





UNC Request Workgroup Report	At what stage is this document in the process?
<h1>UNC 0646R:</h1> <h2>Review of the Offtake Arrangements Document</h2>	<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div>
<p><b>Purpose of Request:</b></p> <p>To create a Workgroup to conduct a review and assessment of the Rights and Obligations of Gas Transporters as defined under UNC Offtake Arrangements Document (OAD). This review would identify and consider possible amendments that are required to UNC arrangements because of associated industry changes made since 2005.</p>	
	<p>The Workgroup recommends that the Panel now consider this report and close the Workgroup.</p>
	<p>High Impact: Transporters</p>
	<p>Medium Impact: None</p>
	<p>Low Impact: None</p>

Contents	
1	Request Summary 3
2	Impacts and Costs 4
3	Terms of Reference 9
4	Modifications and other activities 10
5	Recommendation 12
6	Appendices 13
About this document:	
<p>This report will be presented to the panel on <b>16 December 2021</b>.</p> <p>The Panel will consider whether the Request should be closed or returned to the workgroup for further assessment.</p>	



**Any questions?**

Contact:

**Joint Office of Gas Transporters**



[enquiries@gasgovernance.co.uk](mailto:enquiries@gasgovernance.co.uk)



**0121 288 2107**

Proposer:

**Shiv Singh**



[shiv.singh1@cadentgas.com](mailto:shiv.singh1@cadentgas.com)



**07580 999287**

Transporter:

**Darren Dunkley**



[darren.dunkley@cadentgas.com](mailto:darren.dunkley@cadentgas.com)



**07768 102196**

Systems Provider:

**Xoserve**



[commercial.enquiries@xoserve.com](mailto:commercial.enquiries@xoserve.com)

## 1 Request Summary

### Why is the Request being made?

The Offtake Arrangements Document (OAD) sets out the rights and obligations between Transporters (upstream and downstream) at offtakes. The OAD covers the connection, planning, maintenance and operation of the Transporters respective systems at shared offtake sites.

The OAD was implemented in 2005. Whilst the fundamental principles behind OAD are sound, a number of gaps exist as not all industry practice was taken fully into account during its development.

The OAD has also not kept in step with the industry changes that have occurred since implementation, and there are also some outstanding 'transfer' issues associated with the original network sales process which require attention.

The main priorities are to review:

- How OAD affects all gas network operators;
- How all GDNs engage with National Grid Gas (NGG) to manage NTS offtake arrangements; and
- How most GDNs must engage with other GDNs to manage LDZ to LDZ offtakes.

Revising OAD appropriately would help to ensure consistency in the understanding of the requirements that all network operators have to manage and comply with.

### Scope

The Workgroup will review the following sections of UNC OAD:

- Section A – Scope and Classification
- Section B – Connection Facilities
- Section C – Safety and Emergency
- Section G - Maintenance
- Section L – Cost Recovery and Invoicing
- Section M – Information Flows
- Section N - General
- Appendices (Supplemental Agreements).

Potential amendments are categorised as follows:

- Enhance Existing Code:
  - Update definitions so that they are clear and concise
  - Update processes to align with industry practice/processes
  - Improve templates to allow for the correct asset ownership to be documented
- Amend existing arrangements to fully define:
  - Approach for Tri-party sites
  - Site Owner process and the removal of redundant site assets
  - Process for updating site owner drawings

- NGG's responsibilities for managing the library of Supplemental Agreements
- New Requirements:
  - Requirements needed to support Critical Network Infrastructure (CNI) sites.

## Impacts & Costs

Costs associated with the Request Proposal are expected to be limited to those incurred by parties in the normal course of conducting any system/process enhancements.

## Recommendations

The principal objective of the Request is to identify and consider changes that are required to UNC arrangements to take account of industry changes since 2005.

## Additional Information

None identified.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

None identified.

### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"><li>• Not impacted</li></ul>
Operational Processes	<ul style="list-style-type: none"><li>• Not impacted</li></ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"><li>• Not impacted</li></ul>
Development, capital and operating costs	<ul style="list-style-type: none"><li>• Not impacted</li></ul>
Contractual risks	<ul style="list-style-type: none"><li>• Not impacted</li></ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"><li>• Not impacted</li></ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"><li>• Not impacted</li></ul>
Development, capital and operating costs	<ul style="list-style-type: none"><li>• Not impacted</li></ul>

Impact on Transporters	
Recovery of costs	<ul style="list-style-type: none"> <li>Minor positive impacts – proposed Modification to clarify OAD rules for cost recovery.</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>Minor positive impacts identified to clarify contractual obligations and relationships.</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>Potential Impact - Proposed creation of a new Offtake Technical Sub-committee to review Offtake Subsidiary documents and other OAD Transporter related issues. Requires approval by the Offtake Committee.</li> </ul>
General administration	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Impact on Code	
Code section	Potential impact
OAD A - C, G, L – O, Appendices	<ul style="list-style-type: none"> <li>Impacted by implemented and proposed Modifications.</li> </ul>

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"> <li>Not impacted</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Self Governance Guidance	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
UNC Data Dictionary	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
	<ul style="list-style-type: none"> <li></li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Temperature/Demand Methodology for Planning Purposes TD76 Code of Practice	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
OAD Templates Agreement Document	<ul style="list-style-type: none"> <li>Impacted due to changes implemented by Modification 0683S.</li> </ul>
Offtake Communications Document	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Safe Control of Operations Interface Procedure	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Transmission System Operator to Distribution System Operator Agreement Guidelines	<ul style="list-style-type: none"> <li>Impacted - Amendments have been proposed and submitted to the Offtake Committee for approval.</li> </ul>
Work Procedure for Operation and Maintenance of Calorimeters and Chromatographs Part 1: Danalyzers under direction from Ofgem	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Work Procedure for Validation of Equipment with Measurement Systems for the Calculation of Mass, Volume and Energy Flowrate of Gas Part 1: General	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Work Procedure for Validation of Equipment with Measurement Systems for the Calculation of Mass, Volume and Energy Flowrate of Gas Part 2: Generic Test Procedure	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Work Procedure for Validation of Equipment with Measurement Systems for the Calculation of Mass, Volume and Energy Flowrate of Gas Part 3: Flow Weighted Average Calorific Value Offtakes	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
DSC / CDSP	Potential Impact
Change Management Procedures	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
	<ul style="list-style-type: none"> <li></li> </ul>

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"> <li>Not impacted</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>Positive impact by the clarification of OAD rules.</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> <li>Not impacted</li> </ul>



## 3 Terms of Reference

### Background

To conduct a review and assessment of the rights and obligations of Gas Transporters as defined under UNC Offtake Arrangements Document (OAD).

### Topics for Discussion

- Understanding the objective
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text

### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification where appropriate.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting would normally be quorate provided at least two Transporter and two User representatives are present. However, as this topic is mainly of interest to Transporters, meetings should be considered quorate if only Transporters are present.

### Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Modifications and other activities

### Modification(s)

Modification 0683S - *Offtake Arrangements Document (OAD) Review Updates – Phase 1* was implemented on 15 June 2020.

<https://www.gasgovernance.co.uk/0683>

The Modification updated the OAD in order to bring it in line with industry changes made since the implementation of OAD in 2005 and in summary proposed the following changes:

- Inclusion of Tripartite Arrangements for Offtakes where there were three parties using the site.
- Shared sites – 3 definitions of shared site offtakes:
  1. Bi-directional/reverse flow at offtakes in exceptional circumstances;
  2. Closed sites NTS/LDZ;
  3. Shared sites that are not offtakes.
- Implementation of the Supplemental Agreement template (incl. recitals) – governed by an OAD subsidiary document.
- Critical National Infrastructure
  1. By agreement Site security can be transferred to the Site User;
  2. Documented in the site Supplemental Agreements(s) and Site Schedule of Responsibilities.
- An Affected Party
  1. Alterations, replacements, relocation, and additions which have identified impacts, the “Modifying Party” will need to include these in the notice defined in OAD.

### Further Modifications

Further Modification(s) are expected to be progressed by OAD parties following the closure of Workgroup 0646R for the following areas:

- Proposed Modification for amendments to Cost Recovery and Invoicing under OAD. This Modification seeks to update the Offtake Arrangements Document in order to allow all Transporter operators to agree cost recovery in advance of actual works taking place;
- Proposed Modification for the management of site drawings. This Modification is to propose an OAD reference to a new OAD subsidiary document for the management of site drawings between Transporters. This aims to improve consistency and provide process clarity. The process was developed by an offline process expert workgroup.
- Proposed Modification to implement an OAD Offtake Subsidiary Document Supplemental Agreement Update Process to clarify and identify best practice for the process of updating Supplemental Agreements. This will include references in OAD.

## Potential for additional work areas

Workgroup 0646R considered the scope of the Workgroup terms of reference and have identified the following activities that require further work which might not be related to the raising of a UNC Modification:

- The Workgroup recommends that the Offtake Committee establish a new sub-committee identified as the Offtake Technical Sub-Committee (see attached Terms of Reference appendix 1) with the task of reviewing Offtake Subsidiary Documents and other Transporter related OAD issues. This will also reduce the need to establish Request Workgroups to undertake further reviews of these documents and associated processes.

It was noted by participants that these activities could be undertaken by the Offtake Committee directly. However, it is felt that a subcommittee tasked with reviewing and developing OAD processes and subsidiary documents and making recommendations on approval would be more flexible in its approach by targeting attendance at meetings by relevant process experts.

Workgroup 0646R developed an OAD related issues log that identifies issues that still require consideration and review by a relevant group. It is recommended that the OAD related issues log is reviewed and maintained by the Offtake Technical Committee should it be established by the Offtake Committee, or directly by the Offtake Committee.

- The scope of Workgroup 0646R including consideration of issues related to Critical National Infrastructure and site maintenance. The Workgroup noted that separate non-UNC industry workgroups were currently reviewing these areas and once any UNC impacts are identified, steps would be taken to amend OAD or the relevant subsidiary documents to ensure they remain fit for purpose.
- The Workgroup notes that a technical forum is being proposed/established to review OAD subsidiary documents T/PR/ME/2 Validation of Equipment Associated with Measurement Systems for the Calculation of Mass, Volume and Energy Flowrate of Gas Parts 1 to 3. A technical forum is being used to ensure participation by relevant industry experts. Once the review process has been concluded, these documents will be submitted to the Offtake Committee for approval as OAD Subsidiary Documents.

## Governance

The Workgroup recommends that this Request Workgroup be closed, and any associated Modifications highlighted above should be concluded in their own Workgroups.

## 5 Recommendations

The Proposer invites the Panel to:

- Consider the Workgroup Report;
- Note that it is recommended that OAD parties progress a number of Modifications as highlighted above;
- That there is a recommendation to the Offtake Committee to establish the Offtake Technical Subcommittee; and
- DETERMINE that Workgroup 0646R should be closed.

## 6 Appendices

Appendix 1 - Proposed Terms of Reference for the Offtake Technical Committee:

### **Uniform Network Code Committee Offtake Technical Committee Terms of Reference**

#### **1. Introduction**

The Uniform Network Code (UNC) Offtake Arrangements Document (OAD) Section N 8.0 provides for the establishment of the “Offtake Committee” to consider matters relating to the OAD. The Offtake Committee is a sub-committee of the Uniform Network Code Committee established by UNC General Terms Section B - General.

OAD Section N 8.6 allows the Offtake Committee to establish sub-committees, and may set the terms of reference and procedural rules for and delegate any matter to such a sub-committee.

The Offtake Technical Committee (OTC) has been established by the Offtake Committee and has been allocated activities related to the development and management of Offtake Subsidiary Documents and Transporter Offtake Arrangements related issues.

An Offtake Subsidiary Documents are those documents listed in OAD Section N 1.2.

#### **2. Scope of the OTC Committee**

The functions of the OTC are:

- i. to develop new Offtake Subsidiary Documents proposed by UNC Parties that are not related to a UNC Modification;
- ii. to keep each existing Offtake Subsidiary Document under review and modify; and
- iii. make a recommendation to the Offtake Committee for the implementation, modification or withdrawal of an Offtake Subsidiary Document;
- iv. Transporter related OAD issues e.g. communication routes, cost recovery and escalation processes (these exclude issues related to the Measurement Error Notifications process that reside with the Offtake Arrangements Workgroup).

#### **3. Members and Appointment**

- a) The OTC Voting Members are those nominated by the Transporters.
- b) Each year a total of up to five (5) voting members will be appointed by Transporters who will arrange their own nomination process with up to one (1) voting member from each Transporter (namely: Cadent, National Grid NTS, Northern Gas Networks, Scotia Gas Networks and Wales & West Utilities).
- c) OAD Parties and the CDSP may attend meetings of the OTC as observers. Non OAD Parties may attend by invitation only.
- d) The Authority may attend meetings of the OTC.

- e) The Transporters shall appoint a person from time to time to be Chair of the OTC. Where requested by Transporters, the Joint Office of Gas Transporters will chair meetings and provide a secretary.
- f) Any nominated alternate may hold the voting rights of the Voting Member they represent following formal written notification to the Chair or the Joint Office of Gas Transporters of their alternate.
- g) Should a member resign or retire part way through the appointment year, then the relevant Transporters can nominate a replacement.

#### **4. Basis for Reporting**

The OTC will report to the Offtake Committee, following the standard format used by UNC Committees except that:

- a) Minutes of each meeting are made available to Members and other industry parties by publication on the Joint Office of Gas Transporters website.

#### **5. Procedures for the Conduct of Business for OTC**

Where the Joint Office Chairs the meeting, the Code Administration Code of Practice shall apply wherever possible.

Members agree that attendance to OTC meetings should be open to OAD Parties, the Authority and the CDSP, however other industry parties attendance would be restricted by specific invitation only.

The quorum adopted is at least three (3) Voting Members or their alternates, of which at least one (1) shall be National Grid NTS and two (2) Distribution Network Operator Members.

Voting Members are permitted to appoint alternates to attend on their behalf and a single alternate may represent more than one (1) Voting Member. Nominations of alternates should be made to the Chair or Joint Office of Gas Transporters (as appropriate) in writing, or by e-mail, in advance of the meeting and may be on an enduring basis.

Where the meeting is quorate, all determinations shall be by simple majority of Voting Members or their nominated alternate in attendance at the meeting.

#### **6. Recommendation/ Determinations of the OTC**

Determinations of the OTC shall be made by the affirmative vote of all members present at a validly called meeting of the OTC at which at least three (3) members are present see 5. Above.

All determinations are subject to an approval vote of the Offtake Committee.

The Parties shall ensure that minutes of the OTC meetings and records of its proceedings are kept and made available to each Representative and each Party.

## **OTC Standard Agenda**

- 1.0 Introduction
- 2.0 Confirmation of Membership/Alternates and Apologies for Absence
- 3.0 Review of Minutes
- 4.0 Review of Action(s) Outstanding
- 5.0 Modification of Offtake Subsidiary Documents
- 6.0 Withdrawal of Offtake Subsidiary Documents
- 7.0 Storage and Access to Offtake Subsidiary Documents
- 8.0 OAD related Issues and Issues log
- 9.0 Recommendations to Offtake Committee
- 10.0 Any Other Business
- 11.0 Diary Planning