

## **Status Report on Development of the Offtake Code Business Rules**

**A paper by NGT for CIWG 14, 11<sup>th</sup> August 2004**

### **1. Background**

NGT's original proposals are set out in the document "Offtake Code Business Rules, January 2004". These were presented to the RAWG/ DISG on 27<sup>th</sup> January 2004 and the CIWG on 28<sup>th</sup> January 2004. Since that time, NGT has presented a range of additional material to the CIWG describing the proposed business rules, and responded to questions raised during workgroup discussion. NGT has also received detailed written comments on the business rules from three industry participants.

Certain key aspects of the Offtake Code Business Rules, in particular Offtake Rights Planning, Operational Flows and governance arrangements, remain subject to workgroup development and await the outcome of the Offtake Arrangements and Interruption RIAs. However, for many of the other business rules sections, workgroup discussions are close to completion.

This paper describes the position in relation to each section of the Offtake Code Business Rules following workgroup discussion and review of the written comments. It highlights:

- (1) Sections where further significant development is required
- (2) Sections where business rule development is substantially complete

For the latter, account has been taken of written comments and workgroup discussions, and is reflected in a mark-up of the original Offtake Code Business Rules document.

Further detail is provided in three Appendices:

- Appendix 1: Additional Offtake Code material provided to workgroups by NGT
- Appendix 2: Written comments on Offtake Code Business Rules, and NGT response
- Appendix 3: Mark-up of original Offtake Code Business Rules, reflecting NGT proposals for amendment in the light of comments

The recommendations invite the CIWG to note the status of the business rules and to forward this status report to the DISG.

### **2. Business Rules Status Overview**

The status of each section of the business rules is described below, including changes proposed by NGT where appropriate:

#### **1. Parties and Definitions**

- Applicability and governance of Offtake Code being considered separately

#### **2. Connection Facilities**

- Clarification of provisions provided through additional paper and responses to written comments
- NGT propose amendment to 2.5 such that right of disconnection can only be exercised by a party where incompatibility of connection facilities due to breach by the other party compromises safe NTS/ DN operation
- NGT propose that rights of access under 2.11 will be subject to non-interference under 2.13

#### **3. Safety and Emergency**

- Clarification of provisions provided through responses to written comments

#### **4. Measurement**

- Clarification of provisions provided through additional paper and responses to written comments
- NGT proposes an addition to 4.2 stating that the CV and hence the energy content of gas flowing at each Offtake shall be determined in accordance with the processes described in section 6.
- NGT proposes the target time for measurement equipment rectification in 4.10 should be 8 hours, as under the CV rules there may be an adverse CV shrinkage impact if equipment is down for longer periods

## **5. Telemetry**

- Clarification of provisions provided through additional paper and responses to written comments
- NGT proposes that the introduction should reference the Uniform Network Code rather than the Network Code
- NGT proposes that the wording in 5.2 should be clarified to reflect the following principles:
  - DN owns equipment to transmit signals via satellite.
  - NTS responsible for satellite arrangements
- NGT proposes removal of right under section 9.3 for NTS to take override control of DN in certain circumstances. NGT also proposes a consequential change in 5.3; no module to facilitate override control is required so the second bullet of section 5.3 can be deleted
- NGT proposes that the requirement in 5.6 to alter flows on loss of telemetry be deleted, and replaced with a requirement to agree flows based on safety considerations

## **6. Calorific Values**

- Clarification of provisions provided through additional paper and responses to written comments

## **7. Maintenance**

- Clarification of provisions provided through additional paper and responses to written comments
- The question of reduced NTS exit capacity due to maintenance (section 7.2) will be subject to the outcome of the Offtake Arrangements RIA

## **8. Offtake Rights Planning**

- Development of these rules is subject to the outcome of the Offtake Arrangements and Interruption RIAs

## **9. Operational Flows**

- Development of these rules is subject to the outcome of the Offtake Arrangements and Interruption RIAs
- NGT proposes removal of right under section 9.3 for NTS to take override control of DN in certain circumstances

## **10. Gas Quality**

- Clarification of provisions provided through additional paper and responses to written comments
- Ofgem considering liability provisions for gas not meeting the GS(M)R specification

## **11. Charges**

- Development of these rules is subject to the outcome of the Offtake Arrangements and Interruption RIAs

## **12. Liabilities**

- No issues highlighted regarding general liability provisions. Liability for failure to make gas available subject to further development under section 9. Liability for gas quality breaches under consideration by Ofgem under section 10

## **13. Daily Demand Forecasting**

- Clarification of provisions provided through responses to written comments

## **14. Invoicing and Credit**

- Development of these rules will proceed when there is clarity on charging arrangements
- Clarification of provisions provided through responses to written comments
- NGT proposes inclusion of disputes mechanism drawing on Network Code provisions.
- NGT proposes that in 14.4 the provisions regarding the 18 month cut off for invoice adjustment should not apply if an invoice query has been received.
- In 14.6, NGT proposes to follow the Network Code principle that the invoice due date must be a Business Day.
- Under 14.7, aggregate payments of de-minimis invoices to be considered
- Under 14.11, it may be appropriate to follow Network Code principles on interest rates.
- In 14.13, NGT envisages a mechanism similar to Network Code for dealing with credit.

**15. Exchange of Information**

- Clarification of provisions provided through additional paper and responses to written comments

**16. Connections between LDZs**

- Clarification of provisions provided through additional papers and responses to written comments

**17. LDZ Direct Input Points**

- Clarification of provisions provided through responses to written comments

**18. Other Provisions**

- Clarification of provisions provided through responses to written comments

**Annexes**

Legal status of annexes and governance for changes being considered separately

**1. Connection Facilities**

- See section 2 above

**2. Utility Services**

- See section 2 above

**3. Measurement Equipment Permitted Ranges**

- See section 4 above

**4. Telemetry Specifications**

- See section 5 above

**5. Offtake Rights Request Template**

- See section 8 above

**6. Offtake Rights Allocation at the Date of this Agreement**

- See section 8 above

**7. Connections between LDZs**

- See section 16 above

**8. LDZ Direct Input Points**

- See section 17 above

**Related Agreements****1. Framework Agreement**

- Offtake Code governance arrangements being considered separately

**2. Admission Agreement**

- Offtake Code governance arrangements being considered separately

**3. Modification Rules**

- Offtake Code governance arrangements being considered separately

**4. LDZ Connection Agreements**

- Clarification of provisions provided through additional paper and responses to written comments

**5. System Operation Managed Service Agreement**

- Clarification of arrangements provided through additional paper, responses to written comments and recent CIWG and DISG discussions and meeting notes

**3. Recommendations**

- (1) The CIWG is invited to note the status of the Offtake Code business rules as summarised below.
- (2) It is recommended that this status report be forwarded to DISG.

**Business rule development substantially complete**

Section	Associated Annex(es)
2. Connection Facilities	1. Connection Facilities and 2. Utility Services
3. Safety and Emergency	
4. Measurement	3. Measurement Equipment Permitted Ranges
5. Telemetry	4. Telemetry Specifications
6. Calorific Values	
7. Maintenance	
10. Gas Quality	
12. Liabilities	
13. Daily Demand Forecasting	
15. Exchange of Information	
16. Connections between LDZs	7. Connections between LDZs
17. LDZ Direct Input Points	8. LDZ Direct Input Points
18. Other Provisions	
<b>Related Agreements</b> LDZ Connection Agreements	

**Further business rule development required**

Section	Associated Annex(es)
1. Parties and Definitions	
8. Offtake Rights Planning	5. Offtake Rights Request Template 6. Offtake Rights Allocation at the Date of this Agreement
9. Operational Flows	
11. Charges	
14. Invoicing and Credit	
<b>Related Agreements</b> Framework Agreement Admission Agreement Modification Rules	