

0646R OAD Review Group
Proposal for Updating
Supplemental Agreements

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Proposal for Updating Supplemental Agreements

Version History

Version	Status	Date	Author(s)	Amendments
v0.1	Draft	19.12.18	Darren Dunkley (Cadent)	Creation of draft proposal

Background

Under OAD Section N, requirements are set out for how supplemental agreements are to be amended and revised following a change at an offtake site. Any changes need to be processed promptly by the parties to ensure that the supplemental agreement accurately reflects and records the arrangements at each offtake site.

The current process is outlined in Sections N3.1.1 and N3.1.2 as below:

N3.3.1 Whenever any Parties are required pursuant to this Document to enter into a new Supplemental Agreement, or to amend an existing Supplemental Agreement, unless the Parties otherwise agree:

- a) the downstream Party shall promptly provide such information (relating to the Offtake) as the upstream Party may request for the purposes of preparing the draft Supplemental Agreement;*
- b) the upstream Party shall, within 10 Business Days after receiving the requested information from the downstream Party, prepare a draft of the Supplemental Agreement or amendment*
- c) thereof and submit the draft to the downstream Party for the downstream Party's approval; the downstream Party shall reply, within 10 Business Days after receiving the draft Supplemental Agreement, either approving the draft or specifying any proposed revision of the draft;*
- d) if the upstream Party does not approve any revisions proposed by the downstream Party, the Parties shall promptly meet with a view to resolving the matter (failing which the matter may be resolved by a determination of either Party with Condition A11(18) Approval.*

N3.3.2 Following approval by each Party of the draft or revised draft Supplemental Agreement (or resolution of any dispute relating thereto) the upstream Party shall prepare a final version which shall be executed by both Parties.

These arrangements state that when any changes are required the downstream party is to initiate the process and provide the necessary information. This would seem to include modifications that upstream party has made as well.

There are two key issues with the stated process. The first is that the downstream party is responsible for initiating all changes even if it not the party that has physically made changes on site. The second issue is that the downstream party only provides the information to upstream party, for the upstream party to amend and produce a revised draft supplemental. There is a risk here that upstream party mis-interprets the information provided, resulting in delays whilst clarification is given and in executing the revised agreement in line with the timescales stated.

The current arrangements also do not cater for tri-partite sites where the 'services party' is neither the named upstream or downstream party in the supplemental agreement.

Objective

The process requires modification and refinement:

- to make it fit for purpose for future use, and also make improvements that will make the review of changes efficient for the receiving party to undertake; and
- to incorporate the requirements for tri-partite sites

Proposal

The key changes that are required are:

- any party (i.e. upstream or downstream) can initiate the update process;
- any amendments provided must have updated the relevant current version of the supplemental agreement and track changes **must** have been applied so that the other operator can quickly identify the changes made for prompt and an efficient review to take place;
- tests are required that where any amendments are undertaken at tri-partite sites that:
 - the third party is consulted on any proposed changes; and/or
 - and changes to the site services (mandatory or non-mandatory) are reviewed and approval by the 'services party'
- process needs to accommodate LDZ/LDZ agreements as the upstream operator is not always the site owner;

The timescales as shown in Section N3.3.1 (b) and (c) and the other provisions within N3.3 are seen as reasonable and do not require amendment.

Removal of Assets Proposal v0.4 (12.11.18)

Action

A draft process flow diagram has been developed as shown in Appendix 1.0.

It should be highlighted that it is difficult to develop a process that will cater for all updating scenario's, including those for LDZ/LDZ sites where the downstream operator is not always the site owner.

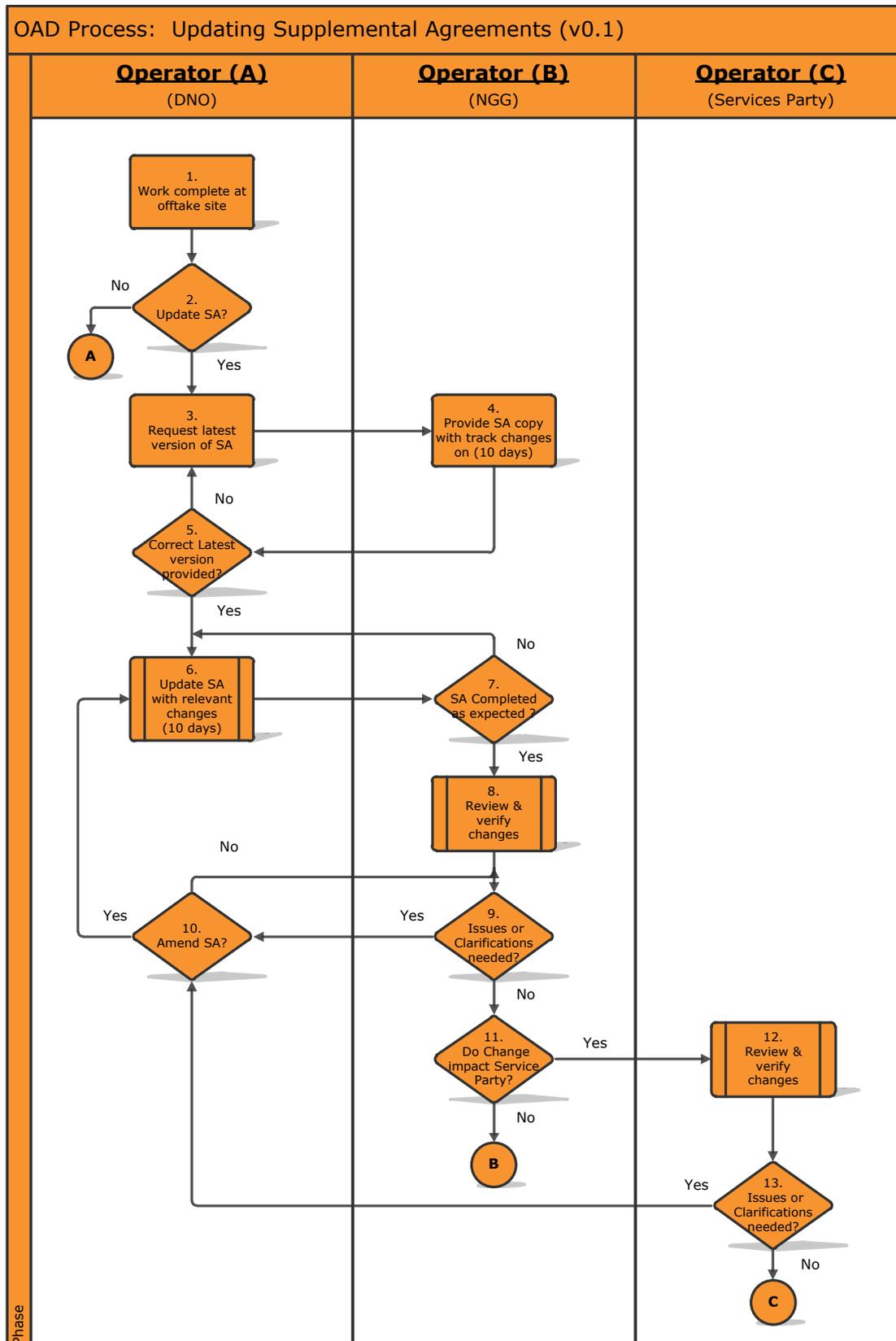
This process in Appendix 1.0 follows the principles as highlighted in the proposal section. However, it only caters for the specific scenario where the downstream operator is making the change and that the upstream party is the party that is the custodian of respective Supplemental Agreement. It is recognised that a separate process may be needed to cover where National Grid need to process updates regardless of whether it is the site owner or site user. This will be a similar process to that shown in Appendix 1.0 with slightly different steps at the front end.

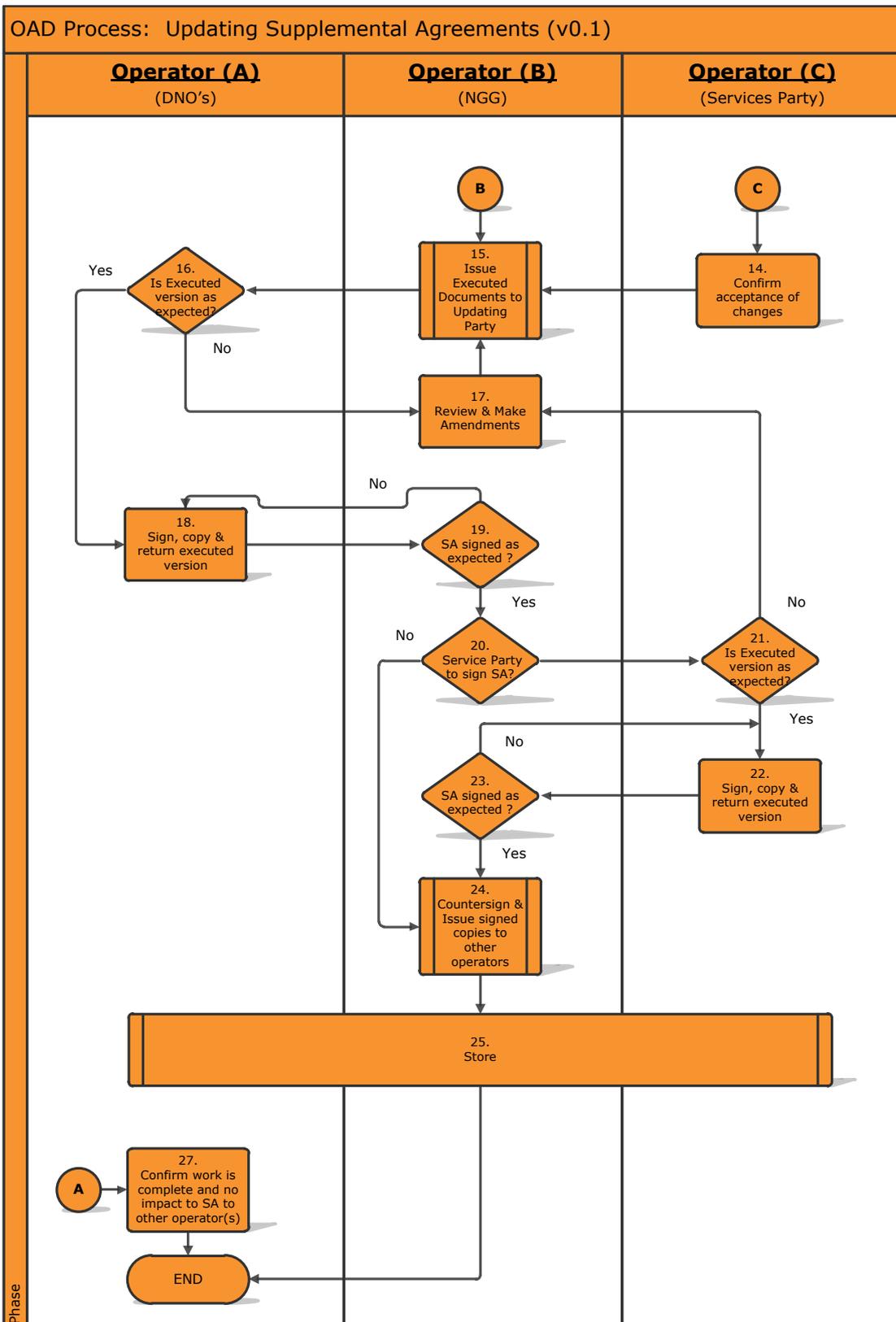
Operators are asked to review the proposal above taking into account the background information and the objective set, and also review the process flow diagrams in Appendix 1.0.

Feedback is requested at the next Industry Working Group 0646R. The intent is this document will set out the principles for the required amendments to OAD Section N3.3 to be implemented at a later date.

Appendix 1.0 - Proposed Process:

1.0 Flow Diagram





2.0 Process Steps

Note: Process steps to be completed once the principles of the process have been agreed upon

Step	Requirement	Owner
01		
02	Decision Box.	
03		
04		
05	Decision Box.	
06		
07	Decision Box.	
08		
09	Decision Box.	
10	Decision Box.	
11	Decision Box.	
12		
13	Decision Box.	
14		
15		
16	Decision Box.	
17		
18		
19	Decision Box.	
20	Decision Box.	
21	Decision Box.	
22		
23	Decision Box.	
23		

24		
25		
26		
27		
END		

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