

UNC Offtake Arrangements Workgroup Minutes
Tuesday 25 October 2016
Consort House, 6 Homer Road, Solihull B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Bethan Winter*	(BW)	Wales & West Utilities
Catherine Lister	(CL)	Wales & West Utilities
Colette Baldwin	(CB)	E.ON UK
David Mitchell	(DM)	Scotia Gas Networks
Mark Jones*	(MJ)	SSE
Shaun Stephenson*	(SS)	Scotia Gas Networks
Stuart Gibbons	(SG)	National Grid Gas Distribution Limited
Tom Ryan*	(TR)	Scotia Gas Networks

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/OA/251016>

1. Introduction and Status Review

In welcoming all parties to the meeting, BF explained that the Workgroup had been reconvened (the first Workgroup meeting since 29 April 2014) to specifically consider the outcomes of the 0575R Request Final Report.

1.1. Approval of Minutes

There were no minutes presented for approval at the meeting.

1.2. Actions Outstanding

There were no outstanding actions to consider.

2. Request Final Report 0575R – Consider the Performance Assurance Reporting Requirements for Transporters**2.1. Request Final Report review**

In the absence of the proposer of the request, A Love (on behalf of ScottishPower) the Workgroup undertook a very brief review of the 0575R Request Workgroup Report during which BF suggested, and those in attendance agreed, the key question relates to whether or not the GDNs would be happy to provide the requested quarterly reports.

please refer to discussions and conclusions on item 2.2 below for more details.

2.2. 0575R Meter Error Reporting Proposal presentation

BW provided a brief review of the Wales & West Utilities '575R Meter Error Reporting Proposal' presentation during which she confirmed that the data presented within the graph on page 5 is taken from actual flows at NTS / DN Offtakes.

Whilst considering the 'Proposal' slide (7), BF wondered whether or not the second bullet actually relates more to a maintenance aspect.

When it was then suggested that the community pick up any missallocation costs especially for instances >5BDs in duration, BF noted that whilst this is useful information to know, it is really a Performance Assurance Committee (PAC) consideration.

In considering the potential content for the new reports, BF suggested that care would be needed around (the inadvertent) provision of confidential information.

When asked, those in attendance indicated they are happy with the proposals and the GDNs indicated that they also are in support too (including, but not limited to the provision of the requested quarterly reports).

To summarise the agreement is that information will be provided for the top 40 NTS Offtakes which captures 80% of total flow into the DNs. The reporting to PAC was agreed. However, timescales were not agreed as part of the meeting. The following are proposed by WWU:

- 1) Maintenance each quarter submitted in
 - a. September for May, June, July
 - b. December for August, September, October
 - c. March for November, December, January,
 - d. June for February March, April
- 2) Meter error reports – as required
- 3) Copy of RRP report. September each year.

There was also discussion as to whether DM loads of similar size should also provide equivalent information. However, it was acknowledged that this would need discussion elsewhere.

3. Consideration of ME2 document (<http://www.gasgovernance.co.uk/OADDocs>)

SS provided an overview of the Scotia Gas Networks 'ME2 Process Review' presentation during which DM provided a brief explanation of the rationale behind the proposals.

In considering the 'ME2 Procedure Amendments' slide, it was suggested that it might be beneficial for interested / impacted parties to ensure that their experts review the proposals at which point BF suggested that this feels more like a 'technical expert group' type discussion rather than a direct Uniform Network Code (UNC) related discussion.

It was suggested that perhaps the answer lies in development of a technical document that would thereafter be overseen by UNC provisions (i.e. governance aspects, possible terms of reference related changes and OAC reporting aspects etc.). BF agreed to discuss these aspects offline with DM after the meeting.

Some parties indicated that they are already aware around these proposed changes, especially the potential for splitting out performance requirements that may culminate in each GDN have their own specific ME2 document – BF suggested that this might be something that could be better progressed through the Energy Networks Association (ENA). However, if it is deemed to be a Code related matter then it would need to be progressed via the OAC route.

When it was suggested that perhaps the IGEM could be involved in any technical rewrite aspects, DM pointed out that there are no direct commercial aspects for the proposed split. Some parties remained of the opinion that there would be value in involving the IGEM as this ensures that the 'industry' is suitably engaged in the matter – in short, it is about transparency and communication.

BF felt that there are possibly two key aspects to consider, namely whether or not the UNC OAD specifies a relationship to the ME2 document, and whether or not there are any Joint Governance Arrangement Agreement (JGAA) implications.

4. Review of Measurement Error Guidelines (<http://www.gasgovernance.co.uk/OADDocs>)

Opening, DM reminder those in attendance that the last discussions on this document and subject matter were undertaken two years ago.

During an onscreen review of the current document (v4.0, dated 21/07/2011), attention focused on the “**Significant Measurement Error**” threshold of 50GWh (based on Ofgem figures this equates to circa £2m in incorrectly allocated gas). In trying to ascertain whether or

not the threshold is still appropriate, parties considered if costs and duration of errors is a major factor alongside the costs associated with appointment of any **“Independent Technical Experts”** (ITE) needed to assist the industry in assessing the scale, nature, origin and corrective actions necessary with a particular error.

It was recognised that there are several possible underlying ‘drivers’, the most notable (but not exclusively limited to) relating to significant errors that only exist for a relatively short period of time, and smaller errors that exist of longer periods.

Some parties also voiced their concerns relating to the potential impacts of the 12 year meter maintenance period cycles. It was also acknowledged that some equipment rigs require dismantling and sending away for maintenance and recalibration purposes.

It was also noted that not only do we face issues relating to addressing the errors themselves, but also the impacts placed upon the process of extending resolution timelines associated with the appointment of technical experts – the ‘balance’ needed between resolution of the error, the cost necessitated by the appointment of a technical expert, and the lost cost associated with an extended review and resolution process period. It was noted that resolution of the relatively recent Aberdeen error had been compounded by re-test timing requirements and constraints.

When some parties questioned the ‘true value’ of engaging the ITE’s, discussions centred on whether or not it is necessary (and economically efficient) to continue to engage two ITE’s – BF pointed out that this is really a process rather than a threshold discussion matter. One option suggested was that perhaps the Network where the error exists should look to nominate three possible ITEs, with Shippers then selecting their preferred ITE (i.e. a 3 and 1 option). Whilst acknowledging that this was one possible solution, MM reminded everyone present that the type of meter and level / nature of the error concerned has a significant impact on determining the ITE. DM explained that he would prefer to retain the current process, but enhance it slightly to include Shipper involvement in the ITE appointment process. In the end a clear preference was not established at this time, but there was some support for the 3 and 1 option.

Discussion then returned to consideration of the suitability of the current lower (0 to <30GWh) threshold, with some favouring a raising of this threshold in order to potentially limit the number of smaller errors requiring to be raised. It was acknowledged that a significant number of smaller errors can be associated to reading tolerance and/or instrument ‘flutter’ type failures, that can potentially result in a null return being recorded.

When it was suggested that a major factor associated to errors at the lower end of the scale, is related to transparency and communication aspects, it was also noted that in many instances the value is so low that the cost to resolve the error outweighs the gain in doing so – the process costs are really a GDN / Xoserve matter.

DM felt that as it might be prudent for the GDNs to revisit / reconsider their RRP (RIIO) impacts in light of these discussions, and therefore suggested that it might be wise to leave the document ‘as-is’ for the time being.

Summing up discussions, BF suggested that consideration of a possible amendment of the lower threshold should be left for the time being until the GDNs establish and confirm the potential RIIO reporting impacts and that amendment of the upper threshold could be considered at a subsequent meeting, alongside a review of the Networks ITE appointments process (i.e. publishing report ahead of meeting and highlighting of any potential confidentiality aspects).

When asked, BF confirmed that the Offtake Arrangements Workgroup (OAW) nominate the Independent Experts and the Offtake Arrangements Committee (OAC) then approve / appoint the nominees accordingly – in short, a somewhat clunky process. BF then went on to point out that the ‘current’ ITE listing expired at the end of September 2016 and that subsequently the OAW have been asked to nominate parties, but to date, there has been no responses.

BF reminded everyone that any changes to the Measurement Error Guidelines document requires approval of both the OAC and UNCC (Uniform Network Code Committee).

New Action OAW1001: Reference Measurement Errors Guideline document - Scotia Gas Networks (DM) to consider points raised in Workgroup discussions with a view to providing a change marked version of the document for consideration at a future meeting.

5. Issues

None raised.

6. Any Other Business

None.

7. Diary Planning

A programme schedule for potential 2016 meeting dates was briefly discussed, and the following dates were agreed.

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

Time/Date	Venue	Programme
Monday 06 February 2017	10:30 Teleconference	<ul style="list-style-type: none"> • 2017/18 Shrinkage Proposals • Measurement Error Guidelines Amendment update • ME2 document review update

Action Table (25 October 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OAW1001	25/10/16	4.	Reference Measurement Errors Guideline document - Scotia Gas Networks (DM) to consider points raised in Workgroup discussions with a view to providing a change marked version of the document for consideration at a future meeting.	Scotia Gas Networks (DM)	Pending