

**UNC Shrinkage Forum Minutes**  
**Wednesday 24 November 2021**  
**Via Teleconference**

**Attendees**

|                           |       |                               |
|---------------------------|-------|-------------------------------|
| Yvonne Reid-Healy (Chair) | (YRH) | Joint Office                  |
| Helen Cuin (Secretary)    | (HCu) | Joint Office                  |
| Colin Wainwright          | (CW)  | SGN                           |
| Claire Louise Roberts     | (CLR) | Scottish Power                |
| Duncan Innes              | (DI)  | Ofgem                         |
| Emma Buckton              | (EB)  | Northern Gas Networks         |
| Fraser Williams           | (FW)  | SGN                           |
| Gregory Edwards           | (GE)  | British Gas / Centrica        |
| Joanne Hanratty           | (JH)  | NGN                           |
| Julie Chou                | (JC)  | Wales & West Utilities        |
| Matt Marshall             | (MM)  | Cadent                        |
| Paul O'Toole              | (POT) | Northern Gas Networks         |
| Peter Morgan              | (PM)  | SGN                           |
| Phillipa Burton           | (PB)  | Scottish Power                |
| Simon Holden              | (SH)  | Lloyds Register UK (Observer) |
| Stephen Livermore         | (SL)  | Fazer Nash Consultancy        |
| Victoria Bishop           | (VB)  | Sembcorp                      |

Copies of all papers are available at: <https://www.gasgovernance.co.uk/sf/241121>

Shrinkage meetings will be quorate where there are all four Distribution Networks and at least two of the Gas Shippers represented.

**1. Introduction and Status Review**

Yvonne Reid-Healy (YRH) welcomed all parties to the meeting.

**1.1. Quoracy Status**

The meeting was declared quorate with representatives from all four Distribution Networks and at least two Shippers in attendance.

**1.2. Approval of Minutes (24 March 2021)**

The minutes of the previous meeting were approved.

**1.3. Approval of Late Papers**

No late papers to approve.

**2. GD2 Obligations (change of timings of annual model review)**

Emma Buckton (EB) explained that the Gas Distribution Networks (GDNs) had entered the first year of the price control period and provided a brief overview of the Shrinkage Consultation obligations in terms of timings, clarifying there were no major changes in terms of the requirements, as in previous years the initial Shrinkage proposals will be provided by 31 December 2021 and the final proposals by 01 March 2022.

EB clarified in terms of the Annual Review this had changed from the end of December 2021 to the end of March 2022, explaining that the consultation will be also different to that in previous years.

EB confirmed that the Leakage volumes will be reported in July 2022 and the Neutrality volumes in August 2022.

Duncan Innes (DI) highlighted a number of areas receiving some attention which included methane omissions and Above Ground Installations (AGIs), advising there was nothing specific to report at the moment other than an awareness of the interests.

### **3. Review of outstanding actions**

None outstanding.

### **4. Any Other Business**

#### **4.1. BEIS Study – Fugitive Hydrogen Emissions**

Stephen Livermore (SL) explained that Frazer-Nash Consultancy have been undertaking a review on behalf of the Department for Business, Energy and Industry Strategy (BEIS) on the hydrogen economy, green house index for hydrogen, and had been asked to consider the rates of leakage.

SL provided a presentation on the academic review on how much hydrogen in total could be released and the impacts on different components. This included the aims of the project, an overview of the findings, and the leakage predictions to 2032. SL concluded that a baseline annual fugitive emission of 94kt of natural gas would correspond to 30kt of hydrogen and asked for views on the information presented, with a list of questions for the forum to consider.

Julie Chou (JC) enquired about the assumptions relating to 100% hydrogen Distribution Networks and if this was based on Poly-Ethylene (PE).

Colin Wainwright (CW) clarified in terms of the 2032 replacement target, that some metallic mains will still exist in certain areas, all iron work within 30 meters of a property are being replaced. In terms of iron mains Paul O'Toole (POT) enquired if the type of metallic joints/fittings had been considered within the review.

SL explained that an assumption had been made that all homes will have a maximum leakage rate, as information was not available, recognising this may result in a conservative estimate.

SL enquired if the GDNs had undertaken studies within the Networks on smaller leaks. Emma Buckton (EB) offered to liaise with SL and the energy future team for additional information.

SL asked if the GDNs had any background information for IP not being included in the shrinkage model, and shrinkage predictions assuming the IP network does not leak. The GDNs were not able to confirm the background to this assumption.

SL also enquired about Metered Gas losses. Colin Wainwright (CW) referred to the smart metering report explaining the limitations.

DI enquired about the relationship with unidentified gas (UiG), EB clarified UiG includes measurement errors, leakage, and theft.

SL also asked about leakage rates for PE, JC confirmed there is a leakage rate for PE.

It was agreed that the presentation provided would be emailed to delegates for further consideration and to allow parties to provide further comments/feedback.

#### **4.2. Own Use Gas Calculations**

Simon Holden (SH) enquired about the independent review on Own Use Gas Calculations within the Leakage Model.

Duncan Innes (DI) clarified at the start of the year, Ofgem had discussed with the GDNs and interested parties, the correct approach for the calculations and the underlying assumptions. DI confirmed the GDNs had been asked to consider appointing an independent consultant. DI noted that Ofgem had sent an email in September to the GDNs with some considerations and asked if there was a response.

Emma Buckton (EB) on behalf of all the GDNs, explained that more detail was required from Ofgem to better understand what information is required and welcomed having a meeting with Ofgem. Peter Morgan (PM) clarified that some work had been undertaken with DNV GL, with some elements needing more consideration. Colin Wainwright (CW) explained the interactions and timings with the Shrinkage Consultation.

Simon Holden (SH) understood there were elements within the proposals that needed further work and asked if the GDNs could share more information. SH was concerned about the delay in progress updates and enquired when the GDNs would be able to share more dialogue.

**New Action 1101:** GDNs (EB) to seek approval from DNV GL to sharing Own Use Gas material (by week ending 24 December 2021)

**New Action 1102:** GDNs (EB) to arrange a meeting with Ofgem (DI) and agree a date for providing a response to the Own Use Gas Calculations email.

## 5. Diary Planning

The Forum agreed the 2022 Meeting Dates.

**New Action 1103:** GDNs (EB) to provide the Joint Office with a schedule of topics/agenda items for the 2022 meetings

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>:

| Time/Date                            | Venue          | Programme |
|--------------------------------------|----------------|-----------|
| 09:30 Wednesday<br>12 January 2022   | Teleconference | • TBC     |
| 09:30 Wednesday<br>23 March 2022     | Teleconference | • TBC     |
| 09:30 Wednesday<br>21 September 2022 | Teleconference | • TBC     |
| 09:30 Wednesday<br>23 November 2022  | Teleconference | • TBC     |

### Action Table (as of 24 November 2021)

| Action Ref  | Meeting Date | Minute Ref | Action   | Owner     | Status Update  |
|-------------|--------------|------------|--|-----------|----------------|
| <b>1101</b> | 24/11/21     | 4.2        | GDNs (EB) to seek approval from DNV GL to sharing Own Use Gas material (by week ending 24 December 2021)                       | GDNs (EB) | <b>Pending</b> |
| <b>1102</b> | 24/11/21     | 4.2        | GDNs (EB) to arrange a meeting with Ofgem (DI) and agree a date for providing a response to the Own Use Gas Calculation email. | GDNs (EB) | <b>Pending</b> |
| <b>1103</b> | 24/11/21     | 5.0        | GDNs (EB) to provide the Joint Office with a schedule of topics/agenda items for the 2022 meeting schedule.                    | GDNs (EB) | <b>Pending</b> |