

SGN Third Party Connections Briefing Note 29

(Guidance on MOD458 Seasonal Capacity Requests)

1 Introduction

Uniform Network Code (*UNC*) Modification 0458 (*MOD458*) introduced a process that allows new and existing large customers with a proposed / existing annual consumption greater than or equal to 5,860,000Kwh the option to only use gas between 1st April and 30th September, subject to meeting the requirements set by the relevant Gas Distribution Network. These are known as Seasonal Large Supply Points.

2 Usage and benefits

Seasonal System Capacity Loads allow end users to use gas between the 1st April and the 30th September when overall demand on the network is low and network capacity is generally greater.

One benefit of only using gas during this period is that it typically avoids the need for Network Reinforcement, the cost of which may have been passed onto the customer should the load be required through the entire year.

An additional benefit is that the system capacity charge is only applicable for the months where SGN makes the capacity available rather than the normal 12 month period which therefore reduces the charges applicable I.E. the Customer only pays a capacity charge for 6 months instead of 12 months.

3 Application process

Assuming that the relevant load is greater than 5,860,000Kwh per annum then you can proceed to request a Seasonal System Capacity load using standard SGN Third Party Connections FM138 and FM153 Request forms.

Submissions can be for new specific seasonal loads or a Load Increase on an existing demand for seasonal usage only.

Requests must indicate the period for seasonal usage on an NP/14 C.1 Table tab from the relevant forms, corresponding Email or paperwork.

Third parties should make their customers aware that they will be required to enter into a Network Exit Agreement (*NExA*) for any site utilising MOD458 seasonal usage.

Contact should also be made by Third Parties to allocated Gas Suppliers to arrange suitable arrangements for providing the seasonal supply of gas.

4 Lead times

Requests for seasonal capacity loads are deemed non-typical requests, requiring extensive Network Analysis and assessment across multiple areas of the business and as such are managed outside of the regulatory reporting process of GSOS.

SGN will however endeavour to produce a quotation for seasonal usage as soon as possible, based on applicable GSOS guidelines.

5 Network Exit Agreement (NExA)

A Network Exit Agreement (NExA) is a contract between SGN and the end user, which sets out the terms and conditions of the site and any specific constraints or gas usage. They are usually only used where the load has the potential to adversely impact the network. In the case of a seasonal capacity load SGN will contact the Customer and advise them that they must sign a NExA if they wish to progress the quotation for seasonal capacity. The Customer will be expected to sign and return the NExA within 20 working days of it being issued to them. Any delay in returning this agreement will delay the sites ability to take gas from the network on the desired date.

NExAs must be signed and returned to SGN by the Customer with at least one clear calendar months' notice before starting to use gas to allow the gas industry administrator (Xoserve) sufficient time to set the site up in their systems so that they are able to process the seasonal capacity load.

For example - if a site was due to go live (start using gas) on the 10th May then Xoserve would need to be contacted by the GDN before the 1st April to allow sufficient time for the necessary system amendments. NExAs can be set up several months in advance of gas flowing as they only cover the period of consumption; so there is no need to wait. When the site is nominated by the Shipper the supply hourly quantity load details will need to match those submitted on the Seasonal Load Contract template.

SGN will review NExAs each year for validity. If there are no changes required, the load and seasonal operational window will continue until either party cancels the contract. If changes are needed SGN will contact the party who has signed the NExA in order to make the necessary amendments.

Shippers will also be expected to sign a NExA ancillary agreement for an iGT Connected System Exit Point (CSEP) and would need to be returned to SGN. Due to the number of interactions involved it is prudent to commence this activity as early as possible to avoid any delays.

6 Seasonal Capacity Contract with Xoserve

The Seasonal Capacity Contract is a document that exists between SGN and Xoserve. SGN will complete a Seasonal Capacity Contract request that instructs Xoserve to set the site up in their systems and will be updated each year prior to the seasonal capacity period, enabling Xoserve to update its systems. Each site must have its own Seasonal Load Contract request.

Multiple sites must not be included on one request and each contract must specify the go live date for the site. Xoserve will send email acceptance or rejection acknowledgement to SGN within 2 working days of the Seasonal Load Contract template being submitted to them.

The last line entered on the Contract template will be deemed to be the current version of the load information and will supersede any other demand data on the template. For the avoidance of doubt a Seasonal Capacity Contract starts at the beginning of the month.

7 Shipper site Nomination

Once the Shipper has received the Meter Point Reference Number (MPRN) from Xoserve for the site, the seasonal capacity load can be nominated. The nomination process usually takes around 15 working days to complete as the site nomination will need to be referred to SGN to confirm the site capacity. The nomination process for the site will be for the full gas demand that has been requested in the Seasonal Capacity Load.

All new sites will be recorded and maintained in the Xoserve Sites and Meters Database and will be subject to the current industry processes. When nominating the site it is important that the correct load details are established as these will determine the SOQ (Daily demand) for the site, which may be subject to ratchet charges should the site use more gas than requested.

Ratchet charges are triggered if the site breaches its nominated SOQ. Please note that ratchet charges will be applied to Seasonal Capacity Loads for 12 months of the year as per the business rules set out in UNC modification 458.

Any changes to the terms and conditions included in the NExA relating to the period, or to the registered capacity (SOQ and SHQ) will need to be referred to the GDN.

8 Data Loggers

Under NExA arrangements SGN require a remote meter reading facility (*data-logger*) to be installed on Very Large Daily Metered Customers (*VLDMC*) sites and sites utilising MOD458 seasonal capacity.

Shippers are responsible for arranging data-loggers to be installed at seasonal capacity sites in advance of gas flowing. The installation of a data-logger should form part of the meter connection process for new connections.

Due to the increased complexity of installing data-loggers, Shippers may need to factor in additional time to allow for the equipment to be installed to ensure that the go live date is not affected. SGN will bear no responsibility for delays in the go-live date where the data-logger process has not been completed in sufficient time.

9 SGN MOD458 Seasonal Load Contract Template

In addition to the NExA, a Seasonal Load Contract template must be completed by SGN for each new seasonal capacity site and submitted to Xoserve to ensure that the record is updated in Xoserve's central systems.

This template needs to be completed and submitted to Xoserve by the SGN's delegated authoriser who will be named on a list held by Xoserve. If the template is submitted by someone not on the delegated authoriser list then Xoserve will reject the request.

Templates must be submitted to Xoserve before the 1st of the month to allow Xoserve one full calendar month to update their systems. For example if the start date of a Seasonal Capacity Load is due to commence on the 1st May then Xoserve would need to receive the Seasonal Load Contract template before the 1st April so that the 1st May deadline can be met.

Existing connections rules still apply for accepted requests for Seasonal Large Supply Points, in that an acceptance is only valid for a period of 180 days after which SGN reserves the right to cancel the request which will mean that the process will have to start again.

High Level Process Flow

