

MODIFICATION 0473A

PROJECT NEXUS - ALLOCATION OF UNIDENTIFIED GAS

Proposed legal text:

TPD SECTION E: DAILY QUANTITIES, IMBALANCE AND RECONCILIATION

Insert new paragraph 9 to read as follows:

9 UNIDENTIFIED GAS - ALLOCATION FACTORS

9.1 Interpretation

9.1.1 For the purposes of this paragraph 9:

- (a) the "**UGIE Document**" is the document entitled 'Framework for the appointment of an Unidentified Gas Independent Expert' which sets out:
 - (i) the procedure for the appointment of the UG Expert;
 - (ii) what qualifications and competencies the UG Expert is required to hold;
 - (iii) the criteria for selection of the UG Expert;
 - (iv) the terms of the UG Expert Contract;
 - (v) procedures for preparing the UG Statement and the UG Table; and
 - (vi) such other matters (consistent with this paragraph 9) as the Committee and the Transporters may agree;
- (b) "**UG Expert**" means the person from time to time appointed pursuant to paragraph 9.2;
- (c) "**UG Expert Contract**" means the contract appointing a person to act as the UG Expert;
- (d) "**UG Statement**" means the statement prepared in respect of an UG Year pursuant to paragraph 9.4;
- (e) "**UG Table**" means the table prepared for an UG Year pursuant to paragraph 9.4 in the form set out in Annex E1;
- (f) "**UG Year**" means the period from 1 October in any year until and including 30 September in the following year and in relation to any UG Year the "**Preceding UG Year**" is the UG Year ending at the start of such UG Year;
- (g) "**Unidentified Gas Source**" means a particular set of circumstances in respect of a Class of Supply Point which give rise to Unidentified Gas.

9.1.2 For the purposes of this paragraph 9:

- (a) **"CSEP Equivalent Points"** means System Exit Points treated as comprised (as contemplated in Section A3.3.5 and as provided in the relevant CSEP Network Exit Provisions) in an Unmetered Connected System Exit Point which relate to points of supply (to premises connected to the relevant Connected Offtake System) equivalent to Supply Point of a given class; and references to provisions of the Code include (in relation to CSEP Equivalent Points) corresponding CSEP Network Exit Provisions;
- (b) references to a User's CSEP Equivalent Points are to the CSEP Equivalent Points for which the User is responsible in accordance with the relevant CSEP Network Exit Provisions;
- (c) references to Larger Supply Points exclude NTS Supply Points and Special Metering Supply Points.

9.1.3 The UGIE Document is a UNC Related Document and a reference to the UGIE Document is to such document as from time to time in force.

9.1.4 In this paragraph 9 a reference to the Committee is to the Uniform Network Code Committee.

9.1.5 The Committee shall have the functions set out in this paragraph 9 and the UGIE Document.

9.2 Appointment of UG Expert

9.2.1 A person shall be appointed by the Transporters, in accordance with this paragraph 9.2, for the purposes of:

- (a) preparing the UG Statement or (as the case may be) modifying the UG Statement for the Preceding UG Year, and recommending it to the Committee; and
- (b) preparing the UG Table, and recommending it to the Committee,

in relation to each UG Year.

9.2.2 The Transporters shall, subject to and in accordance with the UGIE Document and the requirements of the Committee:

- (a) prepare arrangements and documentation for a tender for the appointment of a person as UG Expert;
- (b) conduct such tender on the basis of such arrangements and documentation;
- (c) review and assess the proposals made by persons tendering for appointment as the UG Expert ("**bidders**") pursuant to the tender;
- (d) where appropriate (for the purposes of the selection of a bidder) enter into discussions with one or more bidders;
- (e) use reasonable endeavours to enter into an UG Expert Contract with the selected bidder; and
- (f) perform the Transporter obligations, and exercise the Transporters rights, in accordance with the UG Expert Contract.

9.2.3 Without prejudice to the requirements of the UGIE Document, the Transporters may seek guidance or direction of the Committee in relation to anything they propose to do or any other matter arising in connection with their activities under paragraph 9.2.1, and may act in accordance with such guidance or direction.

9.2.4 This paragraph 9.2 shall apply on each occasion on which an UG Expert is to be appointed.

9.3 Terms of engagement of UG Expert and cost recovery

9.3.1 Nothing in this paragraph 9 shall require the Transporters to enter into an UG Expert Contract on terms which in the Transporters' reasonable opinion:

- (a) would be unlawful for the Transporters; or
- (b) would give rise to the Transporters incurring any liability, other than in respect of their own wilful misconduct, gross negligence or fraud, which the Transporters are not entitled to recover from Users pursuant to paragraph 9.3.5.

9.3.2 The Transporters may enter into an UG Expert Contract on terms which:

- (a) limit or exclude the liability (as to such matters as may be provided in such contract) of the UG Expert;
- (b) provide that if a User or any supplier or consumer makes any claim or takes any legal proceedings (as to such matters as may be provided in such contract) against the UG Expert, the Transporters will indemnify the UG Expert in respect of such claim or proceeding,

and in such a case each User undertakes that it shall not, and shall procure that each supplier and consumer does not, make such a claim or take such proceedings against the UG Expert, and shall indemnify the Transporters in respect of any liability to the UG Expert if such User or any such supplier or relevant customer does make such a claim or take such proceedings.

9.3.3 The Transporters may agree the UG Expert Contract shall be entered into by a Single Transporter; but in the absence of such agreement they shall each be a party to the UG Expert Contract.

9.3.4 For the avoidance of doubt, the Transporters shall not be the agent or trustee of any User for the purposes of the UG Expert Contract, and the Transporters shall owe no duties or responsibilities to any User in respect of the UG Expert Contract other than as provided in this paragraph 9 and the UGIE Document.

9.3.5 The functions of the Transporters under this paragraph 9 (including the engagement of the UG Expert) are User Pays Services and all amounts payable to the UG Expert and any other costs, expenses and liabilities incurred under the UG Expert Contract are recoverable as User Pays Charges.

9.4 Establishing the UG Statement and UG Table

9.4.1 For each UG Year a statement (including a methodology covering matters which may include research, sampling, data, modelling, analysis, criteria) shall be prepared by the UG Expert which:

- (a) identifies each Unidentified Gas Source;

- (b) estimates the total quantity of Unidentified Gas; and
- (c) specifies the proportionate contribution of each Unidentified Gas Source to the total quantity of Unidentified Gas;
- (d) (and in relation to UG Years other than the first, such methodology shall be established by modifying the methodology for the preceding UG Year); which methodology shall be such as, in the opinion of the Committee, is calculated to facilitate (or in the case of a modification to the methodology, better facilitate as compared with the prevailing methodology) the achievement of the relevant objectives in Standard Special Condition A11 of the Transporters' Licence.

9.4.2 For each UG Year following preparation of the UG Statement a table (in the form in Annex E1) shall be prepared by the UG Expert which:

- (a) identifies each Unidentified Gas Source;
- (b) identifies difference categories of System Exit Points;
- (c) for each category of System Exit Point identifies an allocation factor.

9.4.3 In respect of each UG Year:

- (a) the UG Expert shall prepare a proposed UG Statement;
- (b) the Committee shall consult with Users and Transporters (and such other persons as they may agree) in respect of the proposed UG Statement;
- (c) the proposed methodology may be modified by the UG Expert following such consultation;
- (d) such further steps or iterations (if any) as are set out in the UGIE Document shall be taken in relation to the proposed methodology;
- (e) the Committee approve and publish the UG Statement;
- (f) the UG Expert shall prepare a proposed UG Table on the basis of the approved UG Statement;
- (g) such steps as are set out in the UGIE Document shall be taken in relation to the proposed UG Table, following which the UG Expert shall submit a final UG Table to the Committee for approval;
- (h) the Committee shall approve the final UG Table submitted by the UG Expert pursuant to paragraph (g) unless by unanimous resolution the Committee determines:
 - (i) to approve a modified UG Table; or
 - (ii) to require any further iteration of any steps as referred to in paragraph (g), in which case paragraph (g) and this paragraph (h) shall further apply;
- (i) the Committee shall publish the UG Table approved in accordance with paragraph (h);

all in accordance with and subject to the annual timetable set out in the UGIE Document.

9.4.4 For the purposes of the Code:

- (a) the UG Statement and the UG Table established for an UG Year for the purposes of paragraph 9.4.1 shall be those approved by the Committee under paragraph 9.4.3, and shall not be subject to later modification in relation to such UG Year;
- (b) the approved UG Statement and the UG Table shall be binding for the purposes of the Code.

9.4.5 Each Transporter and User shall, to the extent provided in the UG Statement, cooperate with and provide data to the UG Expert in connection with the preparation of the UG Table.

ANNEX E1

Delete all text and insert the following table:

Supply Meter Point Classification	Allocation Factor			
	Class 1	Class 2	Class 3	Class 4
EUC Band 1				
EUC Band 2				
EUC Band 3				
EUC Band 4				
EUC Band 5				
EUC Band 6				
EUC Band 7				
EUC Band 8				
EUC Band 9				

TRANSITION DOCUMENT

Create new Part IIF to read as follows:

UNIFORM NETWORK CODE - TRANSITION DOCUMENT

PART IIF - UNIDENTIFIED GAS

1 Introduction

1.1 For the purposes of this Part IIF:

- (a) **"2015/16 Table"** means the table identifying a quantity of Unidentified Gas approved by the Committee for the purposes of the allocation of Unidentified Gas in the period ending on the day preceding the Project Nexus Implementation Date;¹
- (b) **"Relevant Unidentified Gas"** or **"RUG"** means the quantity of Unidentified Gas for which any Unidentified Gas Source is identified in the 2015/16 Table (such quantity being equal to the total Unidentified Gas less the 'balancing factor' shown in the 2015/16 Table);
- (c) **"Monthly RUG"** means:
- $$\text{RUG} / 12$$
- (d) "MT" means in respect a relevant month the aggregate for all LDZs of the Adjusted User LDZ Offtake Quantity for all days in the relevant month.
- (e) **"relevant month"** means a month in the UG Transition Period;
- (f) **"SMP Group"** means those LDZ Supply Points which on the Day preceding the Project Nexus Implementation Date were classified for the purposes of the TPD as:
- (i) Larger DM Supply Point Components;
 - (ii) Larger NDM Supply Point Components; or
 - (iii) Smaller Supply Point Components;
- (and the terms 'Larger DM Supply Point Component', 'Larger NDM Supply Point Component' and 'Smaller Supply Point Component' shall have the meanings previously given in the TPD in the respect of the period ending on the day preceding the Project Nexus Implementation Date);
- (g) **"SMPG Factor"** means the factor:
- $$\text{SMP RUG} / \text{RUG}$$
- (h) **"SMPG RUG"** means the aggregate quantity of Relevant Unidentified Gas in the 2015/16 Table allocated to a SMP Group;
- (i) **"SMPG MT"** means for a SMP Group and a relevant month, the sum of all Users UDQOs for all Days in the month for all Supply Points in the SMP Group;
- (j) **"SMPG MT Factor"** means in respect of a relevant month, the factor:
- $$\text{SMPG MT} / \text{MT}$$
- (k) **"UG Transition Period"** means the period commencing on the Project Nexus Implementation Date and ending on the day preceding the first day of a UG Year (or part UG Year) in respect of which the Committee first approves a UG Table prepared by the UG Expert in accordance with Section E9.

¹ Term introduced under Modification 0432, see paragraph 1 GT Section C.

- 1.2 The Transporters will appoint a UG Expert by no later than the Project Nexus Implementation Date.
- 1.3 The UG Expert shall not be required to establish a UG Statement or UG Table in respect of the twenty-four (24) month period commencing on the Project Nexus Implementation Date.
- 1.4 Following the end of the period referred to in paragraph 1.3, the UG Expert will establish a UG Statement and a UG Table for the next following UG Year, or for such other period as the Committee may determine, in accordance with TPD Section E9.

2 Allocation of Relevant Unidentified Gas during UG Transition Period

2.1 In respect of a relevant month and SMP Group the:

(a) **"2015/16 Amount"** is the amount of Unidentified Gas calculated as follows:

$$\text{Monthly RUG} * \text{SMPG Factor}$$

(b) **"Throughput Amount"** is the amount of Unidentified Gas calculated as follows:

$$\text{Monthly RUG} * \text{SMPG MT Factor}$$

(c) **"UG Adjustment Quantity"** is the sum of the Throughput Amount (a negative amount) plus the 2015/16 Amount (a positive amount).

2.2 In respect of a User, relevant month and SMP Group the **"User Monthly UG Adjustment Amount"** shall be calculated as follows:

$$\text{UGAQ} * (X / Y)$$

where:

UGAQ is the UG Adjustment Quantity for the relevant month and SMP Group;

X is the aggregate of the User's User Adjusted LDZ Offtake Quantity for all LDZs and for all Days in the relevant month;

Y is the aggregate for all LDZs, all Users and all Days in the relevant month of the User Adjusted LDZ Offtake Quantities.

2.3 In respect of each SMP Group the User Monthly UG Adjustment Amount shall be payable:

(a) by the User to National Grid NTS, where such amount is positive;

(b) by National Grid NTS to the User, where such amount is negative

and shall be invoiced and payable in accordance with TPD Section S.