

Offtake Arrangements Workstream Minutes

Wednesday 2nd November 2005

West Midlands Bridge Club, Solihull

Attendees

John Bradley (Chair)	(JB)	Joint Office
Dennis Rachwal (Secretary)	(DRa)	Joint Office
Steve Featherstone	(SF)	Scotia Gas Networks
Mark Freeman	(MF)	National Grid UKD
Liz Spierling	(LS)	Wales and West Utilities
Paul Roberts	(PR)	National Grid NTS
Peter Close	(PC)	National Grid UKD
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Dave Adlam	(DA)	National Grid NTS
Dave Mitchell	(DM)	National Grid NTS
Anne Young	(AY)	National Grid UKD
Andrew Fox	(AF)	National Grid NTS
Claire Thorneywork	(CT)	National Grid NTS
Diane Ritchie	(DRi)	National Grid UKD
Christiane Sykes	(CS)	EON UK

1. Status Review

1.1. Minutes from Sept 05 Workstream Meeting

The minutes were accepted.

1.2. Review of Outstanding Actions

Actions are tabulated in Appendix A with a unique reference number, but for continuity from September minutes outstanding actions are summarised as follows:

- Transco NTS to finalise and launch ARCA consultation. **Action OF1000 closed.** Consultation launched and representations closed out 22-Sep-05
- Wales and West Utilities (LS) to draft a proposal for potential inclusion in the Offtake Communications (or other OAD subsidiary) Document on CV data for Network Planning. **Action OF1001 carried forward** but likely to subsume into Topic 007OF on gas transporter cooperation on planning and investment in networks.
- Transco DN (PC) to raise Mod Proposal and request October Panel to send it direct to consultation. **Action OF1002 closed** Draft Mod Report 051 out for consultation with representation close out on 18-Nov-05.
- Transco DN presentation on Role of Offtake Committee in respect of implementation of UNC Modifications **Action OF1003 closed** – item 2.2
- Joint Office to seek Panel approval of Offtake Arrangements Workstream terms of reference. **Action OF1004 closed** Panel agreed the statement “The Offtake Arrangements Workstream will provide an open forum under the Chairman’s Guidelines to primarily address inter-transporter Topics that might result in proposed changes to the UNC.”

1.3. Review of Workstream's Modification Proposals and Topics

Further to the Modification Status Report of 25-Oct-05 the Draft Modification Report for Proposal 051 is out for consultation with representations close out on 18-Nov-05. Additionally Mod Proposal 054a on Emergency Curtailment Quantity Methodology and its governance has inter-transporter elements discussed in item 3. For further detail on the status regarding Mod Proposal 046 on transitional arrangements at NTS Exit Points see item 2.1.

Topic 004OF on CV Data for Network Planning was revised to low priority since the current planning cycle has been completed.

2. Discussion of Topics

2.1. Topic 001OF NTS Exit Capacity Reform – Transitional – Mod 046

National Grid NTS (PR) ran through a presentation (circulated with these minutes) that provided an update on the consultations associated with Mod 046, i.e. IExCR, SC4B and NTS ARCA. Key issues identified from the consultations were discussed:-

- i. clarification of incremental capacity and the initial volume allocations, - to be included by re-consultation
- ii. the desire for National Grid NTS to publish available capacity at each exit point and whether a request would trigger investment (capacity triggers) - consider how indications of available capacity at specific points on the NTS could be identified in order to promote economic and efficient DN applications for Exit Capacity and to include a proposal, in this respect, within the IExCR
- iii. the need for National Grid NTS to have ARCAs from DNOs. This puts an administrative burden on DNOs who have licence obligations however NTS needs to justify investments to its board. Also SF requested some form of Ofgem endorsement of ARCAs.
- iv. whether or not ARCAs should be required for DNO 1 in 20 load growth – the requirement would not normally arise however a severe winter might lead to revision of demand estimates that were in excess of the ARCA threshold and leave DNs unable to mitigate this with DN ARCAs.
- v. Ofgem have indicated that the level of financial commitment to justify system investment might be on case by case but workstream members counselled against this as impracticable for the timescales that the planning cycle needs to operate within
- vi. the mechanism to use in the event of delay to capacity delivery date was proposed as application of contract law to ARCAs however an issue was identified in terms of resolution of National Grid NTS delay for National Grid Distribution capacity application.

Action OF1005 National Grid NTS (PR) to consider discussion points and launch re-consultation on IExCR noting that some parties would prefer more than 14 days and consider inclusion of the principles of ARCAs and capacity triggers.

LS observed there may be a case for the DN ARCA threshold to be lower than the NTS ARCA threshold.

2.2. Topic 006OF Role of Offtake Committee

At the workstream in September there was some concern that about the scope of the Offtake Committee in the context of potential implementation of Mod 045. PC gave a brief outline to address these concerns. The Offtake Committee is defined under

Offtake Arrangements Document (OAD) Section N8. As a sub-committee of the UNC Committee, its function includes the “..review of such matters concerned with the implementation of the Code..” (ref UNC General Terms Section B 4.2.1). Additionally OAD N8.3.2 sets out Offtake Committee functions to include “..review and modification of the Offtake Subsidiary Documents...”. Thus the Offtake Committee may generally address matters of implementation of the Code and specifically address change and suitability of Offtake Subsidiary Documents. The workstream accepted that the Offtake Committee was an appropriate formal forum for addressing inter-transporter aspects of the implementation of UNC Modifications.

2.3. Topic 008OF Assured Offtake Pressure

National Grid NTS (PR) indicated there were matters to address regarding the Assured Offtake Pressure (J2.5) but requested the Topic be raised and put on hold this month.

JB conveyed the query from the Distribution workstream “how does the Offtake Pressure Topic differs to Modification Proposal 005(0726)” PC gave a preliminary response that UNC development identified the need for and defined the term Assured Offtake Pressure relating to NTS/LDZ offtake pressure whereas Modification Proposal 005(0726) sought to amend the provisions in respect of consumer meter points.

Action OF1006 National Grid NTS (PR) to develop a paper or proposal to define and progress resolution of the Topic on Assured Offtake Pressure.

3. Modification Proposals 054 and 054a on Emergency Curtailment Quantity (ECQ) Methodology and its governance.

SF stated that Mod Proposal 054a gave rise to uncertainty about the ECQ methodology and thus plans for a £200,000 IS systems development to support efficient and rigorous operation of the ECQ methodology of Mod 044 were now on hold. He argued that the prevailing Uniform methodology permits use of options that do not rely on system development and that in the event that Mod Proposal 054a was implemented the likely IS costs would arise for a second time. In these circumstances he argued it was appropriate for gas transporters to await the decision on Mod Proposal 054/054a.

In discussion: -

- i. CS expressed concern that use of SOQ for curtailed quantity could be substantially inaccurate, lead to many after the day shipper queries, and that on the day this might lead to provision of an inaccurate aggregate ECQ estimate to the NEC. She argued that Mod Proposal 054a would address this concern.
- ii. Withdrawal of Mod Proposal 054a would reduce short term uncertainty regarding IS system development for the Uniform ECQ methodology however CS indicated no intention of withdrawing Mod Proposal 054a since she argued its provisions were needed for shipper assurance regarding ECQ calculation.
- iii. The initial view was that IS development in support of ECQ calculation under Mod Proposal 054a was not feasible for delivery during winter 2005/6.

To conclude the discussion, JB invited each proposer to consider providing clarificatory notes to assist Panel make a determination on 10-Nov-05 as to whether Mod Proposals 054/054a should be sent to consultation or not.

4. Schedule of Future Meetings

Date: Wednesday 30 November 2005

Venue: Solihull – detail to be confirmed

Date: Wednesday 4 January 2006

Venue: Solihull – detail to be confirmed

Action Log – UNC Offtake Arrangements 2nd November 2005

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1000	07/09/05	3.1 Topic 001OF	finalise and launch ARCA consultation	National Grid NTS (PR)	Closed: Consultation closed out 22/09/05
OF 1001	07/09/05	3.2 Topic 004OF	draft a proposal for potential inclusion in the Offtake Communications (or other OAD subsidiary) Document on CV data for Network Planning.	Wales & West Utilities (LS)	Carried forward – potentially subsume into Topic 007OF
OF 1002	07/09/05	3.3 Topic 005OF	Raise Mod Proposal to clarify offtake requirements on low flow days and request Panel to send it direct to consultation	National Grid UKD	Closed Mod Proposal 051 reps close out 18-Nov-05
OF 1003	07/09/05	3.4 Topic 006OF	Present views on the Role of Offtake Committee in respect of UNC Modifications	National Grid UKD	Closed Views presented 2-Nov-05
OF 1004	07/09/05	4	seek Panel approval of Offtake Arrangements Workstream terms of reference statement	Joint Office (JB)	Closed Panel agreed with minor revision.
OF 1005	2/11/05	2.1 Topic 001OF	consider discussion points and launch re-consultation on IExCR noting that some parties would prefer more than 14 days and consider inclusion of the principles of ARCAs and capacity triggers	National Grid NTS (PR)	
OF 1006	2/11/05	2.3 Topic 008OF	develop a paper or proposal to define and progress resolution of the Topic on Assured Offtake Pressure	National Grid NTS (PR)	