

UNC Request Workgroup 0646R Minutes
Review of the Offtake Arrangements Document
Monday 16 April 2018
at the Pure Offices, Lake View House, Tournament Fields, Warwick
CV34 6RA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Chris Warner	(CW)	Cadent
Darren Dunkley*	(DD)	Cadent
Dave Mitchell	(DM)	SGN
Eddie Blackburn	(EB)	National Grid NTS
Kirsty Dudley*	(KD)	E.ON
Leteria Beccano*	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	National Grid NTS
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/160418>

1. Introduction and Status Review**1.1. Approval of Minutes (08 March 2018)**

The minutes from the previous meeting were approved.

2. Proposed OAD Review – changes and amendments – Sections C - N

During an onscreen review of the 'Proposed OAD Review Changes' spreadsheet, it was agreed to focus attention on Section C to N changes and what specific issues are causing concerns and what actions may, or may not be appropriate to rectify the issues.

Discussions are captured on a 'by exceptions' basis, as follows:

OAD Section C – Safety and Emergency

- Para 2.8 – it was agreed that closed NTS/LDZ offtakes to be included in due course, and
- Para 5.1.2 – relates to Terminal sites additional safety elements and Adrian Chapman of National Grid is currently considering the matter. SR advised he would speak with his colleague after the meeting.

DD explained that he believes that he and Adrian are in 'general' agreement on what is needed, although Bacton may need additional requirements.

DD suggested that in simple terms, the Uniform Network Code (UNC) just needs to be updated to better reflect the types of constraint involved. DD also pointed out that the HSE requirements also need to be considered.

When DM questioned whether or not there is an actual benefit in including these provisions within the Supplemental Agreement, EB indicated that whilst acknowledging the points raised (i.e. governance principle), care is needed around the level of detail that may, or may not be suitable for inclusion within the Supplemental Agreements –

perhaps one option would be for the Supplemental Agreements to point to what process is involved and the location of any associated information.

OAD Section D – Measurements

- No changes proposed.

OAD Section E – Telemetry etc.

- No changes proposed.

OAD Section F – Determination of Calorific Value

- No changes proposed.

OAD Section G – Maintenance

- Para 1.2.1 - DD believes that there is a need to separate maintenance and investment requirements by teasing out maintenance planning aspects and look at how to improve these.

When it was suggested that Michael Brennan within National Grid would be a good person to speak to, DM and LB advised that they are unsure as to whom in their respective companies (SGN and WWU) would be good contact points in order to progress discussions on this item – it was agreed to ask M Brennan who he often liaises with and to feed this back to DD after the meeting.

DD suggested that the level of detail in the current version of the OAD is overkill and would benefit from a review, at which point EB agreed, although it was noted that where there is more than 1x P1 present on site, this does complicate matters.

It was agreed to look to review the maintenance aspects associated with OAD Section G.

OAD Section H – NTS Long Term Demand Forecasting

- No changes proposed.

OAD Section I – NTS Operational Flows

- No changes proposed.

OAD Section J – LDZ/LDZ Offtakes – Planning and Operational Flows

- No changes proposed.

OAD Section K – LDZ System Entry Points

- No changes proposed.

OAD Section L – Cost Recovery and Invoicing

- Para 2.3.1 – in noting that Cadent does not often use this section, DD suggested that some amendments are need to cover recoverable cost considerations, especially asset interference aspects and cost recovery (which is becoming more of an issue for Cadent).

It was noted that cost recovery (for these purposes) could be simply broken down into two component parts, namely 'Normal Activity' or 'Reactive Activity' agreements.

DD suggested that better articulation around the invoicing elements (i.e. the work involved and for what items etc.) would be beneficial, especially for any costs that come out of the 'corner field', which have the potential to impact on an operators budget in the form of both cost recovery and interference costs – in short, further clarity in Code would only help matters.

Responding, SR suggested that quotations and reality costs could be difficult to assess. When DD suggested that National Grid would not deal with its contractors in a similar manner, EB accepted the (general) point being made and suggested that National Grid maybe happy to provide a 'reasonable estimation' (including any contingency allowance) of costs up front, although he asked parties to note that costs may vary. For the

avoidance of doubt, the 'reasonable estimate' should not be mistaken as being fixed costs under these circumstances.

DD indicated that he would be happy to adopt such a process providing parties can have the flexibility to discuss and review, as appropriate. EB explained that he would be happy for National Grid to look to provide a 'upper level estimation of costs' going forwards.

OAD Section M – Information Flows

- No changes proposed.

OAD Section N – General

- Para 2.1.2(c) – When LM pointed out that the Workgroup has not yet reached a consensus for a definition change(s), SR explained that he struggles to see the real objective behind the proposed change.

When DD explained that he thought that a definition change in Sections A and B, that ensures that there is a link back from Section N was appropriate, had been agreed at the previous Workgroup meeting, LM suggested that if we are looking to change any definitions within the OAD, then full agreement would be needed.

DD then suggested that he is looking to ensure that any definition changes are rippled throughout the OAD in an appropriate way. Whilst agreeing that a review would be beneficial, EB noted that this also potentially links in to Tri-Partite aspects and care would be needed – National Grid feels unable to agree the (finer) details until a better understanding of the actual requirements is available.

- Para 3.2.2 – DD believes that any revisions in OAD Section B need to be reflected appropriately in OAD Section N.

When asked what we are actually looking to address with these proposed changes, DD explained that it relates to the fact that the OAD states that we have to sign off Supplemental Agreements on their respective 'go-live' dates, when not all of the information maybe available due to time lag related issues etc.

It was noted that whilst there are elements of a Supplemental Agreement that can be updated immediately, and elements that cannot (i.e. diagrams etc.), a review might be beneficial. EB suggested that care would be needed to identify the scenarios where we 'go-live' with a set of diagrams which are then updated at a later time.

EB then suggested that the levels of detail involved and the subsequent 'knock on' effect around how best to manage these need careful consideration as this matter relates to the contractual right to flow gas via the Supplemental Agreement(s) – it was acknowledged that there is not necessarily a simple solution in order to address this issue.

LM reminded those present that changes to flow related information is important and therefore the Workgroup needs to ensure that appropriate Supplemental Agreements are in place. Ideally, the 'key' operational parameters should be identified before the 'go-live' date with the secondary parameters updated at a later point in the process.

When asked how best to achieve the new proposals, EB pointed out that the Workgroup had previously discussed the option of caveating diagrams and utilising design diagrams rather than operational ones – another alternative could be to remove the diagrams altogether and simply have a description instead. Responding, DD advised that he thought that the use of diagrams was originally established in order to ensure the 'industry' complies with OAD Section B obligations. However, DD accepted that the obligations could be removed from the Supplemental Agreements and simply have a reference, which should in theory make it easier to articulate, although the (new) Supplemental Agreements would be understood going forwards.

LM pointed out that the current OAD provisions allow for the utilisation of diagrams, or not, if that is preferred – in essence, their use is not mandatory.

When BF suggested that the matter boils down to co-operation between the various parties involved, EB indicated that he is relatively comfortable with the proposed wording and happy to consider the matter further, if the Workgroup feels it is needed.

CW advised that at this moment in time Cadent would not be happy to raise a UNC Modification that National Grid would feel unable to fully support, and he would now consider the feedback provided before taking an informed view.

In referencing the fact that there are is an OAD section that 'covers off' the flow of information requirements, LM questioned whether the proposed change(s) add any real value.

When asked what potential timescales Cadent are proposing for updating the Supplemental Agreements, DD responded by indicating that in his view, the current 10 day allowance is fine, as the main driver behind the proposed change relates to the (process) inefficiencies around notifying National Grid about potential Supplemental Agreement changes.

LM advised that National Grid would provide a 'track change' version of the document to parties to update in order to request a Supplemental Agreement change, and to also agree a common best practise approach going forwards. EB indicated that a more flexible approach would be preferred and accepts that the current wording maybe over prescriptive, although care is needed around any custodial aspects.

DD acknowledged that consideration of the custodial aspects around Tri-Partite agreements and the impact of any Supplemental Agreements, needs to be considered further in order to ensure that the two aspects remain in synch where practical to do so – it was accepted that this matter would be covered off during further Tri-Partite related discussion.

EB noted that it seems reasonable that site owners are also included in Tri-Partite Agreements and that this is something to be considered in due course perhaps.

- Para 3.3.2 – in referring to the 'sealing of Deeds', EB explained that this ties up the National Grid lawyers unnecessarily.

SR suggested that restatements and sealing are two distinct aspects and as a consequence, he felt that these should be addressed separately. When asked whether or not, National Grid legal teams had reviewed this item, LM explained that discussions were ongoing with National Grid lawyers, although no clear view has been established at this time.

When asked, SR agreed that in essence, we would still do the reinstatement aspects, but may not necessarily need the sealing elements.

LM then advised that National Grid is exploring whether or not to retain the Deeds provisions. In short, if both (all) parties are in agreement over the template, does it really need to go in to the OAD per se – DD suggested that inclusion within the OAD takes into account all operations involved.

At this point, EB advised that there is a legal process involved whereby you seal a contract as a Deed, where a value transfer is involved. He then pointed out that Supplemental Agreements are agreements for upstream/downstream agreements – perhaps for standard changes we can adopt a subtly different process.

New Action 0401: Reference OADN paragraph 3.3.2 provisions – National Grid (EB) to consider the 'Point of Sale' and how to change agreements to take better account of the point of sale aspects (including any timeline aspects).

Concluding the discussions on this proposed change, EB suggested that all parties should look to discuss the matter with their respective legal teams.

- N7 – in referring 'Loss and Liabilities', EB questioned what the issue is, at which point SR suggested that it might be related to the 'illy run' related issues – SS agreed to double check with his Cadent colleague (MS) and provide a view at the next meeting.

EB requested provision of more background information relating to this proposed change.

EB pointed out that National Grid would be happy to support any process related improvements, although care would be needed around changing definitions for offtakes.

- Para 9.1.1 – relates to SCARDA system related impacts.

EB advised that in his opinion this is not an unreasonable proposal so long as the Workgroup acknowledges that maintenance plans are clearly recognised as an OAD Notice.

- Appendix – the consensus was that this proposed change had already been covered off elsewhere in the discussions.

When BF suggested that this appears to have covered off the 1st pass review of the proposed OAD changes spreadsheet, SR indicated that he remains unsure on how to move forwards from this point (i.e. undertake changes the OAD or the Supplemental Agreements).

EB suggested that if Cadent (DD) could provide an example Supplemental Agreement, the Workgroup could then look to review and comment. Responding to this suggestion, DD indicated that the Workgroup needs to agree the basic underlying principles first (i.e. the scope of what should be in the OAD and what should not, and what should be excluded from the Supplemental Agreements). SR voiced his concern that this ‘feels’ like we are trying to fix operational issues, before pointing out that the National Grid lawyers believe that National Grid remains compliant with the OAD provisions at this time.

When BF suggested that perhaps Cadent (DD) could look to provide a ‘strawman’ of what they are looking to change, the Workgroup could then look to review this against current Code and Supplemental Agreement provisions.

New Action 0402: Reference Proposed OAD Review – changes and amendments – Cadent (DD) to provide a draft ‘strawman’ of what they are looking to change, which the Workgroup could then look to review against current Code and Supplemental Agreement provisions.

When DD suggested that he would need guidance over what the Workgroup is attempting to achieve here, EB outlined a possible approach to the notification process between parties and how changes might make the Supplemental Agreements more efficient.

When asked whether or not he feels he has sufficient information in order to identify what changes might be required to the Supplemental Agreements going forwards, DD replied by indicating that he would really like more clarity around the potential scope involved.

BF observed that there does not appear to be a (Workgroup wide) desire to instigate any changes unless these are deemed to be absolutely necessary, and as a consequence of this fact, it is down to the Proposer (Cadent) to look to move matter forwards.

DM advised that as SGN have different internal processes to Cadent, he feels that further clarity from Cadent would help him to discuss the proposals with his colleagues.

When EB suggested that perhaps the Workgroup should look at what the minimum level of information within the Supplemental Agreements is appropriate, to which DD suggested that it should include cathodic protection requirements.

EB suggested that the Supplemental Agreements need to steer parties through the process (which may include references to diagrams in future). As a basic, they should include:

- Site information;
- Asset information;
- Shared (or not) board(s) information;
- Shared (or not) telemetry information – it was agreed to consider whether to retain this in due course;
- Key pressure information;
- Cathodic protection systems, and
- Site access information.

EB went on to suggest that in short, there should be enough information (contained within the Supplemental Agreements) to enable parties to identify what aspects are needed.

When DD asked if the Workgroup could agree that going forwards we exclude diagrams from the Supplemental Agreements and simply move to providing a reference to a diagram version number, as a way of reducing changes to the Supplemental Agreements, EB responded by suggesting that this sounds like a possible option that National Grid can consider after the meeting and look to provide a firm view at the next meeting.

When asked whether there would be a draft updated Supplemental Agreement for consideration at the next Workgroup meeting, DD indicated that he would look to provide one, and would base it on the Partington example (modified to better reflect today's discussions). EB advised that subject to the timely provision of a draft (updated) Supplemental Agreement, National Grid would look to provide comments before the next Workgroup meeting.

New Action 0403: Reference Proposed Supplemental Agreement Changes - Cadent (DD) to provide a draft updated Supplemental Agreement for consideration at the May Workgroup meeting.

3. Review Workplan

Deferred.

4. Review of Outstanding Actions

Action 0301: Cadent (DD) to provide background detail to the sections and points within the "Proposed Amendments to OAD" spreadsheet that were deemed issues and the reasoning for these issues and impacts.

Update: When SS advised the information had now been provided, it was agreed that the action could now be closed. **Closed**

Action 0302: National Grid NTS (LM) to investigate the Tri Party Agreements in relation to shared sites.

Update: In explaining that National Grid are still considering this matter, LM noted that the OAD may prevent any changes to the relationship for shared sites, especially where commercially sensitive information is involved. **Carried Forward**

Action 0303: National Grid NTS (EB) to investigate the Legal status regarding Supplemental Agreements and related documents and the impact of the review.

Update: In indicating that this action appears to be more about contract termination, LM explained how National Grid has currently been utilising the amending agreements and/or amending re-instatement agreement processes in order to satisfy requirements. **Carried Forward**

Action 0304: National Grid NTS (SR) to investigate why the Electrical Plans are not included within the Supplemental Agreement.

Update: SR explained that after consideration within National Grid, no one really knows why these have been excluded historically. However, the consensus (within National Grid) suggests that these could be included in future, subject to the views and feedback of this Workgroup. It was agreed that this action was now complete. **Closed**

Action 0305: Cadent (DD) to arrange a joint Maintenance and Resource Management Teams meeting to explore all of the overall obligations regarding the OAD and Maintenance Plan; should there be a combined process, and investigation of Section G regarding compliance.

Update: DD explained that consideration remains ongoing and that Cadent is looking to set up meetings with operators.

When it was pointed out that the Maintenance Plans are deemed to be a 'notice', DD responded by explaining that is why he is looking to divorce the various aspects. It was noted that care would be needed to avoid potentially 'doubling up' on issuing notices. **Carried Forward**

Action 0306: All parties to consider if the maintenance plan was reasonable, and how it highlighted maintenance activities up to 12 months in advance.

Update: EB explained that National Grid have undertaken internal discussions on this action and have struggled to fully understand the intent behind the action, especially with regard to the planning requirements, and how best to word any potential obligations. Responding, DD explained that in Cadent's view the 12 month notices are difficult to comply with anyway.

When EB indicated that he believes that better clarity is needed around what is to be provided (i.e. what is coming, and the potential scale of the work involved), DD suggested that maintenance and investment are two distinct and separate elements and the Workgroup needs to be clear on how these are defined, especially for potential inclusion within the Offtake Arrangements Document going forwards. In referring to the fact that UNC TPD Section G states that we need to provide both an annual and investment plan, DD suggested that these are the difficult areas to satisfy. When LM advised that she still favours having all the information available on one plan (i.e. including both the maintenance and investment elements), BF suggested that in his opinion, both items should have their own distinct elements and also identify what is to be provided and by when.

When BF enquired whether or not the action could now be closed, and any divided opinions recorded within the Workgroup Report, no clear consensus could be reached.

DD then went on to indicate that he thought that the 12 month period related to the notification periods as specified in UNC TPD Section B. Responding, EB suggested that if we are proposing to change the provision, then all the Workgroup needs to do is simply agree what is deliverable and by what date and the period involved. **Carried Forward**

Action 0307: Cadent (DD) to investigate the Telemetry arrangements and shared boards.

Update: In referring to the discussions undertaken elsewhere in the meeting, DD indicated that he was unsure of the origin of the action.

During a brief onscreen review of the 08 March 2018 meeting minutes, and specifically page 5, DD explained that in terms of the *'Telemetry Arrangements and maintenance of shared boards – not presently defined in the Supplemental Arrangements'* statement, shared boards could mean a plethora of things and it is unclear what this really means, and as a consequence the provision of additional detail would be beneficial.

When asked whether the real concern relates to National Grid potentially touching Cadent equipment, DD indicated that it is, and that in his opinion parties need to know what they can, or cannot touch. In response, LM quoted the Supplemental Agreement statements including the 'site service' definition at which point, DD suggested that we need to tease out these types of issue.

In looking to summarise the concerns, EB suggested that if we are considering a shared service, we need to undertake more detailed consideration of the matter, but where it is not a shared service involved, we have no issue – consensus amongst those in attendance is that this is true. It was agreed that in essence we have shared sites, non shared sites and those that fall into the 'middle ground'.

When EB suggested that there would be a potential benefit in tweaking the current action (0307) to include a definition (and clarification) of 'shared services', DD agreed to liaise with DM to highlight key asset (RTU) examples such as the Wingfield site. **Closed**

Action 0308: Cadent (DD) and National Grid NTS (LM) to investigate the redundant asset pressure from a Site User/ Site Owner perspective e.g. Hornden/Barking.

Update: LM pointed out that whilst reviewing TPD Section V, it is clear that there are a lot of requirements involved, and perhaps the best way forward is to look to identify what aspects the Workgroup believes are missing.

DD suggested that a lack of a site owner clause results in an inability of the site owner to approach the site user to request removal of redundant assets. In short, the issue for him boils down to equipment residing on Cadent land that potentially impacts on development or re-development of that site – DD quoted OADB paragraph 3.11 provisions.

When asked if there are many sites where such an issue exists, DD responded by advising that whilst there are a limited number of sites involved, that regardless of the actual number, some form of protection would benefit all parties concerned. EB advised that rather than going into 'solution mode' now, he would welcome the opportunity to take this concern away and give it due consideration before responding with a formal view. When DD also advised that there are potential monetary values associated with some of the redundant assets, EB acknowledged the point and suggested that the Workgroup will also need to consider paragraph 3.3 provisions as well.

DD then suggested that care would be needed around the complexities of relocating sites, especially when bearing in mind that geographical options (or lack of) may be a constraint.

DD explained that whilst Horden has highlighted this potential issue, the Workgroup needs to address the more general principles involved.

In noting the concerns being raised, EB felt that care would be needed around identification of redundant assets and the subsequent timing of any removal (i.e. to identify the 'real driver' involved) – there is a need to adopt an efficient and economic process. Responding, DD advised that in the majority of cases that he has observed, the driver for removal requests are associated with the development / re-development of a site.

When CW suggested that perhaps there would be benefit in adopting a set of defined criteria to establish the 'drivers' for asset removal, DD quoted the recent Ross-on-Wye scenario. CW felt that it would be beneficial for Cadent to set out some draft criteria behind asset removal requests.

New Action 0404: Cadent (DD/CW) to prepare some draft criteria behind asset removal requests for consideration at the next meeting.

When asked whether or not there are any occasions when National Grid might request Cadent to remove redundant assets, EB suggested that whilst this is very rare, it is feasible.

EB then pointed out that whilst standard connections are okay, but care would be needed when considering 'special cases'. **Closed**

5. Any Other Business

None.

6. Next Steps

Parties to provide their respective action updates and the Workgroup to consider Point of Sale aspects; Draft OAD Review 'Strawman'; Proposed Supplemental Agreement changes and Asset Removal Criteria.

7. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Thursday 10 May 2018	Solihull, venue TBC	Standard agenda, plus <ul style="list-style-type: none"> • Point of Sale aspects • Draft OAD Review 'Strawman' • Proposed Supplemental Agreement changes • Asset Removal Criteria
10:00 Thursday 14	Solihull, venue TBC	Agenda to be confirmed

June 2018		
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Action Table (as at 16 April 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	05/03/18	1.0	Cadent to provide background detail to the sections and points within the "Proposed Amendments to OAD" spreadsheet that were deemed issues and the reasoning for these issues and impacts.	Cadent (DD)	Update provided. Closed
0302	05/03/18	1.0	National Grid to investigate the Tri Party Agreements in relation to shared sites.	National Grid (LM)	Carried Forward
0303	05/03/18	1.0	National Grid to investigate the Legal status regarding Supplemental Agreements and related documents and the impact of the review.	National Grid (EB)	Carried Forward
0304	05/03/18	1.0	National Grid NTS to investigate why the Electrical Plans are not included within the Supplemental Agreement.	National Grid (SR)	Update provided. Closed
0305	05/03/18	1.0	Cadent to arrange a joint Maintenance and Resource Management Teams meeting to explore all of the overall obligations regarding the OAD and Maintenance Plan; should there be a combined process, and investigation of Section G regarding compliance.	Cadent (DD)	Carried Forward
0306	05/03/18	1.0	ALL to consider if a 12 months notice period driven by the maintenance plan was reasonable, if not, propose what duration would be acceptable.	All	Carried Forward
0307	05/03/18	1.0	Cadent to investigate the Telemetry arrangements and shared boards.	Cadent (DD)	Closed
0308	05/03/18	1.0	Cadent and National Grid to investigate the redundant asset pressure from a Site User/ Site Owner perspective e.g. Holden/Barking.	Cadent (DD) and National Grid LM	Closed
0401	16/04/18	2.0	<i>Reference OADN paragraph 3.3.2 provisions – National Grid (EB) to consider the 'Point of Sale' and how to change agreements to take better account of the point of sale aspects (including any timeline aspects).</i>	National Grid (EB)	Pending
0402	16/04/18	2.0	<i>Reference Proposed OAD Review – changes and amendments – Cadent (DD) to provide a draft 'strawman' of what they are looking to change, which the Workgroup could then look to review against current Code and Supplemental Agreement provisions.</i>	Cadent (DD)	Pending

Action Table (as at 16 April 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0403	16/04/18	2.0	<i>Reference Proposed Supplemental Agreement Changes</i> - Cadent (DD) to provide a draft updated Supplemental Agreement for consideration at the May Workgroup meeting.	Cadent (DD)	Pending
0404	16/04/18	4.0	To prepare some draft criteria behind asset removal requests for consideration at the next meeting.	Cadent (DD/CW)	Pending