Uniform Network Code (UNC) 0842: Gas Entry onto the Total System via an Independent Gas Transporter (IGT) (UNC0842).

Decision:	The Authority[1] directs this modification be made[2]
Target audience:	UNC Panel, Parties to the UNC and other interested parties
Date of publication:	19 July 2024
Implementation date:	To be confirmed by the code administrator

Background

There are a growing number of gas producers such as bio-methane producers who want to inject new sources of gas onto the Distribution Network Operators' (DNO) gas network (Total System) for onward transmission to consumers. When such gas production facilities are located some distance from the existing Total System, it would normally be necessary for the gas produced to be transported by road tanker to a gas entry facility adjacent to the Total System. Alternatively, additional pipe would need to be laid and connections made such that the gas can enter the Total System directly.

An alternative option would be for IGTs to directly connect new sources of gas from producers to their system for onward transmission into the Total System to which the IGT system is connected. However, the IGT UNC does not have provisions for direct entry of gas to an IGT network and similarly, neither UNC or IGT UNC have provision for gas flowing from an IGT network into the Total System.

There is an opportunity to extend the market for such gas deliveries by modifying both the UNC and IGT UNC to introduce arrangements that apply when gas is injected to an IGT network and in turn enters the Total System.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

[2] This document is notice of the reasons for this decision as required by section 38A of the Gas Act 1986.

UNC0842 'Gas Entry onto the Total system via an Independent Gas Transporter' has been proposed to facilitate the necessary changes to the UNC. IGT UNC172 has been separately proposed to facilitate the necessary changes to the IGT UNC.

These modifications combine to facilitate gas entering directly into an IGT network and then into the Total System. The modifications will allow increased volumes of biomethane gas production to be injected into the Total System that may otherwise be unviable.

The introduction of suitable arrangements into both the UNC and IGT UNC for such transfer and custody of gas will deliver the consistency and clarity that is necessary to ensure all safety and commercial requirements are met by affected parties.

The modification proposal

UNC0842 'Gas Entry onto the Total system via an Independent Gas Transporter' was raised by Scotia Gas Networks Ltd on 29 March 2023 to allow IGTs to transport gas from an IGT System Entry Point (IGT SEP) via an IGT pipeline to a UNC System Entry Point where the gas will enter the Total System.

The UNC will be amended to recognise that gas can flow into the Total System via an IGT pipeline and onward through a DNO network.

The proposed Modification requires two new agreements:

1) At the interface point between the 'delivery facility connected to the IGT pipeline' and the IGT pipeline, a new tripartite agreement, based on an LDZ Network Entry Agreement (NEA) will govern physical flow, energy measurement and gas characteristics. The parties to this agreement will be the IGT, the DNO and the operator of the delivery facility connected to the IGT pipeline.

2) At the interface point between the IGT pipeline and the DNO pipeline, a new variety of bipartite NEA will govern physical flow, energy measurement and gas characteristics into the Total System by treating the relevant provisions in the newly created tripartite

agreement as UNC Network Entry Provisions. The parties to this agreement will be the IGT and the DNO.

These agreements will collectively establish a LDZ System Entry Point at the IGT/DNO interface and an upstream IGT entry point which will be owned, operated, and controlled by the IGT.

UNC Panel[3] recommendation

The Panel invited representations on the Modification from interested parties on 14 December 2023. It received 11 responses to the consultation, nine of which supported the implementation, one offered qualified support and one provided comments.

Panel Members considered the Modification would have a positive impact on Relevant Objective a) Efficient and economic operation of the pipe-line system, because it will help facilitate additional gas entering the Total System via a DNO Network and Relevant Objective b) Coordinated, efficient and economic operation of

(i) the combined pipe-line system; and/or

(ii) the pipe-line system of one or more other relevant gas transporters,

because gas producers who want to inject new sources of gas onto the Total System will be able to use IGTs to provide this service.

At the UNC Panel meeting on 15 February 2024, the UNC Panel unanimously agreed that UNC0842 would better facilitate the UNC objectives and the Panel therefore recommended its approval.

[3] The UNC Panel is established and constituted from time to time pursuant to and in accordance with the UNC Modification Rules.

Our decision

We have considered the issues raised by the modification proposal and the Final Modification Report (FMR) dated 15 February 2024. We have also considered the responses to the industry consultation on UNC0842 which are attached to the FMR.[4] We have concluded that:

- implementation of UNC0842 will better facilitate the achievement of the relevant objectives of the UNC;[5] and
- directing that UNC0842 be made is consistent with our principal objective and statutory duties.[6]

Reasons for our decision

We consider this modification proposal will better facilitate UNC Relevant Objectives (a) and (b) and has a neutral impact on the other Relevant Objectives.

a) Efficient and economic operation of the pipe-line system

We consider that implementation of this UNC Modification would have a positive impact because it will support additional routes for gas to enter the Total System via existing or future IGT Network infrastructure which currently is not provided for in the UNC. Such gas may not otherwise be economically viable or practical to connect to the Total System. Facilitating such connection of biomethane could help further the decarbonise the energy system and support the UK's Net Zero targets.

- the implementation of this UNC Modification will help facilitate additional gas to enter the Total System via a IGT Network thus furthering the efficient and economic use of the existing infrastructure and systems.

[4] UNC modification proposals, modification reports and representations can be viewed on the Joint Office of Gas Transporters website at www.gasgovernance.co.uk

[5] As set out in Standard Special Condition A11(1) of the Gas Transporters Licence, available at: Licences and licence conditions | Ofgem

[6] The Authority's statutory duties are wider than matters which the Panel must take into consideration and are detailed mainly in the Gas Act 1986 as amended.

- gas producers such as bio-methane producers wanting to inject new sources of gas onto the Total System will be able to use IGTs to provide this service. This Modification will ultimately help facilitate the expansion of UK produced gas entering the Total System via a DNO Network. The implementation of this UNC Modification will help facilitate the coordinated entry of new gas into the Total System via multiple Transporter's networks.

(b) so far as is consistent with sub-paragraph (a), the coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters

We agree that implementation as proposed by the Panel will facilitate gas flow into the Total System from a DNO Network via an Independent Gas Transporters (IGT) pipeline by establishing new arrangements between the producer, IGT and the DNO to allow this flow.

We note that the Gas Safety (Management) Regulations 1996[7] apply equally to all gas transporters and therefore each have a requirement, dependency and interest in ensuring gas entering and leaving their system is compliant with these regulations.

The Modification provides for a tripartite agreement between the gas producer, the IGT and the DNO. One responder felt that tri-partite agreements can be unnecessarily complicated and can make obligations for parties unclear. They suggested that instead the IGT/producer and the IGT/DNO should each have separate NEAs containing linking obligations to make clear that all parties are clearly responsible for their own obligations.

We have carefully considered whether separate bi-partite agreements between producer/IGT and IGT/DNO would be simpler and less complicated than a tri-partite agreement between producer/IGT/DNO.

We consider that in this case, although there may be additional complication and costs associated with a tri-partite agreement, these are unlikely to be significant and additionally a tri-partite agreement would better fulfil the co-ordinated, efficient and economic aspects of the

[7] Gas Safety (Management) Regulations 1996 (legislation.gov.uk)

relevant objective and provide the necessary transparency to enable the interdependent parties meet their obligations and responsibilities.

Decision notice

In accordance with Standard Special Condition A11 of the Gas Transporters licence, the Authority hereby directs that modification proposal UNC0842: 'Gas Entry onto the Total System via an Independent Gas Transporter' be made.

Vic Tuffen BSc (Hons) CEng FIGEM FCMI MEI
Head of Policy and Systems (Gas and Mechanical)
System Planning, Engineering & Technology Directorate
Signed on behalf of the Authority and authorised for that purpose