

Offtake Arrangements Workstream
Wednesday 08 December 2010
via teleconference

Attendees

Tim Davis (Chair)	(TD) Joint Office
Lorna Dupont (Secretary)	(LD) Joint Office
Bethan Winter	(BW) Wales & West Utilities
Glenn Bryn-Jacobson	(GBJ) National Grid NTS
Keith Dixon	(KD) Northern Gas Networks
Mark Amos	(MA) National Grid NTS
Mark Freeman	(MF) National Grid Distribution
Mike Wassell	(MW) National Grid NTS
Nick Reeves	(NR) National Grid NTS
Peter Scott	(PS) National Grid NTS
Rob Cameron-Higgs	(RCH) Wales & West Utilities

1. Introduction

TD welcomed attendees to the meeting.

2. Review of Minutes and Actions

2.1 Minutes

The minutes of the previous Section I discussion were accepted.

2.2 Actions relating to OAD Section I Review

Action OF1009: OAD Section I Review (OPNs) - Ascertain existence of set of validation rules and report back.

Update: Addressed within the NTS presentation. **Closed**

Action OF1010: OAD Section I Review (Exit Reform/Risk Management Processes) - Provide illustrations of two 'difficult days', what options there might be and how it might work.

Update: Addressed within the NTS presentation. **Closed**

Action OF1101: National Grid NTS would look at the difficult day scenarios to understand processes and provide an update on 30/11/10.

Update: Addressed within the NTS presentation. **Closed**

Action OF1102: National Grid NTS to look at possible list of options of aggregation and critical areas and provide an update for initial views on 30/11/10.

Update: Addressed within the presentation. **Closed**

3. Review Proposal 0316: “Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows”

MA and MW presented on behalf of National Grid NTS, in response to Actions OF1009, 1010, 1101, and 1102.

Rules around OPN Rejections (Action OF1009)

MA presented a table listing the validation rules currently in use and the UNC OAD reference. In response to a question from MF, MA indicated that there were other rules in other sections of the UNC covering the ability to reject when in excess of the flat capacity (there was no obligation to provide capacity above what has been booked).

MF observed that there might be a distinct difference between whether the validation rules reflect the UNC, and whether they remain appropriate; some of these rules would bear closer scrutiny and discussion. It was acknowledged that these might not be ‘correct’ as they stand but they are what is being worked to currently. National Grid NTS was choosing to accept and accommodate OPNs as long as they were not seen to present a problem irrespective of the validation tests not being passed.

PS continued that a ‘hybrid’ position existed at present, and if National Grid NTS can accept OPNs outside the rules, it does so. As well as National Control Centre monitoring, a number of DNs were still self-monitoring and telephoning to check if they could go outside the rules. Historically NTS takes a view and if a problem is identified a SFRN notice would be issued. If it was not a problem, or a ‘difficult day’ they have always been accepted, but deciding whether these rules are right or appropriate could be reviewed to improve the position.

TD pointed out that if parties were regularly operating outside the rules, this might call into question their relevance/necessity. PS stated they were required on ‘difficult days’; on other days it was possible to accommodate breaches. RCH asked if some were viewed as more important than others. PS responded that they all interact to some extent and a holistic view was taken. He did not want to pre-empt any review.

RCH commented that if OPNs were accepted when they “should” be rejected, it was hard to know what anyone should be doing. PS suggested that perhaps the rules should be applied more strictly. RCH then asked if any were an absolute requirement on a ‘non-difficult day’, or were only really key on a ‘difficult day’? PS commented that if one went too far outside the rules a ‘non-difficult day’ could be turned into a ‘difficult day’.

GBJ suggested that NTS needed to gain an understanding from the DNs, which rules were thought to be too complex or not practical and then attempt to measure this against the requirements of the current position.

TD asked if the DNs were in a position to determine which rules were difficult/easier to adhere to and what might add value to the process. MF believed the DNs could put forward a proposal on what they thought could be useful and NTS could then look at it and see if it worked or not. It was agreed that this could be a good starting point from which to move forward.

Action OF1201: OPN Rejection Rules - National Grid NTS to review for level of importance to its process and requirements and prioritise/rank current OPN rules.

Action OF1202: OPN Rejection Rules - DNs to articulate their views on the OPN rules in respect of complexity and practicality on their part.

MF added that it would be useful for NTS to explain/illustrate/justify how the rules are applied and support NTS when 'difficult days' are encountered. National Grid NTS had not analysed these 'difficult days' in respect of these rules, and it was hard to make an appropriate assessment when the OPNs were nothing like what was actually flowed. MF pointed out that accuracy of OPNs was a different matter.

PS then referred to notice periods. The DNs give notice to NTS to change rates and NTS needs to be able to respond to accommodate within an appropriate timescale; changes can only really be validated by network analysis. He added that there were also similar rules for VLDMCs, and this might give rise to an issue of consistency. RCH believed that would not be a strong enough reason to retain a rule if other factors determined it should fall away or change.

MW described a potential high-level solution that National Grid NTS had devised in an attempt to avoid impacting upon a DN Flat Overrun position when NTS initiated a flow swap. Potential costs for changes to the Gemini systems would need to be discussed with xoserve. To avoid CV conversion issues MW indicated that flow swaps could be requested in energy rather than in volume terms.

RCH raised the revers, where a DN initiates a flow swap. MW said that if NTS agreed to accommodate flows then it should be able to make capacity available to the DN; he could not envisage a degradation of the position between the request and the availability.

BW pointed out that DNs would in effect have to book capacity at two Offtakes; this would not be a flow swap and this would not be efficient from their standpoint.

KD commented that what NTS proposed was fine, but it had to work both ways, and agreed with MF who observed that sterilising the capacity in the NTS was neither appropriate nor efficient. RCH was concerned that if capacity was not going to transfer, a DN will be put into an overrun position and this was not appropriate. KD added that overrun exposure is a by-product of what we currently have; National Grid is suggesting booking in case a DN has to do a flow swap? MW responded that a DN had to book in line with its 1-in-20 obligations; BW responded that the 1-in-20 may not be the DN's worst case at every Offtake – it could be very different – and this potential solution could be making DNs very inefficient, for which they would be criticised.

MW confirmed that he was planning to take this potential solution in draft from the January/February Transmission Workstream, but not zonal overruns (capacity swap). In the meantime he would be happy to receive other views and refine this potential solution and also review any other potential options. MF questioned if Modification Proposals were going to be generated piecemeal or holistically from this forum; MW believed that flow swaps were separable being related to the UNC TPD rather than OAD, but acknowledged that a holistic approach was sensible.

'Difficult Day' Scenarios (Action OF1101)

MA explained that the material presented was looking at the impact on future processes and how these will be affected by accuracy. A table was presented illustrating and comparing existing and future Constraint Management Processes. BW asked where the OCS bookings fitted in and how this was factored in - there may be potential constraints that OPNs are not flagging up. MA responded that as long as it remains within flat and flex it is all right, but any revisions would need to be looked at and analysed. MA confirmed that NTS was only planning an OPN based model; at the system design level OCS bookings were considered, but OPNs at Day Ahead. It was also suggested that aggregation of the profiles can cause an issue for NTS.

BW suggested that the SFRN process needed to be separately reviewed. PS commented that the SFRN limits you to your booking. BW described a scenario that seemed to contradict this and encouraged the booking of more load. PS agreed the SFRN did not work and would like detailed examples to review and better understand the points raised by BW.

Action OF1203: SFRN Process - Provide examples to National Grid NTS for further study offline.

BW assumed that, as OCS bookings were firm, interruption applied to NTS sites only. PS said that he would have to check the list to see if DNs appeared on it. BW noted that entry constraint actions had not been covered. MA confirmed this was the case, but added that some actions taken in respect of entry constraints could impact exit constraints.

MA then presented four graphs comparing OPN data received with actual flows, and confirmed that these were 18:00 D-1 and not the prevailing OPNs. This indicated that there was not a high degree of accuracy, and concluded that it would be appropriate to drive for more accurate OPNs at D-1. The DNs were surprised at the disparity indicated (6million cubic meters was a very large error) and suggested that business processes and data flows should be confirmed. MF asked what the effect was and the materiality. MA responded that if there had been a constraint, National Grid NTS would have had to take a locational energy action or have interrupted. MF asked about the cost, commenting that he appreciated the high level discussions but had yet to get a feel for materiality, and would welcome an indication of how frequently an issue occurs and how much each occurrence costs.

MA then moved on to present the Within-Day Constraint Management Tools timeline, and pointed out that the more time that NTS can give others to respond, the better and more cheaply a constraint can be managed.

BW asked if the DNs were placed at a commercial disadvantage in respect of flow reduction if they had already flow swapped. PS indicated that flow swaps were of benefit to NTS and DNs so it was fair that this was activated first. BW pointed out that this was not the case if capacity only moves for NTS initiated flow swaps, as DNs would have to purchase capacity to accommodate their flow swaps. On this basis it would appear that DNs are disadvantaged and lose any benefit because they then have no ability to sell flows. It was concluded that NTS and DNs have disparate views as to whether DNs could be commercially disadvantaged by certain capacity booking strategies.

Pressures

MA gave a brief overview of the 0600 pressure process and its potential impact on OPN submission. BW commented that the process appeared to be working at present, but MF indicated that National Grid Distribution were experiencing issues (supply pattern changes). PS added that, for example, storage sites also have changes that happen after midnight and this can affect the DNs. He suggested that National Grid NTS could perhaps hold face-to-face meetings with the DNs to explore potential effects; MF suggested that obligations and liabilities under UNC also needed to be addressed.

OPN Options (Action OF1102)

MA defined the perceived problems with accuracy and timing, and put forward National Grid NTS's preferred option that, in its view, offered some advantages.

In discussion, NTS confirmed they would not expect a zonal approach to be feasible, but accepted that focus on key locations might be a way forward. PS said that OPNs were needed so that the NTS could be run more efficiently, and he was looking to provide benefits to NTS and DNs. OPNs were needed on an Offtake basis to give better predictions and increased accuracy would result in less intrusive/corrective actions being taken - at present problems were identified at a far too late stage. In some form, a breakdown was required at Offtake level; some Offtakes are so small as to have very little effect, but a greater number of Offtakes would be deemed key in terms of flow than are key in terms of pressure.

RCH questioned subsequent measurement and the ability of DNs to work within tolerances on a broader level - could tolerances be measured across zones. PS has looked at this and 10% for smaller Offtakes is practically impossible for DNs to work to, and 10% for larger ones is too wide for NTS. However, he suggested that some work could be done to address this, as one size clearly does not fit all. RCH suggested that a zonal concept would be helpful. PS believed that existing zones might be too large (some as big as an LDZ), and that moving the flows from one end to another had a big impact; some Offtakes are more critical than others. However, RCH believed this could be applied to current zones and be of benefit to DNs and how they seek to operate in an efficient manner. PS reiterated that earlier and more accurate information was key to helping to provide more flexibility to the DNs.

RCH asked if a list of the most critical Offtakes could be provided. PS thought that, due to issues of confidentiality, this could not be published, but could be discussed with individual DNs. Following discussions, the feasibility of developing and using a concept of critical and non-critical Offtakes could be assessed.

Action OF1204: National Grid NTS to discuss critical Offtakes with individual DNs and report back on the feasibility/practicality of developing and using a concept of critical and non-critical Offtakes at the January meeting.

PS evinced an interest in visiting a DN to see how OPNs were produced and to gain a better understanding of the process from a DN's point of view. He would also like the DNs to visit the GNCC. BW thought that might be possible to arrange.

Potential RIIO Impacts

A brief overview of the Ofgem Capacity Working Group meeting was given and it was suggested that the work of this group might need to be borne in mind at OAW. RCH believed that there was unlikely to be any inconsistency and pointed out that DN participants attended this meeting and OAW.

NEXT STEPS:

TD questioned if the next step would be to develop changes to the UNC rules. MA was open to revising the rules in an effort to acquire better information, but would hesitate to remove what may already be the correct level of detail. However, it was suggested that the DNs might usefully put forward a preferred option in order to focus on what is important from a practical standpoint rather than a theoretical one, and to understand the DN view on an appropriate level of accuracy.

Action OF1205: OPN Options - DNs to put forward a combined DN preferred option to find some common ground on what is important from a practical standpoint rather than a theoretical one, and their view on an appropriate level of accuracy.

It was also suggested that DNs present a collective view on a zonal concept.

Action OF1206: OPN Options - DNs to present a collective view on a zonal concept.

4. Any Other Business

None raised.

5. Diary Planning for Workstream

The next meeting of the Offtake Arrangements Workstream is due to be held at 10:00 on Wednesday 25 January 2011, at 31 Homer Road, Solihull B91 3LT.

ACTION LOG – Offtake Arrangements Workstream

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF0904	08/09/10	3.0	Consideration to be given on the appropriate wording for pre-notifications within the Meter Error Notification Guidelines.	All	Carried forward
OF1003	08/10/10	3.1	Establishment of a formal Log to capture reasons for MEs and remedies - DNs to consider in what format it might best be produced.	All DNs	Carried forward
OF1004	08/10/10	3.3	Investigate why SGN's demand forecasts, scheduling charges and correction factors failed to pick up on the Aberdeen error, and report back.	SGN (SS)	Carried forward
OF1007	08/10/10	4.1	All to review the draft ME Register and comment on the key information to be included, to be reviewed at the next meeting.	ALL	Carried forward to 25/01/11
OF1009	08/10/10	9.1	<i>OAD Section 1 Review</i> (OPNs) – Ascertain existence of set of validation rules and report back.	National Grid NTS (EK/PG)	Closed
OF1010	08/10/10	9.1	<i>OAD Section 1 Review</i> (Exit Reform/Risk Management Processes) - Provide illustrations of two 'difficult days', what options there might be and how it might work.	National Grid NTS (CS)	Closed
OF1101	02/11/11	3.0	<i>OAD Section 1 Review</i> - National Grid NTS would look at the difficult day scenarios to understand processes and provide an update on 30/11/10.	National Grid NTS	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF1102	02/11/11	3.0	<i>OAD Section 1 Review</i> - National Grid NTS to look at possible list of options of aggregation and critical areas and provide an update for initial views on 30/11/10.	National Grid NTS	Closed
OF1103	30/11/10	2.2	Measurement Error SC001 (Braishfield 'B' MTB): Ascertain the volume amount to be used and provide to Shippers.	Scotia Gas Networks (JM)	As soon as possible
OF1104	30/11/10	2.3	Measurement Error SC006 (Aberdeen MTA): Provide a 'one page overview' defining the problem.	Scotia Gas Networks (JM)	As soon as possible
OF1201	08/12/10	3.0	<i>OAD Section 1 Review</i> - OPN Rejection Rules - National Grid NTS to review for level of importance to its process and requirements and prioritise/rank current OPN rules.	National Grid NTS (GBJ)	25/01/11
OF1202	08/12/10	3.0	<i>OAD Section 1 Review</i> - OPN Rejection Rules - DNs to articulate their views on the OPN rules in respect of complexity and practicality on their part.	DNs	25/01/11
OF1203	08/12/10	3.0	<i>OAD Section 1 Review</i> - SFRN Process - Provide examples to National Grid NTS for further study offline.	Wales & West Utilities (BW)	25/01/11
OF1204	08/12/10	3.0	<i>OAD Section 1 Review</i> - National Grid NTS to discuss critical Offtakes with individual DNs and report back on the feasibility/practicality of developing and using a concept of critical and non-critical Offtakes at the January meeting.	National Grid NTS (PS)	25/01/11

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF1205	08/12/10	3.0	<i>OAD Section I Review - OPN Options - DNs to put forward a combined DN preferred option to find some common ground on what is important from a practical standpoint rather than a theoretical one, and their view on an appropriate level of accuracy.</i>	DNs	25/01/11
OF1206	08/12/10	3.0	<i>OAD Section I Review - OPN Options - DNs to present a collective view on a zonal concept.</i>	DNs	25/01/11