SGN Third Party Connections Briefing Note 30

(Guidance on MOD420 Interruptible Capacity Requests)

1 Introduction

Uniform Network Code (*UNC*) Modification 0420 (*MOD420*) introduced a process that allows customers to accept a temporary interruption status for a specific site. It is intended for use where a customer is required to await completion of associated reinforcement works before taking a required load. In the case of MOD420, only a customer who has nominated an annual load in excess of 5,860,000 kwh can explore this option.

Normally, customers will have been advised that reinforcement is required by SGN in order to ensure that it meets its Gas Transportation Licence Obligations, namely if a load was taken before associated reinforcement was completed, the network would fail to ensure security of supply.

Once the customer has been provided this information they will have to make a judgement as to proceed or not. While the network will make every reasonable effort to ensure the information is correct we cannot guarantee that a coming winter period is as mild or severe as predicted. This is especially important as while the customer will not have commodity charges whilst being interrupted, there is no refunding of capacity charges when interrupted.

If the customer chooses to proceed they will have to be Daily Metered (*DM*) or a Class 1 customer, requiring subsequent monitoring. In addition, they will be required to sign a Network Exit Agreement (*NExA*). This will cover the procedures required and will outline the level of penalties the network could potentially impose for non-compliance, known as Ratchets. This NExA would be required to be in place until the required reinforcement is complete. It would then be reviewed with the removal of the NExA as a potential outcome.

2 Usage and benefits

The purpose of a MOD420 Interruptible Load is to permit a customer to take a new load, part of the time, until associated reinforcement works are complete. SGN will establish the level of demand at which the network would fail with the customers load applied.

This is the level of demand at which the customer would be required to stop using gas and be interrupted. This will be specific in each case and cannot be generalised. For example, one load could require interruption at 85% of peak demand and a smaller load on another network could require interruption at a lower level of 78%.

SGN will then advise the customer in writing that should they wish to accept an interruptible load they should expect to be interrupted for an anticipated number of days per year, based on when demand is forecasted to be above a predefined tolerance. The number of days is predicted against the established demand forecast statements and are a guide to the level of interruption.

3 Application process

Should a customer determine that a reinforcement lead time is not desirable nor feasible with specific usage they can request information to determine if a New Connections Interruptible Load is feasible.

Subsequent Network Analysis will be undertaken, and an identified period of potential interruption will be outlined in the form of a Network Exit Agreement (*NExA*).

At this stage, it is expected that the customer will have an accepted formal contract with SGN, via the FM153 or FM138 iGT and UIP processes, respectively. The job in question will then formally become a 'MOD420 Interruptible Request', valid for interruption at the times stated in the NExA.

4 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 an interruptible load SGN will contact the Customer and advise them that they must sign a NExA if they wish to progress the quotation for MOD420 Interruptible usage.

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 industry and SGN to consider the site for interruption and, where required added to the Load Shedding list of VLDMCs that require interruption in the event of a catastrophic gas supply emergency.