

SGN review of Modification 0808 - Legal Text considerations.

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(by email 10 June 2022)

As you will be aware at May's Distribution Workgroup a request was placed on Barrow Shipping and SGN to work off line to development the modification further and for SGN to review the solution and to provide Legal Text before June's meeting.

I can confirm that a meeting took place and the modification was subsequently amended by Barrow Shipping, following which the amended modification was passed to SGN's lawyer who has reviewed the modification and subsequently passed it Dentons for a second review, both SGN's lawyer and Denton's have provided comments for the proposer of the modification and the workgroup to consider before legal drafting can commence.

Here are the comments from the lawyers however it's worth noting that this is not an exhaustive list of points therefore the workgroup may have additional considerations that need to be discussed and developed further.

- If gas exits the DNO's network for reverse-compression (i.e. it leaves the Total System) who is responsible for that (and for subsequent redelivery)?
- Who decides when the Reverse Compression Facility (RCF) is operational and the quantities to be subject to reverse-compression (and what are the timescales for that)?
- How is a third party owned RCF classified for the purposes of TPD Sections I and J?
- What arrangements (e.g. operational, information flows) are needed between the DNO and the owner of the RCF? Where will these be set out of the available options?
- How is any gas consumed by the RCF treated?
- Are there any GT licence considerations?

The Workgroup may want to evaluate and provide for the modification / UNC to clarify that:

- The agreement envisaged between the GDN and the owner of the transportation recompression asset is an obligatory document for operators of the transportation recompression asset to execute, and must be executed before development works are commenced.
- Asset obsolescence risk sits with the transportation recompression asset owner; no requirement on GTs for the existence of the transportation recompression assets to determine their approach to network planning, network operation, network development etc activities.
- Any potential billing and finance impacts should be discussed by the workgroup and included in the solution for clarity as necessary.

The modification should also set certain mandatory parameters that the ancillary agreement / connected system agreement must contain covering the following (similarly to how the UNC provides mandatory content for a NEXA at UNC TPD Section J 4.3).

- Provisions enabling the GDN control room to have visibility of the actions of the transportation recompression asset in real time. Further detail of the nature of the provisions to be included can be developed as the modification progresses.
- A right of the GDN to override activities of the transportation recompression asset where appropriate to safeguard safety, security of supply etc. To be included in the solution?
- A forecast for gas offtake 24 hours ahead of time, with adjustments within day.
- The ancillary agreement / UNC would need to be clear on stranded assets are managed in circumstance where the network configuration or usage is amended.

As I have already said the above is not an exhaustive list but should be used to guide the development of the modification so that we can bring it to a successful conclusion if you have any question in advance of the workgroup then please drop me a note.

Regards  
Dave Mitchell  
SGN