

UNC Consultation Response – Respondent Name : **Shell Gas Direct**

UNC Document

Section	Section Reference	Response
Introduction		<p>See comments in covering letter. This response should not be read as acceptance by Shell Gas Direct of the terms within the draft UNC nor that we accept the process followed by Ofgem and Transco jointly in developing this document. Given the extremely short time scales provided for this response, we reserve the right to raise further detailed points at a future date and consider that these will need to be considered. The unexpectedly short time to review this document has meant that our legal review has not been as thorough as we had planned for it to be; further comments may be made when we respond again in April.</p> <p>While we welcome Transco response to requests for the Business Rules to be circulated, we are concerned that these rules were not always consistent with the Guide with the Rules suggesting no Class 2 or 3 changes but the Guide stating that these existed. It is somewhat unusual to have detailed legal drafting produced (and consulted upon) without any final business rules against which to check drafting for consistency and accuracy.</p>
TPD Section A – System Classification		We note that the independent gas transporters (iGTS) are not included in the definition of the System. Although not necessary for the sale, we consider that an opportunity has been missed to bring the iGTS into a common system, eg for transfers. .
TPD Section B – System Use and Capacity	<p>1.1.2</p> <p>1.2.9</p> <p>3.8 & 3.9</p>	<p>We consider that the term “DNO User” to be inappropriate. While the intent appears to be to ensure that there is no confusion with Shipper Users, we consider that another term specific to transporters, avoiding the word “User” would be less likely to create confusion.</p> <p>1.2.3 (f) defines supply point capacity as a point where a User (shipper) is offtaking gas from any part of the Total System. 1.2.9 (a) states that Shipper Users can not hold NTS exit capacity. We would expect that for the interim period we would continue to hold exit capacity in the normal manner for any NTS customers to whom we supply gas and that we would be invoiced for capacity charges accordingly. We would welcome clarification.</p> <p>We are not clear about the purpose of this paragraph as it appears to presume the implementation of the enduring exit arrangements. Or is it expected that a shipper with a firm customers in the interim arrangements would develop contractual arrangements to offer that capacity back (a very different proposal to offering commodity back; eg demand management). These changes appear to presume acceptance by Ofgem of other changes currently out for consultation and/or not yet consulted upon.</p>
TPD Section C – Nominations		
TPD Section D – Operational Balancing..		
TPD Section E – Daily Quantities...		
TPD Section F – Balancing Charges etc		
TPD Section G – Supply Points		
TPD Section H – Demand Estimation..		

TPD Section I – Entry Requirements		
TPD Section J – Exit Requirements	3.5.7	<p>We reiterate our view that many of these of these changes are not necessary for the DN Sale (although clearly are). Their introduction appears to be pre-empt any detailed consultation on the enduring exit arrangements by presuming a certain change. It should be considered possible to remove much of this drafting if detailed proposals for exit and flexibility products can not be demonstrated to further the Relevant Objectives.</p> <p>Is an “Offtaker User” the same as a “DN User” or does this include “Shipper User” as well? It is difficult to understand the implications of this paragraph but assume it to mean DN User.</p>
TPD Section K – Operating Margins		
TPD Section L – Maintenance etc...		
TPD Section M – Supply Point Metering		
TPD Section N – Shrinkage		
TPD Section O – System Planning		
TPD Section Q – Emergencies		
TPD Section R – Storage		
TPD Section S – Invoicing & Payment		
TPD Section U – UK Link		
TPD Section V – General		
TPD Section X – EB Credit Management		
TPD Section Z – LNG		
OAD Section A – Scope & Classification		
OAD Section B – Connection Facilities		
OAD Section C – Safety & Emergency		
OAD Section D – Measurements		
OAD Section E – Telemetry etc		
OAD Section F – Determination of CV		
OAD Section G – Maintenance		
OAD Section H – Long Term Planning		

OAD Section I – Operational Flows		
OAD Section J – LDZ/LDZ Offtakes		
OAD Section K – LDZ System Entry Points		
OAD Section L – Cost Recovery..		
OAD Section M – Information Flows		
OAD Section N – General		
Modification Rules (Former Section Y)		Please see our covering letter for further comments on process and lack of consultation. Comments below should not be read as supportive or acceptance of any of the proposed changes to the terms of our contract:
	2.1	<p>“Condition” – the difference between <i>a Transporter’s Licence</i> and <i>the Transporter’s Licence</i> is not obvious. It is assumed that the former is about the licence held by each transporter and the latter the licence shared by all? Or drafting needs changing.</p> <p>We do not support the introduction of such the complex, unnecessary arrangements on Subject Matter Experts. This not required for the DN Sale.</p>
	3.2	<p>We object to these proposed changes. We note that the <i>Transporters’ Representatives</i> are representatives of all transporters. As such, one GT could represent all transporters and the drafting does not (and should not) suggest that each transporter will have its own representative on the Panel. The fact that there are now 5 GTs as Network Code parties no more leads to the conclusion that there needs to be 5 transporter representatives than the fact that there are 50plus shippers leads any one to conclude that there should be an <i>increase</i> in the number of shipper representatives. We object to the decrease in the number of shipper representatives: 9 allows for sufficient breadth of different interests to be covered by the shippers. This proposed change undermines our rights to contract.</p>
	9.5.2	<p>We object to the proposed changes, notably paragraph (b) (i). The Panel has not before the DN Sale made a recommendation to the Authority and we see no purpose related to the sale in introducing a recommendation at this time. If Transco considers that a recommendation would provide value it has had a significant amount of time to raise a modification proposal to this effect and, furthermore, could do so after the implementation of the UNC. It appears that this change is being introduced for a separate purpose and not to improve the governance of the Code itself. Similar comments apply to 9.6.1 (g) which should also be removed from the next version of the proposed UNC.</p>
	10	<p>If there is to be a Panel recommendation, then new wording in this section needs to be introduced to allow for Panel recommendation for urgent modifications except under very limited circumstances (security of supply emergencies). Otherwise, the urgency procedure will result in inconsistent outcomes.</p>

Transition Document	IV	Modification Rules: We would welcome clarity regarding what process Transco expects the Relevant Party for Shipper Users to adopt to implement the transitional arrangements. Should it be presumed that Ofgem's proposals for the governance of the Code are implemented. Time is needed to carry out elections and notice will need to be given to the Secretary of the Gas Forum regarding timing etc.
General Terms Section A – Dispute Resolution (formally Section T)		
General Terms Section B – General (parts of original Section V)	1.2.1	The use of the term “Code” to refer to the UNC and/or the UNC and short form codes themselves or together (we are not always clear which) needs better definition. Some of the muddle is created by allowing for an overly flexible regime to allow some parts of the Code to be expressed in terms of not being part of the code and yet others can be incorporated into the Code of individual transporters only. To remove the complexity, we would recommend that much simpler drafting is introduced and that if circumstances arise which requires this type of change, that it is introduced at that later stage.
	2.1.1	We repeat our views about the introduction of terms with “User” used twice is likely to create ongoing confusion and inefficiencies.
General Terms Section C – Interpretation (formally Section W)		

Associate Documents

Section	Section Reference	Response
Agency Services Agreement (ASA)		

Joint Governance Agreement (JGA)		
Incremental Exit Capacity Release (IExCR) Statement		