










UNC Modification	At what stage is this document in the process?
<div>UNC 0842:</div> <div>Gas Entry onto the Total system via an Independent Gas Transporter</div>	<div>01Modification</div> <div>02Workgroup Report</div> <div>03Draft Modification Report</div> <div>04Final Modification Report</div>
<div>Purpose of Modification:</div> <div>This Modification will facilitate gas flow into the Total System from an Independent Gas Transporters (IGT) pipeline via a DNO network.</div>	
<div>Next Steps:</div> <div>The Proposer recommends that this Modification should be:</div> <div><div><div>•</div>subject to Self-Governance</div><div><div>•</div>assessed by a Workgroup</div></div> <div>This Modification will be presented by the Proposer to the Panel on 20 April 2023. The Panel will consider the Proposer’s recommendation and determine the appropriate route.</div>	
<div>Impacted Parties:</div> <div>High: Independent Gas Transporters, Distribution Network Operators.</div> <div>Low: National Gas Transmission & Shippers.</div>	
<div>Impacted Codes: UNC & UNC IGTAD.</div>	

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Timetable		
Modification timetable:		Contact: Joint Office of Gas Transporters
Pre-Modification Discussed	23 March 2023	 enquiries@gasgovernance.co.uk
Date Modification Raised	29 March 2023	 0121 288 2107
New Modification to be considered by Panel	20 April 2023	Proposer: David Mitchell SGN
First Workgroup Meeting	27 April 2023	 david.mitchell@sgn.co.uk
Workgroup Report to be presented to Panel	17 August 2023	 07760 223655
Draft Modification Report issued for consultation	18 August 2023	Transporter: SGN
Consultation Close-out for representations	11 September 2023	 david.mitchell@sgn.co.uk
Final Modification Report available for Panel	12 September 2023	 telephone
Modification Panel decision	21 September 2023	Systems Provider: Xoserve
		 UKLink@xoserve.com

1 Summary

What

The Uniform Network Code (UNC) is currently silent on a situation where gas can flow into the Total System from a DNO network via an IGT pipeline. This Modification has been raised to address this void and establish the arrangements between the IGT, the DNO and the Delivery Facility Operator (gas producer) to allow this flow.

Why

There are a growing number of gas producers such as bio-methane producers wanting to inject new sources of gas onto the Total System and there is an opportunity to extend the market for new entry connections onto the Total System by facilitating IGTs to directly connect new sources of gas. This Modification will ultimately facilitate the expansion of UK produced gas entering the Total System.

How

The UNC will be amended to recognise that gas can flow into the Total System via an IGT pipeline and onward through a DNO network. To make this work, two new agreements will be required and will be developed as follows:

- At the interface point between the 'delivery facility connected to the IGT pipeline' and the IGT pipeline:
 - a new agreement (a tripartite agreement) based on an LDZ Network Entry Agreement will govern physical flow, energy measurement and gas characteristics which will be contained in 'provisions equivalent to Network Entry Provisions' and Local Operating Procedures. The parties to this agreement will be the IGT, the DNO and the operator of the delivery facility connected to the IGT pipeline.
- At the interface point between the IGT pipeline and the DNO pipeline:
 - a new variety of NEA will govern physical flow, energy measurement and gas characteristics into the Total System by treating the 'provisions equivalent to Network Entry Provisions' in the new tripartite agreement mentioned above as UNC Network Entry Provisions. The parties to this agreement will be the IGT, the DNO.

This arrangement between the IGT DNO and the gas producer (the tripartite agreement) will effectively establish a LDZ System Entry Point at the IGT/DNO interface and an upstream IGT entry point which will be owned, operated, and controlled by the IGT. An LDZ System Entry Point will be established on the National Gas Gemini system accordingly. The gas will flow directly into an IGT pipeline from the gas producer and indirectly into a DNO System.

2 Governance

Justification for Authority Direction

This change is material as it will have commercial impact on parties, consumers, or other stakeholder(s); and therefore warrants an Authority Direction.. The overarching objective of the Modification is to allow new sources of gas to be entered onto the Total System by facilitating gas to flow from an IGT's pipeline into a DNO pipeline thus allowing new sources of gas onto the Total System. The existing UNC requirements to establish Network

Entry Provisions in a Network Entry Agreement will be varied to allow a new IGT/DNO NEA to treat 'provisions equivalent to Network Entry Provisions' in a new 'tripartite agreement', which includes the operator of the delivery facility connected to the relevant IGT pipeline as a signatory.

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?

The UNC is silent on allowing IGTs to enter gas onto the Total System (although an IGT Licence does indicate that IGTs can convey gas through their pipes to any pipe-line system operated by another gas transporter), currently the code only acknowledges that IGTs can exit gas from the Total System via a Connection System Exit Point (CSEP) and this has been the case since the UNC was first drafted.

This Modification Proposal will allow IGTs to transport gas from an IGT System Entry Point (IGT SEP) via an IGT pipeline to a LDZ System Entry Point where the gas will enter the Total System. This Modification proposal would provide an alternative option (in addition to a Utility Infrastructure Provider UIP or DNO connection) in a scenario where a gas producer is located some distance from the DNO existing network and additional pipe is required to be laid so that the gas can enter the Total System. This option also aligns to the requirements of government subsidy schemes for renewable gases, e.g. The Green Gas Support Scheme, which requires gas to be entered into a Licensed gas Transporter's network.

4 Code Specific Matters

Reference Documents

Independent Gas Transporters Arrangement Document (IGTAD) <https://www.gasgovernance.co.uk/unc/igtad>

UNC TPD Section I – 3.11.1 (a) <https://www.gasgovernance.co.uk/index.php/TPD>

Network Entry Agreement (NEA)

Knowledge/Skills

Understanding the IGTAD and UNC would be advantageous.

Knowledge of the IGT UNC.

5 Solution

General UNC business rules associated with the Modification.

- 1 BR1. An IGT System Entry Point (IGT SEP) is a point at which gas can flow into an IGT pipeline. This gas will be deemed to simultaneously flow into the Total System from a DNO network at a single LDZ System Entry Point (LDZ SEP).
- 2 BR2. A new term “IGT LDZ SEP” will be defined in the UNC as a LDZ SEP which then corresponds to an IGT SEP.
- 3 BR3. A Shipper cannot deliver gas to the Total System at an IGT LDZ SEP unless there is in place an agreement (the tripartite agreement) between the DN Operator, the IGT and the gas production operator of the facility connected to the IGT System in relation to the (corresponding) IGT SEP.
- 4 BR4. This agreement (the tripartite agreement) will contain provisions equivalent to Network Entry Provisions and Local Operating Procedures – i.e. rules specifying requirements for the delivery of gas to the Total System at the IGT LDZ SEP and the IGT SEP.
- 5 BR5. For the purpose of interpreting rules in TPD Section I regarding Network Entry Provisions and Local Operating Procedures references to System Entry Point mean the IGT SEP, and similar where required, e.g. the point of delivery being the point of delivery to the IGT System.
- 6 BR6. The Transporter will allow delivery of gas at the IGT LDZ SEP provided that there is in place an LDZ Network Entry Agreement (between the DNO and the IGT) which treats the provisions in the tripartite agreement (referred to in BR 3 and 4) as Network Entry Provisions and Local Operating Procedures.
- 7 BR7. Where gas flows at an IGT LDZ SEP the gas is treated as taken out of the IGT System and put into the LDZ by Shippers (being the same Shippers delivering gas at the IGT SEP).
- 8 BR8. Title and risk to the gas will pass from IGT to Shipper(s) and simultaneously from the Shipper(s) to DN Operator at the IGT LDZ SEP.
- 9 BR9. The Network Entry Agreement and the new ‘tripartite ’ agreement will require the IGT to provide or to ensure the provision to the DN Operator of the quantities of gas and determined CV at the IGT SEP.
- 10 BR10. The quantities referenced in BR9 are to be treated as the Shipper's UDQI at the IGT LDZ SEP and are the same quantities at the IGT SEP.

Clarification points: -

1. Existing IGT Shrinkage provisions in IGTAD will apply equally to IGT networks that facilitate gas entry into the Total System as with any other IGT network.
2. The IGT's 4B statement will require an update to reflect a requirement for an entry connections agreement and relevant charges.
3. There is no intention to change the meaning of a CSEP, so all existing Individual System Exit Points between the DNO System and the IGT will remain collectively a single unmetered CSEP.

- 4. The DNO, IGT and gas production operator will manage and operate the flow and monitoring of the gas onto the Total System in line with an agreement. Note, arrangements may be entered into between the IGT and the relevant DNO to facilitate this requirement where this an additional cost to the DNO in facilitating this service on an enduring basis. This will be enshrined in a separate arrangement outside the scope of the UNC.
- 5. The IGT may continue to facilitate gas exit points off their pipeline prior to the DNO network using the existing CSEP process. Existing IGTAD arrangements for these ISEPs would prevail.
- 6. Gas quality obligations detailed in The Gas Safety (Management) Regulations apply equally to DNO and IGT licensed transporters and as such each transporter has an equal requirement and interest to ensure the gas entering and leaving their respective networks is compliant with these Regulations.
- 7. The current UNC definition of the Total System excludes IGT networks and only includes Large Transporter networks. Therefore, a LDZ System Entry Point can only exist on a DNO network and not a IGT network.

6 . Impacts & Other Considerations

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

There is no identified impacts on Significant Code Reviews or other significant industry change projects.

Consumer Impacts

Increasing the number of gas producers and sources of gas should theoretically lower consumer prices by increasing competition (higher supply and unchanged demand puts downward pressure on prices), but it is acknowledged that the limited scale means any impact would be minimal.

What is the current consumer experience and what would the new consumer experience be?

No change.

Impact of the change on Consumer Benefit Areas:	
Area	Identified impact
<div>Improved safety and reliability</div> <div>No Change as the new sources of gas would not materially improve the security of supply.</div>	None
<div>Lower bills than would otherwise be the case</div> <div>No change as the additional sources of gas would not be material in volume.</div>	None

Reduced environmental damage There is a growing number of Bio-methane producers wanting to inject green gas onto the total system, this Modification would allow this to take place and will ultimately expand this market which will have a positive impact on Greenhouse Gas Emissions by allowing the IGT's to provide this facility	Positive
Improved quality of service No change identified.	None
Benefits for society as a whole By facilitating the building of additional Bio-Methane plants there will be additional jobs and general economic activity for UK Plc.	Positive

Cross-Code Impacts

Following detailed legal analysis in relation to the drafting of legal text for UNC Modification 842, it has been identified that mirrored arrangements are required in the IGT UNC covering the transfer of title and risk to the gas at the point the gas is introduced into the IGT pipeline. This will be covered under a new IGT UNC Modification.

EU Code Impacts

None.

Central Systems Impacts

There would be no adverse impacts to central systems as this Modification will use the existing Central System platforms. No impacts to Gemini are expected.

7 Relevant Objectives

Impact of the Modification on the Transporters' Relevant Objectives:

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or	None

(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.	None
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

- a) The implementation of this UNC Modification will facilitate additional gas to be entered into the Total System thus utilising the efficient and economic use of the existing infrastructure and systems.
- b) Gas producers such as bio-methane producers wanting to inject new sources of gas onto the Total System will be able to use IGTs to provide this service. This Modification will ultimately facilitate the expansion of UK produced gas entering the Total System. The implementation of this UNC Modification will facilitate the coordinated entry of new gas into the Total System via multiple Transporter's networks.

Impact of the Modification on the Transporters' Relevant Charging Methodology Objectives:

Relevant Objective	Identified impact
a) Save in so far as paragraphs (aa) or (d) apply, that compliance with the charging methodology results in charges which reflect the costs incurred by the licensee in its transportation business;	None
aa) That, in so far as prices in respect of transportation arrangements are established by auction, either: <ul style="list-style-type: none"> (i) no reserve price is applied, or (ii) that reserve price is set at a level - <ul style="list-style-type: none"> (I) best calculated to promote efficiency and avoid undue preference in the supply of transportation services; and (II) best calculated to promote competition between gas suppliers and between gas shippers; 	None
b) That, so far as is consistent with sub-paragraph (a), the charging methodology properly takes account of developments in the transportation business;	None
c) That, so far as is consistent with sub-paragraphs (a) and (b), compliance with the charging methodology facilitates effective competition between gas shippers and between gas suppliers; and	Positive
d) That the charging methodology reflects any alternative arrangements put in place in accordance with a determination made by the Secretary of State under paragraph 2A(a) of Standard Special Condition A27 (Disposal of Assets).	None
e) 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

This modification will facilitate the effective competition between relevant Shippers and between relevant Suppliers by ultimately facilitating the expansion of UK produced gas entering the Total System by allowing IGTs to enter gas onto the Total System.

8 Implementation

No implementation timescales proposed. However, this UNC Modification should be implemented as soon as reasonably practicable following an Authority direction to do so. It would be beneficial if both this UNC Modification and the corresponding IGT UNC Modification (IGT MOD 172) were considered in parallel by the Authority. ..

9 Legal Text

Text Commentary

To be provided in due course.

Text

To be provided in due course.

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.