

Proposal : Revisions to the Supplemental Agreement Amendment Process(es)

Issues

A Supplemental Agreement contains a lot of information concerning the connection facilities at an offtake spanning mechanical, civil, electrical, instrumentation, metering and telemetry assets which subsequently require different stakeholders within a gas network operator to review and agree the content. The process arrangements currently within OAD under Section N3.3.1 concerning the review and execution of a Supplemental Agreement are viewed as very transactional and do not provide sufficient time for an operator receiving an updated agreement to review the proposed changes, especially where significant updates are necessary.

Under MOD 0683 new arrangements were deployed to cater for tri-party sites, sites where three individual gas network operators have assets at the same offtake location. The existing arrangements under OAD Section N3.3.1 do not cater for such sites especially where the site services party is neither the downstream or upstream operator, but needs to be engaged accordingly to review any impacts to the site services that they provide at the respective location.

The process arrangements need to be updated to cover the key points above but also ensure that the arrangements are fit for purpose going forward.

Business Rules

The revised processes will be document via a new subsidiary document. This will be easier to update in the future should amendments be necessary.

For the subsidiary document:

- the revised processes will include a draft phase and an execution phase. The execution phase can remain transactional with set timescales;
- any party can initiate the update process and draft proposed changes;
- any amendments provided must have updated the relevant current version of the supplemental agreement and track changes must have been applied so that the other operator(s) can quickly identify the changes made for prompt and an efficient review to take place;
- for tri-partite sites, the initiating or amending party shall assess the impact on the services party and will seek approval for any modifications to the site services (Section 3 within the SA template). Where this occurs, the amending party will provide the written confirmation from the services party that the amendments to site services have been duly reviewed and agreed upon, before submission of the revised SA to the operator.
- the process will apply to all site types including Shared Sites;

- other receiving party or parties may require further additional information from the amending party to support to acceptance of the revised supplemental. This is covered by OAD Section N3.3.
- the revisions will also include the specific scenarios where the Supplemental Agreement needs to be agreed prior to the respective assets becoming operationally live or amended.

Other rules and updates:

- A new clause is necessary to close, supersede or terminate the previous version of the Supplemental Agreement when a new agreement has been entered. Include a new provision within OAD will negate the need to update the recitals or legal text within the OAD template documents.
- The appropriate linkages from Section N3.3 and N10 to the new subsidiary document will be required.
- Section N1.2.1 (Subsidiary Documents) will need to be updated to include the new process document.

Appendix 1 – Proposed OAD Amendments

UNIFORM NETWORK CODE – OFFTAKE ARRANGEMENTS DOCUMENT

Section B Connection Facilities

B1.5.2 The Parties shall ensure that:

- (a) where a new Offtake is established (or a new Individual Offtake Point is created at an existing Offtake), the Supplemental Agreement includes (or is amended to include) in Appendices A, B, D and E appropriate details (as applicable in accordance with this Section B and Sections D and E, and otherwise as required in the Appendices to the applicable form of Supplemental Agreement in the OAD Template Agreements Document) of the Offtake Site, Connection Facilities, Measurement Equipment and points of telemetry;
- (b) where any Connection Facilities are altered, replaced or relocated pursuant to paragraphs 2.2 or 3.3 below, appropriate amendments to Appendices B and D of the Supplemental Agreement are made in respect of such alteration, replacement or relocation; and

- (c) where any Offtake (or Individual Offtake Point) is decommissioned, the Supplemental Agreement is brought to an end or amended by an appropriate amendment relating to such decommissioning.

B1.5.3 The Supplemental Agreement or amendments thereto required pursuant to paragraph 1.5.2 shall be entered into or (as the case may be) made:

- (a) in relation to a new Offtake (or Individual Offtake Point), no later than (and so as to take effect from) the commissioning of such new Offtake or Individual Offtake Point;
- (b) in relation to any alteration, replacement or relocation of the Connection Facilities, no later than (and so as to take effect from) the date when such Connection Facilities are first operational as altered, replaced or relocated; and
- (c) in relation to the decommissioning of any Offtake, no later than (and so as to take effect from) the final cessation of gas flows through that Offtake.

Section N

N1.2 Subsidiary Documents

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) the OAD Template Agreements Document (referred to in Section A3.1.1 and paragraph 3.1.2);
- [\(h\) the Supplemental Agreement Amendment Process \(referred to in Section N3 and N10\)](#)
- (h) any other document which may be specified or may be agreed by the Parties to be a Offtake Subsidiary Document.

3 Supplemental Agreements

3.1 General

3.1.1 For the purposes of this Document a "Supplemental Agreement" is an agreement between the Parties whose Systems are connected at an Offtake, setting out details of that Offtake (as required by this Document).

3.1.2 Each Supplemental Agreement shall be in the form in the Part 1 or 2 (for an NTS/LDZ Offtake) or Part 3 (for an LDZ/LDZ Offtake) of the OAD Template Agreements Document or in such other form as the Parties may agree.

3.1.3 Subject as provided in this Section N, a Supplemental Agreement shall be treated as forming, as between the Parties to the Agreement, a part of the contractual relationship between the Parties existing pursuant to this Document and the Transporters Framework Agreement.

3.1.4 In any Supplemental Agreement (unless it otherwise provides) terms defined in or for the purposes of this Document and not otherwise defined in such Supplemental Agreement shall have the meanings given to such terms in or for the purposes of this Document.

3.2 Amendment of Supplemental Agreements

3.2.1 A Supplemental Agreement may be amended by agreement of the Parties and not otherwise (save for a Designated Offtake or Non-Designated Offtake which may be amended (limited to amendments to Designated or Non-Designated components) by National Grid NTS if both Parties cannot agree); and accordingly, a Supplemental Agreement shall not be subject to modification pursuant to the Modification Rules (but without prejudice to any modification of any provisions of this Document which apply to or are incorporated into such Supplemental Agreement).

3.2.2 The Parties to a Supplemental Agreement are required (by certain provision of this Document) to amend the Supplemental Agreement to reflect and record changes in relation to the Offtake; and undertake to make such amendments promptly and in accordance with this Document.

3.2.3 Where any amendment of a Supplemental Agreement is required (pursuant to this Document) to be made with effect from any date, this Document shall take effect in relation to the relevant Offtake as if such amendment had been made notwithstanding any failure or delay in amending such Supplemental Agreement.

3.3 Execution and Amendment of Supplemental Agreements

3.3.1 Whenever any Parties are required pursuant to this Document to enter into a new Supplemental Agreement, or to amend an existing Supplemental Agreement, [the parties will follow the requirements as outlined in the "Supplemental Agreement Amendment Process" and is the document of that title established and from time to time modified by the Offtake Committee in accordance with Section N1.2.](#)

3.3.2 [The "Supplemental Agreement Amendment Process" Document sets out or summarises or otherwise refers to the requirements for how Supplemental Agreements are to be amended between Parties.](#) ~~unless the Parties otherwise agree:~~

3.3.3 [Upon execution of an amended Supplemental Agreement, as agreed between the parties, any previous version of the Supplemental Agreement will be terminated, null or void.](#)

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~~a. the downstream Party shall promptly provide such information (relating to the Offtake) as the upstream Party may request for the purposes of preparing the draft Supplemental Agreement;~~

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~~b. the upstream Party shall, within 10 Business Days after receiving the requested information from the downstream Party, prepare a draft of the Supplemental Agreement or amendment thereof and submit the draft to the downstream Party for the downstream Party's approval;~~

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~~c. the downstream Party shall reply, within 10 Business Days after receiving the draft Supplemental Agreement, either approving the draft or specifying any proposed revision of the draft;~~

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~~d. if the upstream Party does not approve any revisions proposed by the downstream Party, the Parties shall promptly meet with a view to resolving the matter (failing which the matter may be resolved by a determination of either Party with Condition A11(10) Approval.~~

~~3.3.2 Following approval by each Party of the draft or revised draft Supplemental Agreement (or resolution of any dispute relating thereto) the upstream Party shall prepare a final version which shall be executed by both Parties.~~

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3.4 Modification of form of Supplemental Agreements

3.4.1 For the avoidance of doubt:

- a. Supplemental Agreement is not a part of the Code and may not be modified pursuant to a Code Modification; and
- b. the forms (in the OAD Template Agreements Document) of the Supplemental Agreement may be modified (or further alternative such forms may be included) pursuant to a decision of the Offtake Committee, but such modification shall have no effect as respects any Supplemental Agreement entered into before such modification.

10 Shared Sites

10.1.5 Where a new Shared Site is established, or any change is made to an existing Shared Site, the Parties will enter into a new Shared Site Agreement or (as the case may be) amend the existing Shared Site Agreement; and where an Offtake (including a Closed Offtake) is to be established at a Shared Site the Parties shall enter into a Supplemental Agreement.

[a\) the parties will follow the requirements as outlined in the "Supplemental Agreement Amendment Process" and is the document of that title established and from time to time modified by the Offtake Committee in accordance with Section N1.2.](#)

b) Upon execution of an amended Shared Site Agreement, as agreed between the parties, any previous version of the Shared Site Agreement will be terminated, null or void.

10.1.6 In respect of a Shared Site the provisions of this Document referred to in paragraph 10.1.7 shall apply as if references to an Offtake Site, Connection Facilities, a Supplemental Agreement and the Supplemental Agreement Date where to a Shared Site, Shared Site Facilities, a Shared Site Agreement and the Shared Site Agreement Date.

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Appendix 2 - Clauses attributed to Cost Recovery (from Cost Recovery Review):

Clause Ref	Clause Text	Understanding	Cost Recovery
B2.2.5	<p><i>Right to Alter, Replace or Relocate</i></p> <p>Any works carried out by a Party in connection with the alteration or replacement of any Connection Facilities shall be planned and carried out as Relevant Maintenance in accordance with Section G.</p>	<p>This clause is stating that any alteration or modification of plant, equipment and buildings and is ultimately covered by an OAD Notice is treated as Relevant Maintenance and therefore any terms under Section G apply. Please now refer to clause G3.6.4.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>
B2.3.2	<p><i>Offtake Decommissioning</i></p> <p>The downstream Party ("decommissioning" Party) shall be entitled to decommission an Offtake or Individual Offtake Point subject to and in accordance with the following:</p> <p>a) the decommissioning Party shall give not less than 6 months' notice to the upstream Party (and, where it is Site Owner, to each Site User) of its proposal to decommission such Offtake or Individual Offtake Point;</p> <p>b) each other Party at the Offtake Site may:</p> <p>i. carry out itself; or</p>	<p>Either the decommissioning party is to undertake the necessary work or if the other party elects to complete the activity by itself to support the decommissioning party's requirements then the associated cost can be recovered.</p> <p>The planned activity is also treated as "Planned Maintenance" and therefore any terms under Section G apply.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>

	<p>ii. require the decommissioning Party (at its expense) to carry out; the works necessary to give effect to such decommissioning and make safe each System and each Party's Connection Facilities;</p> <p>c) such works shall be planned and carried out as Planned Maintenance in accordance with Section G;</p> <p>d) the decommissioning Party shall bear or reimburse to each other Party the costs of any works carried out by such other Party under paragraph (b)(i);</p> <p>e) where the decommissioning Party is Site Owner, paragraph 3.5 shall apply in relation to any of the Site User's Facilities.</p>		
B2.6.5	<p>Site Services:</p> <p>The Services Party may recover from the other Party(ies) the capital costs (if any) incurred on or after the Supplemental Agreement Date in supplying or laying any pipes, wires, trenches or other equipment for the purposes of the provision of the Site Services (so far as such costs are in addition to any such costs which the Services Party would incur for its own purposes).</p>	<p>The site owner can only recover the cost if the additions to site services are required to support the ongoing needs for the site user. If the site owner is to use the additional requirements for their own purposes, then cost recovery is not allowed.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>
B3.3.2	<p>Relocation of Site User's Facilities</p>	<p>If the site user agrees to a site owners request to relocate an</p>	<p>To be confirmed upfront with OAD Notification process with</p>

	<p>The Site Owner shall not be entitled to require such relocation of the Site User's Facilities without the consent of the Site User, nor unless the Site Owner agrees to reimburse to the Site User the costs incurred by the Site User in connection with such relocation.</p>	<p>asset, then the cost of doing so can be recovered or charged to the Site Owner.</p>	<p>quotation agreed ahead of work commencing on site where possible.</p>
B3.4.3	<p>Modification of Site User's Facilities</p> <p>Where the Site Owner consents to the alteration, relocation or addition of or to Site User's Facilities, the Site Owner shall perform or procure any such minor alterations or works to existing buildings or structures as are referred to in paragraph 3.4.2(d), and the Site User shall reimburse to the Site Owner the costs incurred by the Site Owner in doing so.</p>	<p>If a site user submits an OAD notice and this requires the site owner to make modifications to existing buildings, structures or housing, the cost of doing so can be recovered from the site user.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>
B3.5.1 (d) & (e)	<p>Decommissioning of Site User's Facilities</p> <p>(d) the Site Owner shall bear or reimburse to the Site User the costs incurred by the Site User in removing the Site User's Facilities from the Site Owner's Land and where necessary of relocating the Site User's Facilities (and related parts of the Site User's System), including costs of acquiring alternative or additional land reasonably required for the purposes of such relocation, except to the extent that the Site User does not comply with paragraph (b); and</p> <p>(e) if the Site User fails to remove any Site User's Facilities as required by paragraph (b), the Site Owner shall be entitled to remove such Site User's Facilities (other than facilities forming part of any pipeline) from the Site Owner's Land (including, where</p>	<p>If a site owner requires a site user to remove or relocate its assets as a part of decommissioning, then the cost of doing so is to be recovered from the site owner.</p> <p>However, if the site user fails to remove its assets following a request the site owner can proceed with doing so and recover the cost from the site user.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p> <p>However, if the site user fails to comply as per B3.5.1(e) then this will be retrospective Cost Recovery.</p>

	relevant, detaching such facilities from the Site Owner's own Connection Facilities) and dispose of such facilities as the Site Owner deems fit, and the Site User shall reimburse to the Site Owner the costs incurred by the Site Owner in so doing.		
B4.1.4	<p><i>Undertaking as to compatibility</i></p> <p>4.1.4 If a Party modifies its Connection Facilities in breach of the requirement in paragraph 4.1.1:</p> <p>(a) the other Party may either:</p> <ol style="list-style-type: none"> I. give notice to the Modifying Party requiring it to undo such modification or otherwise take such steps as may be appropriate to restore the compatibility of the Connection Facilities; or II. after giving notice to the Modifying Party of its intention to do so (and unless the modifying Party has demonstrated, to the reasonable satisfaction of the other Party, that it is taking steps sufficient to restore compatibility as quickly as is reasonably practicable) make such modifications of its own Connection Facilities as are appropriate to restore the compatibility of the Connection Facilities; <p>(b) the Modifying Party shall reimburse to the other Party the costs incurred by the other Party in modifying (where it elects to do so) its own Connection Facilities in accordance with paragraph (a)(ii);</p> <p>(c) the other Party may in any event disconnect the Connection Facilities of the Modifying Party, upon such period of notice as is</p>	If operator A undertakes work that results in operator B's assets being incompatible with the new arrangements, Operator B can elect to restore compatibility, which includes to revert the arrangements back to how they were (via notice), and the cost in doing so can be recovered from Operator A.	To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.

	<p>practicable in the circumstances, if the modification materially and adversely affects the safe operation by the other Party of its Connection Facilities or its System.</p>		
B4.2.1	<p>Modification procedure</p> <p>Where a Party wishes to modify any of its Connection Facilities such that they will or may not be compatible with the other Party's Connection Facilities:</p> <ul style="list-style-type: none"> a) the notice given by the Modifying Party under paragraph 2.2.4 shall operate as a request to the other Party for its consent to the modification; b) the other Party shall not unreasonably withhold or delay its consent to the modification; and c) if the other Party consents to the modification, the modifying Party shall reimburse to the other Party the costs incurred by the other Party of modifying, or changing the operation or maintenance of, its Connection Facilities in order to maintain the compatibility between the Parties' Connection Facilities. 	<p>If operator A makes a change to its connection facilities that will result in any requirements becoming incompatible, then any costs Operator B incurs to make the requirements compatible again can be covered from Operator A.</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>
B5.2.4	<p>Provision of Land for Telemetry Facilities</p> <p>The Site User shall reimburse to the Site Owner the costs of a capital nature incurred by the Site Owner in meeting the</p>	<p>The site owner must provide land availability if the site user wants to deploy its own telemetry facilities. However, the capital cost for modifying the site services</p>	<p>To be confirmed upfront with OAD Notification process with quotation agreed ahead of work commencing on site where possible.</p>

	<p>requirements of paragraph 5.2.1(d)(ii) above (but for the avoidance of doubt, Site</p> <p>Services shall thereafter be provided by the Site Owner to the Site User free of any charge or payment of any kind, in accordance with paragraph 2.6.6).</p>	<p>i.e. gullies and connection points undertaken by the site owner to support these new requirements can be recovered back from the site user.</p>	
D3.3.7	<p>Exceptional Validation</p> <p>The costs of an Exceptional Validation shall be borne:</p> <ul style="list-style-type: none"> a) by the upstream Party, where the Measurement Equipment (or relevant component thereof, as the case may be) is found to read without bias and accurately within the Permitted Range; and b) by the downstream Party, in all other circumstances. 	<p>Under Clause D3.3.1 the upstream party can request a validation of the Measurement Equipment providing notice is given along with the reasons why.</p> <p>If the equipment is found to be working as expected the cost of validation is to be covered by the upstream operator but if the equipment is not working correctly the cost is to be covered by the downstream operator.</p>	<p>To be confirmed upfront where possible with the request for Exceptional Validation and the quotation agreed ahead of work commencing where possible.</p>
D7.2.1	<p>Access to Records and Inspection Rights Facilities</p> <p>The downstream Party shall, as soon as reasonably practicable and without charge, provide to the upstream Party on request a copy of such records maintained in accordance with paragraph 7.1 above (provided that if the upstream Party requires more than one copy, or a copy on more than one occasion, of records relating to the</p>	<p>In relation to measured data, the upstream operator can request from the downstream operator a copy of the respective records.</p> <p>If the request requires more than one copy to be provided, or the same data has to be provided</p>	<p>To be confirmed upfront with either the initial request or the request for additional copies.</p>

	same matter, the downstream Party may charge the upstream Party the costs incurred in providing such additional or further copies).	again, the downstream operator may charge in such circumstances.	
G3.6.4	<p>Maintenance Co-operation</p> <p>Where:</p> <ul style="list-style-type: none"> (a) such cooperation requires the affected Party to operate, adjust or control any part of its System in a particular way; and (b) such operation, adjustment or control cannot be effected remotely from the affected Party's control centre; <p>the affected Party may, provided it indicated its intention of doing so when was first requested (in the draft Maintenance Programme or otherwise) to provide such cooperation, recover its costs incurred in</p> <p>sending send any personnel to such part of its System to effect such operation, adjustment or control.</p>	<p>To be read in conjunction with clause B2.2.5</p> <p>Where co-operation is required for "Relevant Maintenance" (this is what operators would see as maintenance activity per se as well as investment activity requiring an OAD notice), and the impacted operator needs to incur cost for the operation, adjustment or control of the planned activity then is can be recovered providing it is indicated as such from the outset.</p>	To be confirmed upfront with OAD Maintenance Plan with quotation agreed ahead of work commencing on site where possible.
F3.2.2	<p>Continuance of data provision</p> <p>3.2.2 The first Party shall be entitled, upon giving notice of not less than 6 months to the second Party:</p> <ul style="list-style-type: none"> a) to discontinue the provision of such CV data; b) (b) to impose on the second party a reasonable charge for (reflective of the incremental costs incurred by it in) the provision of CV data to the second party; 	<p>Provided a minimum 6 months' notice has been given by the first Party to discontinue the service, they are entitled to recover reasonable and incremental charges incurred to continue to provide said service.</p>	To be confirmed upfront with quotation agreed ahead of changes being implemented.

F4.3.3	<p>Changes</p> <p>If National Grid NTS incurs any costs:</p> <ul style="list-style-type: none"> a) in order to implement a relevant change; or b) in determining daily CVs following a relevant change, in excess of the costs which it would have incurred in determining daily CVs in the absence of the change; <p>the DNO shall reimburse to National Grid NTS the amount of such costs in accordance with Section L.</p>	<p>This clause relates to “relevant changes” for the daily CV. If such changes are required and this attracts a cost the upstream party can recover this from the DNO(s).</p>	<p>To be confirmed upfront with quotation agreed ahead of changes being implemented.</p>
Section L	<p>Cost Recovery & Invoicing</p>	<p>The section provides the overview of what costs can be recovered and the process for doing so if “recovery” or “reimbursement” needs to take place in line with respective clauses in OAD.</p> <p>Section L2.2.3 states that the loss of any transportation revenue cannot be recovered.</p>	<p>Not applicable.</p>
Section N7	<p>Liability</p>	<p>The general rule is that you cannot recover loss or liability as each operator is responsible for its own</p>	<p>To be confirmed upfront where possible along with the intent to remediate Interference.</p>

		<p>requirements and insurance thereof.</p> <p>The current understanding is that if Operator A undertakes work on site, has notified correctly, and then damages Operator B's assets, Operator A will remedy the situation at its own cost i.e. no recovery can take place. However, if Operator A undertakes work that damages Operator B's assets without notification i.e. Interference as defined by Section B2.4.4 then cost to remedy in this situation can be recovered.</p>	<p>This may not always be possible as the remedial activity may have to be undertaken as part of an emergency and therefore this will be retrospective or after the event Cost Recovery.</p>
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