

Offtake Arrangements Workstream
Tuesday 02 November 2010
31 Homer Road, Solihull, B91 3LT

Attendees

Tim Davis (Chair)	(TD) Joint Office
Helen Cuin (Secretary)	(HC) Joint Office
Ben Tuson	(BT) Scotia Gas Networks
Bethan Winter	(BW) Wales & West Utilities
Chris Shanley	(CS) National Grid NTS
Keith Dixon	(KD) Northern Gas Networks
Lorraine Weir	(LW) National Grid NTS
Mark Amos	(MA) National Grid NTS
Mark Freeman	(MF) National Grid Distribution
Mark Lyndon	(ML) National Grid NTS
Mike Wassall	(MW) National Grid NTS
Rob Cameron-Higgs	(RCH) Wales & West Utilities

1. Introduction

TD welcomed attendees to the meeting.

Northern Gas Networks suggested some amendments to clarify the minutes from 08 October 2010, which were accepted.

2. Review of Actions

Action OF0902: National Grid to provide details of Meter Error revised quantities for each of the LDZs.

Update: Action not reviewed. **Carried forward**

Action OF0903: RWE npower to review Section D of the OAD and discuss a possible insertion with National Grid to include site monitoring.

Update: Action not reviewed. **Carried forward**

Action OF0904: Consideration to be given on the appropriate wording for pre-notifications within the Meter Error Notification Guidelines.

Update: Action not reviewed. **Carried forward**

Action OF1001: Collate Shippers' questions relating to recent SMEs, and submit to JO for publication; DNs to respond.

Update: Action not reviewed. **Carried forward**

Action OF1002: Arrange SGN Director visits with interested Shippers.

Update: Action not reviewed. **Carried forward**

Action OF1003: Establishment of a formal Log to capture reasons for MEs and remedies - DNs to consider in what format it might best be produced.

Update: Action not reviewed. **Carried forward**

Action OF1004: Investigate why SGN's demand forecasts, scheduling charges and correction factors failed to pick up on the Aberdeen error, and report back.

Update: Action not reviewed. **Carried forward**

Action OF1005: Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.

Update: Action not reviewed. **Carried forward**

Action OF1006: Publish the name of the Independent Technical Expert when confirmation of appointment received.

Update: Action not reviewed. **Carried forward**

Action OF1007: All to review the draft Register and comment on the key information to be included, to be reviewed at the next meeting.

Update: Action not reviewed. **Carried forward**

Action OF1008: Provide a link to enable access to information relating to SGS visits.

Update: Action not reviewed. **Carried forward**

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

Update: CS hoped to provide a post meeting note. **Carried forward**

Action OF 1010: 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: In progress. **Carried forward**

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

MA provided a presentation on the enduring exit regime and risk management processes. It is National Grid NTS' intention to develop a process to manage the associated risks. MA explained the risks under the enduring regime, the timings and the tools available. NTS need time to plan for and manage potential constraints since there are no tools which have an immediate effect.

MA summarised the potential tools as:

- Offtake profile notice rejection
- Flow- swapping
- Offtake reduction invitations
- Restricting within-day firm capacity release
- Constrained storage utilisation
- Surrendering daily NTS exit capacity
- Exit capacity constraint management agreements
- Locational buy actions
- Operating margins utilisation
- Off- peak capacity management.

MA explained the benefits of OPN accuracy and that good within day forecasting can drive down untimely and exaggerated constraint management instances. MA wanted to be in a position to reliably forecast potential constraints by having access to more accurate information. CS wished for the industry to work together to look at different options and the changes that may need to be developed to make the process work as efficiently as possible.

MF questioned the suggestion that improved forecast accuracy would necessarily deliver benefits for parties other than National Grid NTS, and asked if some offtakes were more important than others – such that any moves to strengthen data accuracy could be focussed. General concern was expressed about the potential costs of changing data provision requirements and whether the benefits would justify the costs. CS stressed that National Grid NTS is not wedded to the OAD options currently available – they want processes that work as efficiently as possible in the interests of minimising industry wide costs.

MF questioned the effect on flat capacity, and MA explained the process of aggregation.

RCH asked about timing issues. MA explained that National Grid NTS has looked at potential options for delivering profiled data, and concluded that the earlier this information is received the better.

RCH asked if the current tools have been modelled to assess their usability going forward. He also questioned if NTS had a concern with the concept of a tolerance - he recalled from a previous meeting that a 7% inaccuracy would be a concern. CS explained that poor information could lead to poor decisions. BW added that some OPNs would build in safety margins to book sufficient flex for the 1 in 20 worst case scenario and to allow for storage deficits.

RCH summarised that discussions suggested there was a general theme of issues surrounding timeliness, accuracy and aggregation.

MA explained NTS would prefer to model the network on an offtake by offtake basis but may be able to develop a process on a more aggregated basis. RCH believed it would be out of keeping to build a model based on individual offtakes when NTS do not run the system in this manner.

BW emphasised the need to understand what is needed at the right places. MW suggested this is a moving target since system criticality may change over time.

RCH suggested looking at possible scenarios using historical data to help the DNs understand the criticality of some of the issues and how the NTS processes actually work. TD questioned whether forecast accuracy was critical or if it is change that matters, especially change that NTS would not anticipate. MF suggested understanding the process for management of entry flows may assist in this respect and provide insights for exit.

RCH asked about the National Grid NTS developed offline model and if gas day data has been used to test this model. RCH was keen to see a replication of the modelling work and the decision processes that would have been required. He was particularly keen to see what improvements could be made within a model with more accurate data.

Discussion then moved to flow swapping, and MW presented an example. RCH asked about the potential of flow swapping across networks since, in principle,

NTS issues might be able to be addressed through this route. MW suggested that, from a DN perspective, this could alter the supply demand balance.

MF asked about capacity swapping and the overrun regime. It was confirmed that overruns were the key issue with flow swaps, and it was suggested the potential solution may be best discussed in the Transmission Workstream.

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

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

NEXT STEPS:

It was agreed that the next steps would be:

Look at difficult day scenarios to understand processes.

Look at the possible list of options for aggregation, OPNs, critical sites and initial views on the way forward.

4. Any Other Business

None

5. Diary Planning for Workstream

The next meeting of the Offtake Arrangements Workstream is due to be held at:

10:00 on Tuesday 30 November 2010, at 31 Homer Road, Solihull B91 3LT, with the Section I discussions expected to commence at 13:00.

A Section I Review only Workstream has been arranged for:

10:00 on Wednesday 08 December November 2010, at 31 Homer Road, Solihull B91 3LT.

ACTION LOG – Offtake Arrangements Workstream

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF0902	08/09/10	2.2	National Grid to provide details of Meter Error revised quantities for each of the LDZs.	National Grid Distribution (AC)	Carried forward
OF0903	08/09/10	3.0	RWE npower to review Section D of the OAD and discuss a possible insertion with National Grid to include site monitoring.	RWE npower (JW)	Carried forward
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
OF1001	08/10/10	3.1	Collate Shippers' questions relating to recent SMEs, and submit to JO for publication; DNs to respond.	British Gas (GW), JO and all DNs	Carried forward
OF1002	08/10/10	3.1	Arrange SGN Director visits with interested Shippers.	SGN (JM/SS)	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
OF1005	08/10/10	3.3	Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.	SGN (JM)	Carried forward
OF1006	08/10/10	3.3	Publish the name of the Independent Technical Expert on the JO website when	JO (TD)	Carried forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			confirmation of appointment received.		
OF1007	08/10/10	4.1	Review the draft ME Register and comment on the key information to be included, to be reviewed at the next meeting.	ALL	Carried forward
OF1008	08/10/10	6.1	Provide a link to enable access to information relating to SGS visits.	National Grid Distribution (SG)	Carried forward
OF1009	08/10/10	9.1	OAD Section I Review (OPNs) – Ascertain existence of set of validation rules and report back.	National Grid NTS (EK/PG)	Carried forward
OF1010	08/10/10	9.1	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.	National Grid NTS (CS)	Carried forward
OF1101	02/11/11	3.0	OAD Section I Review - Look at the difficult day scenarios to understand processes	National Grid NTS (CS)	Update due 30/11/10
OF1102	02/11/11	3.0	OAD Section I Review - Look at possible list of options for aggregation and critical areas and provide an.	National Grid NTS (CS)	Update due 30/11/10