












UNC Modification		At what stage is this document in the process?
<h1>UNC 0701:</h1> <h2>Aligning Capacity booking under the UNC and arrangements set out in relevant NExAs</h2>		<div>01 Modification</div> <div>02 Workgroup Report</div> <div>03 Draft Modification Report</div> <div>04 Final Modification Report</div>
<p><b>Purpose of Modification:</b> To improve visibility where a consumer has entered into a bi-lateral Network Exit Agreement (NExA) with the relevant Transporter, and to link capacity increases with the NExA so that the allowed capacity does not exceed the capacity as agreed in the NExA</p>		
	<p>The Proposer recommends that this modification should be:</p> <ul style="list-style-type: none"><li>considered a material change and not subject to self-governance</li><li>assessed by a Workgroup</li></ul> <p>This modification will be presented by the Proposer to the Panel on 15<sup>th</sup> August 2019. The Panel will consider the Proposer's recommendation and determine the appropriate route.</p>	
	<p>High Impact:</p> <p>Transporters, Shippers and Consumers</p>	
	<p>Medium Impact:</p>	
	<p>Low Impact:</p>	

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Timetable		
The Proposer recommends the following timetable:		
Initial consideration by Workgroup	22 August 2019	
Workgroup Report presented to Panel	16 April 2020	
Draft Modification Report issued for consultation	17 April 2020	
Consultation Close-out for representations	07 May 2020	
Final Modification Report available for Panel	12 May 2020	
Modification Panel decision	21 May 2020	
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## 1 Summary

### What

There is no process to ensure that the daily capacity allowed in a NExA (which is a contract between the site operator and the Transporter) and that allowed by the UNC (which is contract between the Relevant Shipper and the relevant Transporter) are aligned. This can result in discrepancies where Provisional Maximum Supply Point Capacity (PMSOQ) can ratchet above the value the consumer is allowed to use under a NExA.

For information, key differences between this proposal and proposal 0696 (Addressing inequities between Capacity booking under the UNC and arrangements set out in relevant NExAs) are:

- 1) It contains no retrospective element.
- 2) Visibility of the existence of a NExA will be introduced into industry central systems
- 3) Where a NExA exists and states maximum daily capacity, the Supply Point Capacity is to be capped in line with this, with the effect that PMSOQ is not increased above the NExA value. Where there is no maximum daily capacity, this will be calculated as 24 times the Supply Point Offtake Rate (SHQ)
- 4) It includes all Supply Points on DN networks with solutions for both Daily Metered (Class 1 and 2) supply points, and non daily metered (Class 3 and 4) supply points

### Why

This change will ensure that System capacity is consistent with that allowed by the NExA where one is in place. Where a NExA is not in place then the current processes will apply.

### How

It is proposed that capacity deemed or requested under the UNC cannot exceed that allowed by the NExA, without a referral to the Network.

This process would apply, post faster switching, to both CSS and non-CSS DN connected Supply Points.

## 2 Governance

### Justification for Authority Direction

As the proposal has a material impact on the Transportation arrangements for Shippers and relevant consumers, it should, we believe, be subject to **Authority Direction**.

### Requested Next Steps

This modification should:

- be considered a material change and not subject to self-governance
- be assessed by a Workgroup

## 3 Why Change?

### Issue

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There is no process to ensure that the Supply Point Capacity (Often referred to as “SOQ”) and Supply Point Offtake Rate (often referred to as “SHQ”) allowed in a NExA (which is a contract between the site operator and the Transporter) and that allowed by the UNC (which is contract between the Relevant Shipper and the relevant Transporter) are aligned. This can result in discrepancies where the Shipper books more capacity on the System than the customer is allowed to use in accordance with the NExA. Conversely, the Supply Point Ratchet process may allow Shippers to ratchet up Supply Point Capacity to greater than that allowed by the NExA.

The potential existence of NExAs is well known in the industry however the existence of NExAs are not flagged in central systems so the specific existence of one is not instantly visible when using central systems interfaces (eg Data Enquiry Service (DES)). Where previously NExAs were predominantly used for very large sites or sites mandated in UNC they are now increasingly used for smaller but intermittent or unpredictable within-day consumption sites, for example power generation plants, some of which may be Class 3 or 4 Supply Points. This lack of transparency throughout the life of the NExA is what we are wanting to address.

## 4 Code Specific Matters

### Reference Documents

A sample of a Northern Gas Networks Site Specific NExA is attached. This is provided with the caveat that there are multiple types of NExAs and these, and the content, can differ between DNs, and is therefore attached for general information purposes only.

### Knowledge/Skills

## 5 Solution

### Solution

It is proposed that any new or change in requested daily capacity or hourly flow for Supply Meter Points (excluding NTS Supply Points) requested under the UNC should not exceed the value stated in the NExA, nor should the PMSOQ exceed the value stated in the NExA. Where a site ratchets then the DM Supply Point Capacity cannot ratchet above that listed in a NExA should one exist.

In line with existing code TPD G 5.5.3 any application for increase in Capacity that exceeds the PMSOQ will create a Supply Point Nomination referral to the relevant Transporter.

For Class 1 and 2 Supply Points: Any requests for new or change in requested System capacity made by the Shipper shall not, where a relevant NExA exists, exceed either the DM Supply Point Capacity (SOQ) or the Supply Point Offtake Rate (“SHQ”) set out in the NEXA. Where there is only an SHQ value in the NExA the SOQ value will be taken as a calculation of [24] times the SHQ value quoted in the NExA.

## 6 Impacts & Other Considerations

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

None

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Consumer Impacts

Impacts consumers who are party to NExA arrangements and wish to amend their capacity requirements.

Cross Code Impacts

There should be no known impacts on other Codes.

EU Code Impacts

None

Central Systems Impacts

For all site Classes, the CDSP would need to enhance the existing DES information to:

- Populate the NExA flag in DES with 'Y' or 'N' to advise whether a NExA is in effect for the meter point
- Create a field for the NExA SOQ and SHQ values, and be able to populate this automatically with the SOQ and SHQ value stated in the NExA,
- The capacity would be capped as per below:
  - For Class 1 & 2 sites: The PMSOQ would not be able to exceed the Supply Point Capacity quoted in the NExA.
  - For Class 3 & 4 sites: A report would need to be generated to the Transporter to advise when the rolling AQ causes a SOQ value change that reaches a defined % of the SOQ value as stated in the NExA
- Where there is no agreed SOQ value in the NExA, the value would be calculated as [24] times the SHQ value in the NExA
- Be able to store historical start and end dates for NExA values.

There would also need to be a one off exercise to clear all existing NExA flags in the system and to load all details above for all existing NExA's as advised by the Transporters.

7 Relevant Objectives

Impact of the modification on the Relevant Objectives:

Relevant Objective	
a) Efficient and economic operation of the pipe-line system.	Positive
b) Coordinated, efficient and economic operation of <ul style="list-style-type: none"><li>(i) the combined pipe-line system, and/ or</li><li>(ii) the pipe-line system of one or more other relevant gas transporters.</li></ul>	None
c) Efficient discharge of the licensee's obligations.	Positive
d) Securing of effective competition: <ul style="list-style-type: none"><li>(i) between relevant shippers;</li><li>(ii) between relevant suppliers; and/or</li></ul>	None

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(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.	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

Ensuring that where a NExA exists is linked to capacity increases will protect the integrity of the Transporters pipeline, aiding in preventing sites from overtaking capacity where this would cause an issue to the network and to other customers connected to the same part of the network. We feel this modification would further both relevant objectives a) and c) in this respect. We are not specifically referring to one specific Licence obligation as the economical and efficient operation of the pipeline, is a principle throughout the Licence

We also believe this modification would positively impact Relevant Objective f), by giving visibility where a NExA exists thereby enhancing the requirements relating to NExAs under UNC TPD Section J.

## 8 Implementation

If Central System changes are required, it seems unlikely that this change will be implemented before June 2020. The CDSP will need to consider the solution design before the implementation date can be determined

## 9 . Legal Text

To be provided by Transporters.

## 10 Recommendations

### Proposer's Recommendation to Panel

Panel is asked to:

- Agree that Authority Direction should apply
- Refer this proposal to a Workgroup for assessment.