by impacted Parties is maintained effectively.
Development, capital and operating costs	<ul style="list-style-type: none"> • Any costs incurred in the development of this document have already been allowed for by the Parties. No significant costs are anticipated.
Recovery of costs	<ul style="list-style-type: none"> • Not required
Price regulation	<ul style="list-style-type: none"> • No impact
Contractual risks	<ul style="list-style-type: none"> • No impact
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> • Providing formal arrangements for the adoption and change management of this document will have a positive impact on this aspect of a Transporter's business.
Standards of service	<ul style="list-style-type: none"> • No impact

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> No
UNC Committees	<ul style="list-style-type: none"> Introduces a new document under the remit of the Offtake Committee.
General administration	<ul style="list-style-type: none"> No

Impact on Code	
Code section	Potential impact
OAD Section N 1.2	<ul style="list-style-type: none"> Introduction of a new Offtake Subsidiary Document
<ul style="list-style-type: none"> OAD Section N 7.1.6 OAD Section M 2.2.4 OAD Section E 3 	<ul style="list-style-type: none"> Remove the references to SOMSA Remove the whole of the provision Remove

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

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> No impact
Gas Transporter Licence	<ul style="list-style-type: none"> No impact

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> None
Operation of the Total System	<ul style="list-style-type: none"> None
Industry fragmentation	<ul style="list-style-type: none"> This document has been adopted by NTS and the DNOs, which helps to provide a consistent approach and consequently has a positive impact in relation to avoiding industry fragmentation.
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> No impact.

6 Implementation

As self-governance procedures are proposed, implementation could be 16 business days after a Modification Panel decision to implement.

7 The Case for Change

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

Advantages

- Greater visibility for these guidelines
- Clear governance arrangements for these guidelines
- Publication on the Joint Office Website.
- Removing redundant references will make OAD clearer for new UNC parties.

Disadvantages

None identified.

8 Legal Text

Suggested Text

The following Suggested Legal Text has been considered by the Workgroup; no issues were raised regarding its content.

UNIFORM NETWORK CODE – OFFTAKE ARRANGEMENTS DOCUMENT

Amend OAD Section E (Telemetry, etc) paragraph 3 as follows:

3 Transitional Provisions ~~- Not Used~~

~~3.1 SOMSA~~

~~3.1.1 The provisions of this paragraph 3 shall apply where and for so long as a System Operation Managed Service Agreement ("SOMSA") is in force between National Grid Gas plc (as manager) and a DNO in relation to an LDZ.~~

~~3.1.2 The Parties acknowledge that, by virtue of the SOMSA, National Grid NTS will have access to and the use of telemetry (including telemetry facilities) in relation to each Offtake, which will meet its requirements as reflected in this Section E.~~

~~3.1.3 The DNO agrees that (notwithstanding the provisions of the SOMSA) National Grid NTS may access and use the telemetry pursuant to the SOMSA in its capacity as National Grid NTS under this Document and for the purposes for which National Grid NTS would use telemetry under this Document, as well as in its capacity of manager under the SOMSA.~~

~~3.1.4 The DNO undertakes to National Grid NTS, for the purposes of this Document, to comply with the provisions of the SOMSA in relation to telemetry.~~

~~3.1.5 For so long as the SOMSA remains in force, subject to paragraphs 3.1.6 and 3.2, the provisions of paragraph 2 shall not apply either to the DNO or to National Grid NTS in relation to any NTS/LDZ Offtake to that LDZ.~~

~~3.1.6 Notwithstanding paragraph 3.1.5:~~

~~(a) this paragraph 2 shall apply in relation to any new Offtake established on or after the date of this Document; and~~

~~(b) paragraph 2.5 shall apply as if references to the Telemetry Connection Facilities were to the telemetry facilities to be provided by the DNO pursuant to the SOMSA.~~

~~3.2 Expiry or termination of SOMSA~~

~~3.2.1 The DNO shall at its cost, in good time before the expiry or (pursuant to any provision thereof) termination of the SOMSA (and in any event in accordance with any reasonable request to that effect from National Grid NTS), in relation to each Offtake serving the relevant LDZ:~~

~~(a) consult with National Grid NTS so as to establish an agreed process and timetable for the works in paragraphs 3.2.1(b) to (d) (or such alternative works or arrangements as may be agreed by the Parties to ensure that National Grid NTS' requirements for telemetry in accordance with paragraph 2 are satisfied);~~

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~~(b) ensure that the Telemetry Connection Facilities (including connection facilities as provided in paragraph 2.1.2) are installed or modified; and~~

~~(c) allow National Grid NTS (at its cost) to install, commission and test the NTS Telemetry Facilities; so as to enable the DNO to be fully in compliance with its obligations under this Section E by not later than the effective date of expiry or termination of the SOMSA.~~

~~3.2.2 The Parties shall cooperate in the commissioning and testing of the Telemetry Connection Facilities and the NTS Telemetry Facilities so as to ensure their mutual compatibility and operability.~~

Amend OAD Section M (Information Flow) paragraph 2.2.4 as follows:

~~2.2.4 The Offtake Communications Document may provide that, while there is a System Operation Managed Service Agreement (SOMSA) in force between National Grid NTS and a DNO, particular information is treated as having been given or received by either such Party by virtue of that Agreement.~~

Amend OAD Section N (General) paragraph 1.2.1 as follows:

1.2.1 In this Document, "**Offtake Subsidiary Document**" means each of the following documents:

- (a) the SCO Interface Procedures (referred to in Section C3);
- (b) the Offtake Communications Document (referred to in Section M);
- (c) the Validation Procedures (referred to in Section D3);
- (d) the Emergency Procedures E2 (referred to in Section C2.3);
- (e) the document TD76 (referred to in Section H1.3.1);
- (f) [the Transmission System Operator to Distribution System Operator Agreement Guidelines \(referred to in Section N9\)](#);
- (g) any other document which may be specified or may be agreed by the Parties to be a Offtake Subsidiary Document.

Amend OAD Section N (General) paragraph 7.1.6 as follows:

7.1.6 In the event of any conflict between this paragraph 7.1 and any provision of the Agency Services Agreement or, Joint Governance Arrangements Agreement ~~or SOMSA~~, the relevant provision of the Agency Services Agreement or, Joint Governance Agreement ~~or SOMSA~~ shall prevail.

Insert new paragraph 9 into OAD Section N (General) as follows:

[9 Transmission System Operator to Distribution System Operator Agreement Guidelines](#)

[9.1 Introduction](#)

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9.1.1 The “**Transmission System Operator to Distribution System Operator Agreement Guidelines**” detail the arrangements established by the Parties for the purposes of the co ordination and management of changes, faults and outages on the information systems and communications network infrastructure used by each Party for the purposes of monitoring and controlling their respective Systems.

9.2 Adoption and implementation of the Transmission System Operator to Distribution System Operator Agreement Guidelines

9.2.1 Each Party agrees to adopt and implement the Transmission System Operator to Distribution System Operator Agreement Guidelines as from time to time revised by the Parties in accordance with paragraph 9.3.1.

9.2.2 In particular each Party shall ensure that its own procedures are consistent with the Transmission System Operator to Distribution System Operator Agreement Guidelines.

9.3 Review and revision of Transmission System Operator to Distribution System Operator Agreement Guidelines

9.3.1 The Transmission System Operator to Distribution System Operator Agreement Guidelines shall be subject to review and revision by the Offtake Committee pursuant to paragraph 1.2 of this Section.

9 Recommendation

The Workgroup invites the Panel to:

- AGREE that this self-governance modification should be submitted for Consultation.