

OAD Offtake Subsidiary Document

Removal of Redundant Assets Process

Document Control

Version	Date	Reason for Change
0.1	29 April 2019	Draft Created.
0.2	29 May 2019	Renamed to Removal of Redundant Assets Process Alignment with proposed arrangements under MOD 0683.
0.3	24 June 2019	Response times included in Section 4 - Process Steps. Additional words included in 2.9.1 Amendment to Section 2.4 to align with agreed business rules.
<u>0.4</u>	<u>04 December 2019</u>	<u>Minor changes to Section 1 – Scope and Section 2 - Principles for clarity purposes.</u> <u>Section 1.1 - clarify requirements are offtakes and shared sites under OAD. Additional text to confirm other terms in the industry that refer to “redundant” assets.</u> <u>Section 2.1 - Revision of words to outline the general principle that decommissioned assets can still take place providing no impact to another operator.</u> <u>Section 2.2 – Revision to the words to outline the conditions that should be considered before a decommissioned asset is left in situ.</u> <u>Section 2.9.1 – Revised text to align to current agreement that the redundant asset process will not apply if a lease is in place.</u>
1.0	01 Xxxxxx 2019	Implementation version
2.0		
3.0		

Document Governance

UNC Offtake Arrangements Document (OAD) Section N sets the rules for the governance of OAD Subsidiary Documents. However, it should be noted that OAD can reference UNC Related Documents and the rules for governance are set out in UNC Transportation Principals Document (TPD) Section V.

OAD Subsidiary Documents are usually approved through the Offtake Committee;
UNC Related Documents are usually approved through the Uniform Network Code Committee.

UNIFORM NETWORK CODE - OFFTAKE ARRANGEMENTS DOCUMENT SECTION N - GENERAL

1.2 Subsidiary Documents

1. UNC OAD Section N - General 1.2 Offtake Subsidiary Documents (OSD) set the rules for the establishment of OSDs and how they are then managed by the Offtake Committee.
2. The list of OSDs contained in OAD Section N 1.2.1 can be amended either by Modification or as agreed by the Parties.

UNIFORM NETWORK CODE – TRANSPORTATION PRINCIPAL DOCUMENT SECTION V – GENERAL

12. General Provisions Relating to UNC Related Documents

12.1 Purpose

The purpose of this Section is to establish generic governance arrangements in respect of the following UNC Related Documents (each a “**Document**” and collectively the “**Documents**”):

- a) Network Code Operations Reporting Manual as referenced in Section V9.4;
- b) Network Code Validation Rules referenced in Section M1.5.3;
- c) ECQ Methodology as referenced in Section Q6.1.1(c);
- d) **Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations as referenced in OAD Section D 3.1.5.**
- e) the Allocation of Unidentified Gas Document referenced in Section E9.1.1;
and
- f) the Customer Settlement Error Claims Process Guidance Document referenced in Section E1.3.10.

12.2 Publication Requirements

Each Document shall be kept up to date and published by the Transporters on the Joint Office of Gas Transporters’ website.

12.3 Modifications

Should a User or Transporter wish to propose modifications to any of the Documents, such proposed modifications shall be submitted to the Uniform

Network Code Committee and considered by the Uniform Network Committee or any relevant sub-committee where the Uniform Network Code Committee so decide by majority vote.

12.4 Approved Modifications

- 12.4.1** In the event that a proposed modification is approved by a majority vote of the Uniform Network Code Committee, the modification shall be implemented. Where the Uniform Network Code Committee fails to achieve majority approval, the proposed modification shall be considered in accordance with the provisions set out in Section 7 of the Uniform Network Code Modification Rules unless the Uniform Network Code Committee determines otherwise.
- 12.4.2** Each revised version of a Document shall be version controlled and retained by the Transporters. It shall be made available on the Joint Office of Gas Transporters' website.

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Note: Contents to be added once document structure below this point has been agreed.

1. Scope

- 1.1. The scope of this process is to enable one operator to request from another, for at a offtakes or shared sites that fall under OAD, the removal of non-operational assets. This term cover the terminology used within the industry of "decommissioned" or "redundant" assets.
- 1.2. Non-operational assets are those that have been installed on site but no longer serve a purpose in the conveyance of gas from one network to another. These reside upon land within space that could utilised for other purposes.
- 1.3. The intent of this process is to provide fair and equitable arrangements for both site owners and site users, to allow any operator to request the removal of a non-operational or redundant asset under defined conditions.

2. Principles

- 2.1. ~~It is common practice between Gas network operators can continue to isolate, mothball and decommission assets, at offtakes and shared sites, when they are not needed and leave these in place providing that they do not create a process safety risk for them or another network operator. All operators consider this as a better investment decision given that the cost of removal can be significant and that such costs are ultimately passed onto consumers as part of the transportation charge.~~
- 2.2. ~~Before Whilst historically network operators have favoured an operator proceeds to be to leave decommissioned an asset and asset in place leave it in its current position, there are other drivers there a considerations that need to be reviewed why by the asset owner before proceeding with such action operators should remove assets that are no longer in use.~~ The key aspects are:
 - the removal and disposal of assets should be undertaken in accordance with an operators' engineering policy and procedures, and also in line with financial accounting requirements. Some assets may still have an asset value and these need to be treated accordingly within an operator's financial accounts, especially if it will be disposed of.
 - Each operator may have differing approaches and thus policies and procedures for the safe removal of assets. For one operator to remove another operator's asset, this will require working on a network system for which they do not have the right competence and authorisation in terms of permitry, and if the work does

not meet the required standard as a result further work and cost may have to be incurred.

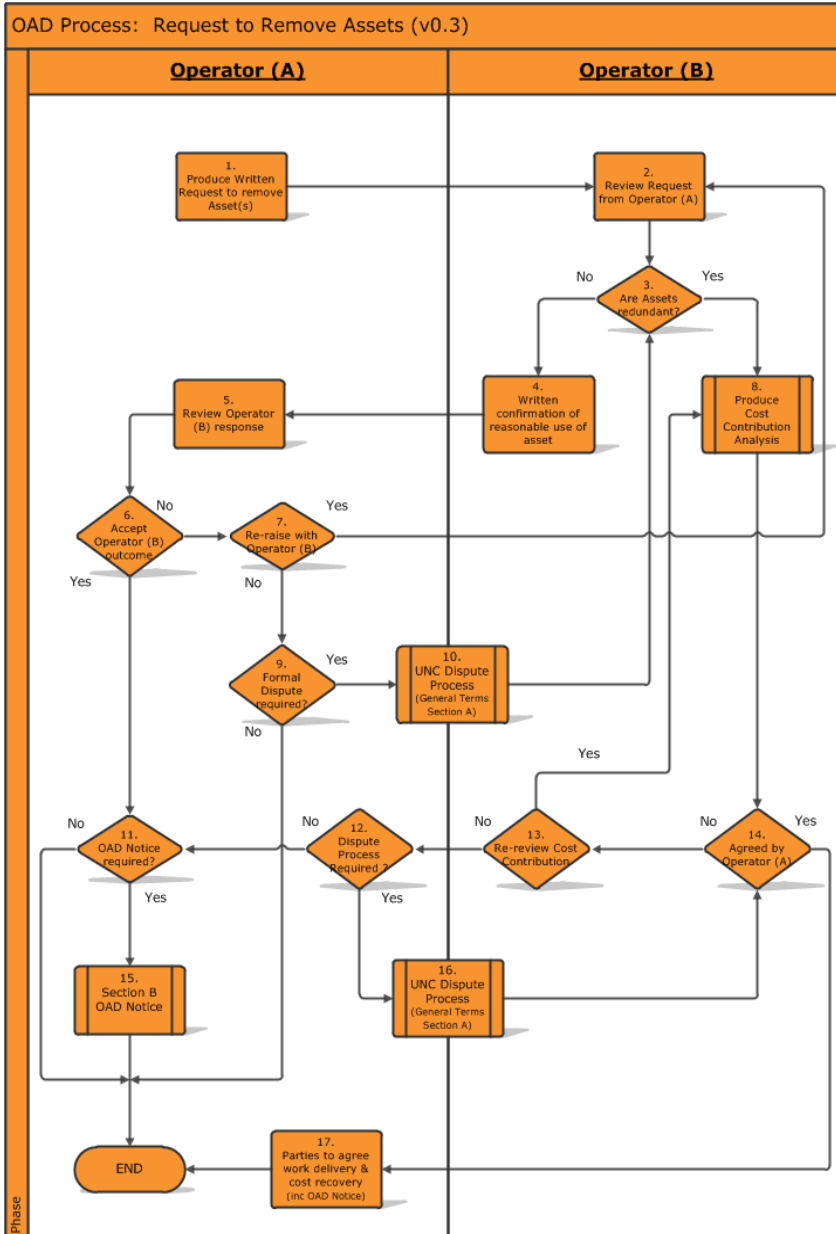
- All gas network operators are affected by obsolescence. In an industry environment where grey spares are scarce to source, operators may need to refurbish and relocate assets they have in place from one site to another in order to keep their network running, or avoid a costly replacement with a different asset.
- Leaving non-operational assets in place may increase costs for future investment at a later date

- 2.3. An operator may request the removal of a non-operational ~~asset or a redundant asset~~ when it requires the re-use of land or property where space is of a premium and the assets identified have been seen to be non-operational ~~or redundant f~~for 12 months or more.
- 2.4. The request must be in writing outlining the asset(s) that need to be removed, the land required and the reason(s) why the land is required. The requesting party must advise the receiving party if the land requirement will change once identified.
- 2.5. Upon receipt the receiving party will consider the impacts of the request. They will not unwillingly delay its response to the request and will then engage with the requesting operator to seek a way forward that is equitable for both parties.
- 2.6. An operator may allow another operator to remove the agreed assets on their behalf subject to the application of the required engineering governance. The cost or shared cost will then be recovered via the provisions under OAD Section L.
- 2.7. If the cost of removal is to be shared the cost will be confirmed in writing in advance of the work commencing.
- 2.8. Disputes are to be resolved via the appropriate escalation between parties. If this fails, the parties will seek settlement via the dispute process under the general terms of Uniform Network Code, where both parties will be bound by the outcome whether favourable or not.
- 2.9. For the avoidance of doubt:
 - 2.9.1. ~~if a lease agreement is in place the requirements under that agreement must be followed and the process outlined in this document will not apply.~~
 - 2.9.1. ~~the requirements and conditions within must be taken into account and followed first;~~
 - 2.9.2. if one operator requests another to remove an asset where the need is based upon health or safety reasons, this cost should be solely at the expense of the asset owner;
 - 2.9.3. for all other requests covering the removal or relocation of operational assets, these requests should follow the requirements as set out under OAD Section B.

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3. Process Flow



4. Process Steps

Step	Requirement	Owner
01	This process enables any operator to request from another operator at a shared site, to remove an asset or assets. The request is to be in writing outlining the specific assets that need to be removed, detailing the proposed work and the reason(s) why.	Operator A
02	Operator B receives request from Operator A and will review accordingly. Operator B will review the initial request and will provide a response within 60 days unless otherwise agreed with Operator A. Operator B will also check whether there is a lease agreement in place for the respective site, and whether the request to remove assets is covered by that agreement. If removal is not covered then the requirements within this process are to be followed.	Operator B
03	Decision Box. Operator B will check to confirm whether the assets that have been requested for removal are operational or redundant.	Operator B
04	If the assets in question are not redundant, this must be confirmed back to Operator A in writing as such along with the supporting rationale of how they are used or will be used in the immediate future.	Operator B
05	Operator A will review Operator B's response to the original request. Operator A will review the initial request and will provide a response within 60 days unless otherwise agreed with Operator B.	Operator A
06	Decision Box. Following the review of Operator B's response, Operator A will decide whether they agree with the response provided.	Operator A
07	Decision Box. If Operator A does not agree with Operator B's initial response or requires to explore the matter further, the parties are to engage with the appropriate dialogue until either a mutual agreement is reached or evidence of the	Operator A
08	Operator B will produce the Cost Contribution Analysis either as it has accepted that the asset is redundant or following the outcome via the dispute process. [This step is now needs to be revamped. Consideration should be given as to the decision on which party will remove the asset and the confirmation of any cost	Operator B

	sharing to be agreed prior to the work commencing	
09	Decision Box. If all attempts have been made to resolve the matter and Operator A does not agree with Operator B's view concerning the assets in question, then the formal disputes process may be used.	Operator A
10	Operator A will initial the dispute process as per the requirements set in UNC – General Terms Section A. If this process is used the parties agree to be bound by the outcome.	Operator A and B
11	Decision Box. Operator A will consider whether it will continue with the identified work. If so, this will require the raising of an OAD Notice.	Operator A
12	Decision Box. If all attempts have been made to resolve to seek an amicable position concerning the Cost Contribution, either Operator can seek to initiate the formal disputes process. Again, if this process is used the parties agree to be bound by the outcome.	Operator A and B
13	Decision Box. Does the Cost Contribution Analysis need to be revisited to find an alternative position or affirm the robustness of the original result.	Operator B
14	Decision Box. Operator B will provide the outcome from the Cost Contribution analysis to Operator A. If the outcome is fair and equitable Operator A should accept the outcome. However, if Operator A does not agree all attempts shall be made to find the common ground and a settlement acceptable to both parties.	Operator B
15	As the proposed work will cause an impact to both Operators, Operator A will raise the OAD notice to confirm the specific details.	Operator A
16	Operator A will initial the dispute process as per the requirements set in UNC – General Terms Section A. If this process is used the parties agree to be bound by the outcome.	Operator A and B
17	Once the outcome from the Removal of Asset process is known Operator A and B will agree the proposed delivery of work, in terms of timescales and any other cost recovery to support Operator A's work. This will include the issue of the OAD notice.	Operator A
END		

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