

## System Operation Managed Service Agreement (SOMSA)

### A note by NGT for the DISG

#### 1. Background

At its meeting on Tuesday 3 February 2004 the DISG requested that NGT clarify the rationale for, and the services provided under, the proposed System Operation Managed Service Agreement (SOMSA).

This note describes the Area Control Centre (ACC) activities and explains how these will be undertaken in the event the sale of one or more Distribution Networks.

#### 2. Current and Future Control Centre Arrangements

NGT currently conducts daily gas operations activities using five control centres with associated back up facilities. The location, scope of operation and future plans for the control centres are as follows:

Gas National Control Centre	Location	Scope of Operation	Future Plans
	Hinckley	NTS	Relocate to Warwick June 2004

Area Control Centres	Location	Scope of Operation		Future Plans: Timing of relocation to new Distribution Network Control Centre at Hinckley
		LDZs	DNs	
North	Killingworth	<ul style="list-style-type: none"> <li>Scotland</li> <li>North West</li> <li>Northern</li> </ul>	<ul style="list-style-type: none"> <li>Scotland (in whole)</li> <li>North West (in whole)</li> <li>North of England (in part)</li> </ul>	March 2005
South	Dorking	<ul style="list-style-type: none"> <li>Southern</li> <li>South East</li> <li>North Thames</li> </ul>	<ul style="list-style-type: none"> <li>South of England (in whole)</li> <li>North London (in whole)</li> </ul>	March 2005
East	Hinckley	<ul style="list-style-type: none"> <li>Eastern</li> <li>East Midlands</li> <li>North Eastern (Yorkshire)</li> </ul>	<ul style="list-style-type: none"> <li>East of England (in whole)</li> <li>North of England (in part)</li> </ul>	July 2004
West	Gloucester	<ul style="list-style-type: none"> <li>West Midlands</li> <li>Wales South</li> <li>Wales North</li> <li>South West</li> </ul>	<ul style="list-style-type: none"> <li>West Midlands (in whole)</li> <li>Wales and the West (in whole)</li> </ul>	July 2004

It is important to recognise that the relocation plans do not involve co-location of NTS and DN control room functions. The ACC relocation plans will be reviewed and amended in the light of any Distribution Network sales.

In addition to the relocation plans, NGT has a project under way to replace the existing control systems. This is expected to be complete for the Gas National Control centre in 2004 and for the Distribution Network Control Centre in 2005.

### 3. **Area Control Centre Activities**

The Area Control Centres are responsible for management of flows through the remotely controlled and monitored tiers of the LDZ (or Distribution Network) systems. Management of flows and pressures in other tiers is the responsibility of staff within the Distribution Network itself.

The Area Control Centre activities include the following:

- Management and remote control of the daily physical operation of the network, including:
  - Demand forecasting
  - Control of Offtake flows from the NTS
  - Diurnal storage management
  - Interruption of Network Sensitive Loads
- Operational and maintenance planning
- Scheduling of maintenance works
- Recording of maintenance carried out
- Callout and fault notification
- Contingencies and emergency coordination
- Reporting on network operations

### 4. **Impact of Distribution Network Sales**

The responsibility and accountability for operation of a Distribution Network (including control room activities) will transfer to the buyer on completion of any sale. This is regarded as an essential feature of the sale from both a buyer and regulatory perspective.

However, it is not possible to include the existing Area Control Centres, the control system or the ACC staff as part of the transaction for the following reasons:

- The scope of operation for each control centre covers multiple LDZs that do not align with Distribution Networks (see table in section 2). It is not therefore possible to assign the control centres or the staff working within them to specific Distribution Networks.
- The existing control system can not readily be partitioned, and in any event is scheduled for replacement in 2005

A buyer will therefore have the freedom to select the location of its control centre and an appropriate control system. It is recognised that development of control capability, including staff training, and obtaining the necessary safety case approvals, will conclude at some time after completion of the transaction, and not earlier than 2006.

In the meantime, the buyer will discharge its responsibilities for remote system operation through a contract with NGT (the System Operation Managed Service Agreement or SOMSA).

### 5. **System Operation Managed Service Agreement (SOMSA)**

The SOMSA will cover the provision by NGT of services reflecting the activities of the Area Control Centres described in section 3. This will include the exercise of the DNs rights and the fulfilment of the DNs obligations under the Offtake Code, insofar as they relate to daily operational flows. It will be a bilateral commercial agreement between the parties rather than an industry document such as the Offtake Code. It can be regarded as the procurement of specialist services by the DN owner.

Notwithstanding the existence of the SOMSA, the responsibility and accountability for remote system operation of the DN will remain with the owner. The agreement therefore provides for owner involvement in determining operating strategy for day-to-day operations.

Prices will be based on the cost of control centre operations. The agreement will provide for the DN owner to exit on development of its own control capability and obtaining the necessary safety case approvals. Otherwise the agreement will continue.