

System Operation Managed Service Agreement (SOMSA)

A note by NGT for the DISG

1. Background

It is proposed that remote operation of iDN systems be performed by Transco until such time as the iDNs are able to establish their own control function. This service will be provided under a System Operation Managed Service Agreement (SOMSA) between Transco and the iDNs. The SOMSA will describe the operational services provided by Transco from the Area Control Centres and, in time, the Distribution Network Control Centre.

This note supplements an earlier note outlining the SOMSA considered by the DISG in February and describes the major provisions of the SOMSA. Appendix 1 sets out the coverage of the agreement in more detail. Appendix 2 maps SOMSA activities against the range of activities and systems considered as part debate on the Agency role.

2. Major Provisions

Application

The SOMSA applies to all iDNs and Transco will be able demonstrate no undue discrimination or preference compared with the operation of retained DN.

Parties

Parties to the agreement are (1) the DN Owner and (2) the Manager (Transco as provider of the operational services)

Provision of Operational Services

The Operational Services that will be provided include:

- management and control of the daily physical operation of the DN
- scheduling of maintenance
- recording details of maintenance carried out
- callout and fault notification
- contingencies and emergency co-ordination
- ancillary services to the agreement
- miscellaneous services.

Scope of Operational Services

The scope of the daily physical operation is limited to scheduling, monitoring and control from the control room using the control system.

The Manager will exercise specified rights and discharge specified obligations of the DN Owner under industry documents (e.g. submission of Offtake Profile Notices under the Offtake Code).

Resources

As Manager, Transco uses its control centre, control system, Met.Office contract and qualified personnel to perform the services.

The Manager is required to provide updates on the progress of the control centre re-location and control system replacement projects. The need for cooperation between the parties to enable these projects to complete is highlighted.

Standard of Operational Services

The Manager must provide the services:

- to the standard of a reasonable and prudent Manager
- with a view to enabling the DN Owner to comply with its obligations under industry documents (Gas Act, Network Code, Offtake Code, GT licence, safety case etc.)
- with a view to minimising the DN operating costs

The Manager meets these standards if it performs the services consistently with the detailed procedures referenced in the agreement.

The Manager's obligations are limited by the physical capability of the DN system and the rights available to the iDN under the Offtake Code and Network Code.

Reporting

The Manager provides daily, monthly and annual reports regarding operation of the DN, together with reports on the performance of the contract by both parties

Extra- Contractual Considerations.

The agreement recognises that Transco as Manager has a significant interest in maintaining a high reputation as a safe, reliable and efficient operator above and beyond its liability in law and in respect of the SOMSA.

Obligations and Responsibilities of the DN Owner

To enable the Manager to provide the operational services the DN Owner has obligations to:

- provide information relating to the physical equipment and operation of the DN system.
- provide and maintain a telemetry system
- appoint a Network Representative to manage the SOMSA on behalf of the DN Owner.

Duration

The agreement runs to the end of the current price control period and the DN Owner has an option to extend for the following price control period. The DN Owner has an option to exit the agreement on appropriate notice.

Appendix 1

Detailed SOMSA coverage

Operational Services

The core Operational Services for the management and control of the daily physical operation of the DN include:

Daily operations

- Demand Forecasting, day ahead and within day
 - Need to forecast as required by the Network Code
 - Maintain forecasting models and historic data.
 - Have a contract with the Met Office to obtain weather data.
- Scheduling and controlling the availability the use of diurnal storage.
 - As per the agreed outputs from the storage simulation model
 - As detailed in the Summer/Winter Operating Plans.
- Network Sensitive Loads (NSLs)
 - monitor and interrupt supplies to NSLs at demand levels specified by the DN Owner.

Operational and Maintenance Planning.

An operations plan will be developed and agreed between the Manager and the DN Owner for the Summer and Winter operating periods, setting out how the system will be operated. This requires an exchange of information between the parties and a set process for establishing the plans.

Carrying out Maintenance and Engineering Works

The DN Owner is responsible for providing details of any maintenance works so that the Manager can analyse the operational impacts and record details of all work carried out.

Call Out and Fault Notification Services

The DN Owner is required to provide adequate standby arrangements and escalation procedure for the Manager to contact at all times in the event of alarms and faults in the DN system.

Contingency and Emergency Services

Arrangements are required in the event of:

- the need to transfer operations to the Standby Control Centre
- a major failure of either the control or telemetry systems
- during either National or Local Gas Supply Emergencies

Miscellaneous Services

These include:

- leakage survey threshold conditions
- NExA and NEA performance monitoring
- NSL site visits
- DN specifics

Reporting on Network Operations.

Details of the content, frequency and timing of reports to be provided by the Manager in respect of the DN operations, including:

Frequency	Timing	Name of report	Content
Daily	By 09:00hrs	Fault Report	<p>Details of faults reported to the contact person (in accordance with paragraph 4.3 of this Schedule 1) or outstanding faults requiring attention each Working Day.</p> <p>Note: (1) If the DN Owner does not confirm receipt of this report, the Manager will endeavour to contact the DN Owner by telephone. (2) The Manager will provide further information if required by the contact person (in accordance with paragraph 4.3).</p>
Daily	By 10.00hrs	Gas Transportation Report	<p>Details of:</p> <ul style="list-style-type: none"> • the previous Day's total Network demand (at LDZ level) for the Day in millions of cubic meters. • accuracy of the actual demand against the D-1 13:00hrs forecast expressed as a percentage difference from the initial forecast. • forecast demand for the current Day in millions of cubic meters. • number of call outs and unresolved faults. • interruption within the Network (at LDZ level) initiated by the Manager: volume in millions of cubic meters and duration of the interruption.
Monthly	By 15th day of each month	Monthly Report	<ul style="list-style-type: none"> • Details of maximum permitted operating pressure excursions, detailing any pipeline where the pressure has been above the maximum permitted for more than 5 hours in the previous month. • Details of actual offtake profiles at VLDMC Supply Points and NexA Supply Points compared against the relevant Offtake Profile Notices. • Timeliness and accuracy of data provided by the DN Owner pursuant to paragraphs 2.2.1(a) – (c) and 2.2.4 of this Schedule 1. • Compliance with SCO 4 policy and procedures. • Details of faults reported by the DN Owner, time taken to attend to / repair such faults and details of outstanding faults. • Gas quality and odourisation issues detected by the Manager. • Details of emergency management and reporting of incidents by the DN Owner. • Details of shrinkage investigations and findings. • Details of call outs, provision of rotas, and call out response times. • Non-routine operations analysis and vetting services. • Network model validation process / information above agreed levels.
Annual	By 1st May of each year	Annual Report	<p>A review of the winter operation of the Network focusing on the highest demand periods and difficult operating days, comparing actual gas supply operation against those expected in the Winter Operations Plan and details of faults ongoing problems needing resolution before the next winter.</p> <p>Pressure cycling report detailing cumulative stress cycle count for pipeline system operating above 7 and high pressure storage vessels based on the previous calendar year to comply with "IGE/TD/1 Edition 4 Recommendations and Distribution Practice – Steel Pipelines for High Pressure Gas Transmission".</p>

Performance Reports

This section details the performance reports that the Manager will provide to the DN Owner:

Frequency	Timing	Name of report	Content
Monthly		Safety Report	<p>Details of the performance of the Manager in the provision of data and operations to demonstrate safe operation of the Network including:</p> <ul style="list-style-type: none"> • performance of the Control System – availability / down-time / time to fix • operation of Network outside agreed limits (e.g. excursions below or above agreed operating pressures). • stock management against min/max requirements for demand level • monthly forecasting performance of actual daily demand against the D-1, 13:00hrs initial forecast
Monthly		Financial Report	<p>Details of the performance of the Manager for financial control of the Network:</p> <ul style="list-style-type: none"> • costs (under the Offtake Code) for NTS diurnal gas taken, and liabilities for excursions above agreed diurnal rates • NTS Offtakes: time operating <20% metering range.
Monthly		Data Reports	<p>Details of the performance of the Manager in the provision of data against agreed levels or dates:</p> <ul style="list-style-type: none"> • forecasting performance
Monthly		Additional Services Report	<p>Details of the NRO analysis and vetting services provided to the Network Operator during the previous month.</p>

Network Control and Monitoring

Descriptions of the DN system, what is monitored, and how, and the Managers control system, including the obligations on both parties to maintain their equipment and the provision of data in the event of changes or addition to either party's systems.

Exit Arrangements

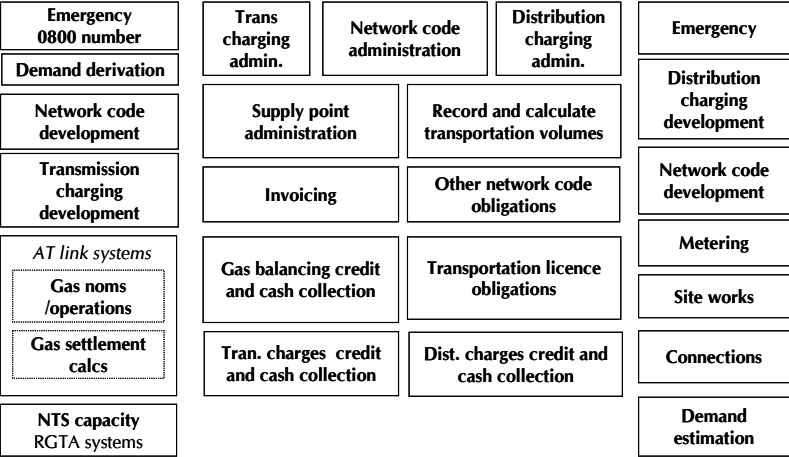
Details the assistance the Manager will provide the DN Owner in preparing for transfer of operations, including systems, training, testing and parallel running and details of the transfer plan required from the Network Owner.

Appendix 2

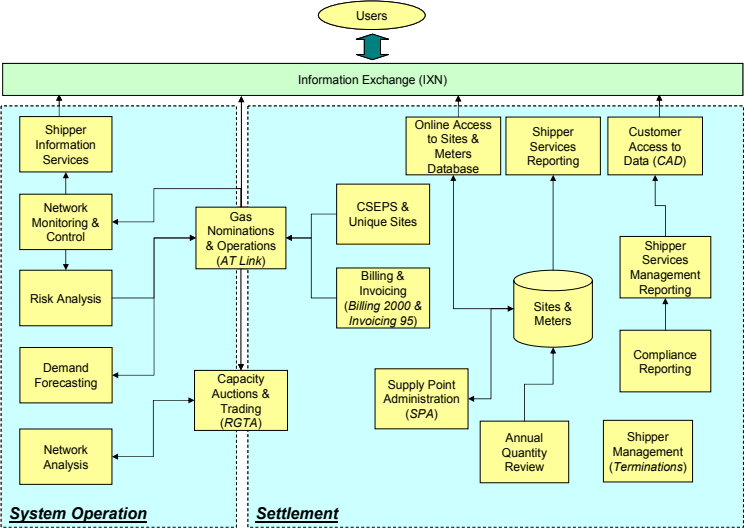
SOMSA Activities and Systems Mapping

SOMSA activities and systems are reviewed in the context of the activities and systems previously considered as part of the debate on Agency role. These are listed below:

Activities



IT Systems



Activities

The SOMSA activities do not map well to the listed activities. SOMSA activities include:

- The daily demand forecasting elements of Demand Derivation
- Some elements of Gas Nominations / operations
- Some elements of Emergency
- Some NExA related elements of Other Network Code Obligations

IT Systems

IT Systems used to deliver SOMSA services include:

- Network Monitoring & Control – the GTMS and telemetry systems
- Demand Forecasting – the daily demand forecasting system (PREDICT plus elements of SC95)
- Network Analysis – FALCON network analysis model
- Shipper Information Services – likelihood to interrupt data generated from PREDICT is provided to shippers