

SGN Third Party Connections Briefing Note 37

(Guidance on NExA process)

1. Introduction

A Network Exit Agreement (*NExA*) is a bilateral contract between SGN and an end user or site owner which sets out the terms and conditions of anticipated gas usage. The aim of a NExA is to ensure SGN Network Control can manage load forecasting and supply/demand balancing on the Network.

NExA's are typically only required where a load has high potential to adversely impact SGN's security of supply obligations. There are currently four categories of load usage that warrant a NExA to be signed by both SGN and the end user before a connection can be made, or gas off taken from the Network:

- **Very Large Daily Metered Consumer (VLDMC)**
 - A customer that is expected to consume an annual load in excess of 1,465,000,000 kWh
- **Short Term Operating Reserve (STOR) customer**
 - A customer that is burning gas for National Grid Electricity generation balancing purposes
- **MOD458 Customers**
 - Temporary or long term Seasonal Demands, for annual loads >5,860,000kwh, for use only between 1st April to 30th September
- **MOD420 Customers**
 - Temporary Interruptible Site status, for annual loads >5,860,000kwh.

Where a site will utilise a seasonal demand under UNC MOD458, Shippers will need to sign a subsequent MOD458 NExA Ancillary Agreement, in addition to the main NExA Contract signed by the end user/site owner, for single supply points or a Connection System Exit Point (*CSEP*).

MOD458 NExA's and Shipper Ancillary Agreements must be signed and returned to SGN within at least one calendar month before 'gas on' to allow the gas industry administrator (*Currently Xoserve*) sufficient time to set up enable the seasonal capacity load to be taken.

SGN may review any live NExA for validity on an annual basis. Upon review, if no changes required, the load and contractual validity window will continue until either party cancels the contract. If contractual variations are required, SGN will contact the party who has signed the NExA to make the necessary amendments.

2. Process and responsibilities

2.1. Process

SGN Third Party Connections will state within a Formal <7bar Quotation and within an >7bar High Pressure FM078 HP Capacity Quotation that a NExA will be required upon Acceptance.

SGN Third Party Connections will also issue a 'NExA: Engineering Statement' which outlines the process, requirements and responsibilities of the NExA.

A NExA will not be issued to the customer at the stage of SCJ, only when a firm Quotation is Accepted by the customer will a NExA contract be required.

Upon Acceptance of a Quotation that requires a NExA, SGN Third Party Connections will issue a 'NExA Site Information – Blank' Proforma specific to the type of NExA required, which the customer will complete and return.

Upon completion and return of the 'NExA Site Information – Blank' Proforma, SGN Third Party Connections will transpose the information from the proforma onto a NExA Contract template, specific to the type of NExA required.

SGN Third Party Connections will send the NExA contract to be signed to the customer for signature by the responsible individual/representing the end user/site owner. Once the responsible individual/representing the end user/site owner has signed the NExA Agreement, SGN's Third Party Connections will send the signed copy to the responsible person within SGN Gas Control to sign and return. To date this has been signed by SGN's Director of Engineering & Network Strategy.

A fully signed copy of the NExA will be returned to the responsible individual/representing the end user/site owner for their records.

< & >7bar Terms and Conditions, are available from www.SGN.co.uk.

2.2.Responsibilities

2.2.1. SGN Third Party Connections

- Third Party Connections will undertake Network Analysis as per procedure.
- Where a new load breaches trigger levels, additional checks are undertaken to ensure capacity is available on the >7bar Local Transmission System (LTS).
- Issue < & >7bar Quotations. Where required, PARCA letters will be issued to the requesting customer by SGN Third Party Connections.
- Issue Acceptance Acknowledgement.
- Issue the '*NExA Site Information – Blank*' Proforma.
- Populate the NExA Draft with customer provided information.
- Issue the NExA Agreement to the customer for signature.
- Issue the Customer-signed contract to SGN Gas Control for signature and to retain a copy indefinitely.

- Return a fully signed NExA Agreement to the Customer for their records.
- Third Party Connections will manage Key Milestone Markers in line with SGN Third Party Connections Briefing Note 31.
- Permit SGN Gas Control access to all NExA documentation.

2.2.2. LTS

- LTS Planning will assess the LTS Request and respond accordingly.
- Where required, LTS Planning will provide Third Party Connections with a project specific PARCA Letter.
- Should the Requesting Customer request SGN to facilitate the PARCA process on their behalf, LTS Planning will manage the process between the Requesting Customer and National Grid transmission.
- Should the Load be a non-phased, Commercial demand (*I.E. full load required instantaneously*) The response from LTS Planning will state:
 - A design study is required to be undertaken by National Grid Gas UK Transmission (NGG UKT) to ensure sufficient capacity is available on the National Transmission System.
 - A PARCA is required.
 - The customer should approach National Grid for the PARCA or ask SGN to undertake this process for them.
 - Once the PARCA is complete, it should be promoted to Third Party Connections and Strategic Planning to confirm that the associated capacity is available on the SGN Network.
- Should the Load be a phased development (*I.E. a Domestic CSEP*), the response from LTS Planning will state:
 - Up to what stage of the phased Load can be permissible before a PARCA is required, if not the first year's demand.
 - A design study is required to be undertaken by National Grid Gas UK Transmission (NGG UKT) to ensure sufficient capacity is available on the National Transmission System.
 - The customer should approach National Grid for the PARCA or ask SGN to undertake this process for them.
 - Once the PARCA is complete, it should be promoted to Third Party Connections and Strategic Planning to confirm that the associated capacity is available on the SGN Network.

2.2.3. Requesting Customer

- Ensure the person responsible as the '*end user/site owner/Shipper*' signs the NExA.
- Ensure the NExA is signed and returned to SGN within 20 Working Days of receipt.
- Comply with all Contractual requirements as outlined in the Final Connections Agreement, Quotation and any subsequent Engineering Statements or Appendices.
- The Requesting customer will follow processes as required and outlined relevant in SGN Third Party Connections Briefing Notes.
- The Requesting customer will provide Key Milestone Markers, as outlined in SGN Third Party Connections Briefing Note 31.
- Where the Requesting Customer chooses not to utilise SGN to facilitate the PARCA process on their behalf, they will keep SGN LTS Planning and Third Party Connections updated accordingly on the process.

- Where a Request is Accepted before a PARCA is completed, the Requesting Customer will notify SGN that the PARCA process is being progressed.
- Where connections are permitted before the PARCA is completed, the Requesting Customer will adhere to the interim load in line with any identified non-standard source pressures. The Requesting customer will provide any relevant site information, where requested by SGN.

2.2.4. End user/site owner/Shipper

- Ensure the caveats and their responsibilities of the NExA are adhered to.
- Where a NExA is required for a MOD458 Seasonal Demand, ensure that gas is not taken outside the contractual MOD458 usage period.

2.2.5. SGN Gas Control

Gas Control will:

- Act in accordance with the unique requirements of each individual NExA contract.

3. Quotation

In the above instances, SGN Third Party Connections will issue a quotation, which can be accepted by the customer without a PARCA being secured, however the requirement for a PARCA will become one of many 'Key Milestone Markers' required to satisfy SGN that acquisition of a PARCA is progressing and that the capacity associated to the project is not inadvertently being reserved for a project that will not progress.

Where a project is a phased development (*I.E. a Domestic CSEP*) and a PARCA is required beyond the initial years and no Specific reinforcement (*Above and Below 7bar*) is required, the job can be Accepted, the connection can be made, the Completion File processed and the job closed down. SGN Strategic and LTS Planning must therefore be notified that a new phased development has been connected onto the network but cannot take any demand above that of what has been identified by LTS Planning as breaching the conditions of permissible demand before a PARCA must be obtained.

4. SCJ

Where a Quotation cannot be issued due to the requirement of an SCJ, Third Party Connections will follow the SCJ process as per procedure.

It is at the Requesting Customer's discretion whether they simultaneously progress with the SGN SCJ and the National Grid PARCA or wait for the SGN SCJ to be completed and a formal Quotation issued. SGN will however not reserve capacity during the progression of an SCJ. See SGN Briefing Note 19 for further guidance on the SCJ process.