

Minutes of the Offtake Arrangements Workgroup
Tuesday 25 January 2011
31 Homer Road, Solihull B91 3LT

Attendees

Tim Davis (Chair)	(TD) Joint Office
Lorna Dupont (Secretary)	(LD) Joint Office
Alan Raper	(AR) National Grid Distribution
Alison Chamberlain	(AC) National Grid Distribution
Barry Purl	(BP) Scotia Gas Networks
Ben Glover	(BG) British Gas
Brian Durber	(BD) E.ON UK
Chris Shanley	(CS) National Grid NTS
Graham Wood	(GW) British Gas
Jacek Krawaczynski	(JK) British Gas
Joel Martin	(JM) Scotia Gas Networks
Jonathan Wisdom	(JW) RWE npower
Katherine Porter	(KP) EDF Energy
Keith Vugler	(KV) Independent Technical Expert
Lorraine Weir	(LW) National Grid NTS
Matthew Jackson	(MJ) British Gas
Rob Cameron-Higgs	(RCH) Wales & West Utilities
Scott Western	(SW) Wales & West Utilities
Steve Skipp	(SS) Scotia Gas Networks
Stuart Gibbons	(SG) National Grid Distribution
Tom Connolly*	(TC) ScottishPower

**via teleconference*

1. Introduction and Status Review

TD welcomed all to the meeting.

1.1 Minutes from previous meeting

The minutes of the previous meeting (30 November 2010) were approved.

1.2 Review of Actions from previous meetings

1.2.1 General Actions

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

Update: No further update. **Carried forward**

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: JM reported that the DNs were meeting on 27 January 2011 to discuss the requirements, and that he would report back on the outputs before the next Workgroup meeting. **Carried forward**

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

Update: JM reported that the flow amounted to approximately 10% of the whole LDZ in relation to Aberdeen MTA. **Closed**

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

Update: TD indicated that the DNs were planning to provide feedback following their meeting on 27 January. **Carried forward**

OF1103: Measurement Error SC001 (Braishfield 'B' MTA): Ascertain the volume amount to be used and provide to Shippers.

Update: JM reported that this was provided on the original ME spreadsheet and that KV's draft Report provided an estimated volume. **Closed**

OF1104: Measurement Error SC006 (Aberdeen MTA): Provide a 'one page overview' of the error.

Update: SGN to circulate by the end of next week (04 February 2011). **Carried forward**

1.2.2 Actions relating to Modification 0316

To be reviewed at the meeting on 23 February 2011:

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

Update: Due at 23 February 2011 meeting. **Carried forward**

OF 1202: *OAD Section I Review* - OPN Rejection Rules - DNs to articulate their views on the OPN rules in respect of complexity and practicality on their part.

Update: Due at 23 February 2011 meeting. **Carried forward**

OF1203: *OAD Section I Review* - SFRN Process - Provide examples to National Grid NTS for further study offline.

Update: Due at 23 February 2011 meeting. **Carried forward**

OF1204: *OAD Section I Review* - 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.

Update: Due at 23 February 2011 meeting. **Carried forward**

OF1205: *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.

Update: Due at 23 February 2011 meeting. **Carried forward**

OF1206: *OAD Section I Review* - OPN Options - DNs to present a collective view on a zonal concept.

Update: Due at 23 February 2011 meeting. **Carried forward**

2. Measurement Error Notifications

2.1 National Grid Metering Error Update

AC confirmed that invoicing has been completed. JW commented that it would be useful if xoserve were able to issue a communication to Shippers once the process was completed. It would also be useful to consider including in the Guidelines a requirement to issue a communication, as part of the concluding steps in the ME process.

2.2 Measurement Error SO001 (Braishfield 'B' MTB)

KV, the Appointed ITE, repeated the salient points from his presentation given at the last meeting.

Some of the questions raised under the Technical Issues route were then discussed at length and KV responded to various challenges made in respect of certain parts of the data, testing and conclusions.

It was pointed out that the sheer volume of data that had required assessment precluded its inclusion in the Report, and KV emphasised that data publication was not part of his brief. GW observed that some SMERs might require a higher and more visible degree of scrutiny to bring to a conclusion to the satisfaction of all parties, and it would be helpful, to support validation, if the DNs could provide all the relevant data to Shippers on request. BD pointed out that parties had the opportunity within the process to challenge the methodology and perhaps it was at that point that any request for the provision of supporting data should be made.

KV referred back to his presentation and demonstrated how simple the error appeared to be; there was very little mathematical calculation involved. The test results were explained and the indications that there was no correlation in the flow rates versus the meter error were discussed in detail. JK challenged whether this was correct as the low flow rate results sat consistently below the high flow rate results. KV suggested there was no biasing effect, and TD pointed

out that, from a statistical point of view, to be within 1% was likely to be well within any confidence interval. JK believed the question to be whether it would make a material difference to the outcome. KV reiterated that a set of 12 results was acquired over four different site visits and all had come within a spread of 1%. All exhibited the same behaviour within 1% of each other. There were no clear separation lines or bias evident from any correlation and his conclusion, as the independent expert, was that this was an informed and reliable estimate.

JK asked if there was any information from the network itself that supported the report and why it was not included. LW confirmed that this was such a small percentage of overall throughput that it cannot be seen at national level; when stripping this out to assess the UAG position, it comes back down to expected levels. SS gave further examples to highlight the issue. KV confirmed that he had seen other data and this supported the conclusion in the SMER.

BD commented that Shippers were more concerned why the error had not been picked up earlier. MJ commented that British Gas had carried out its own analysis in an attempt to see if the figures were reasonable, and had concluded that it may be a bit on the high side. It would therefore be good to have the extra data referred to and so be able to put the error into a better context.

JK made further challenges to the results, focussing on the variation between test results. KV responded that, in his view, data consistency was higher than he might have expected prior to the tests and no definitive bias could be identified.

TD summarised that all data was within the expected range for a test of that nature; four data points is not very significant; the ITE's view was that they are all around 41%, and that it is the independent expert's *best estimate*.

KV responded briefly to other questions (low DP error, data spikes, etc) and SS explained how SGN had assessed the error datasets, site tests, and linepack calculations to establish the original estimate, before contacting the ITE. SS reiterated the combination of factors that had conspired against an earlier identification of the error, and emphasised that SGN had put further controls in place. The failure of procedures and the discussion of appropriate remedies is being reviewed with the other DNs.

Summarising the discussions at this point, TD pointed out that the Report would stand if KV were not convinced of the need to change it. The key area seemed to be low flow rates and in KV's opinion one correction factor should be applied. KV confirmed that having given consideration to the previously submitted Technical Issues/questions and in light of today's challenges and subsequent discussions he would not be looking to revisit any of the recommendations put forward or change the conclusion of the Report.

TD asked those present for their views on finalising the Report at this point.

GW requested that the ITE provide a written response to the Technical issues/questions raised so that British Gas could have the opportunity to consider this in more detail, and declined to support finalisation of the Report at this juncture. JW was prepared to wait a month for responses to be reviewed. SS pointed out that data requests were not a Technical Issues challenge and would therefore be outside the SMER process. Other parties present indicated that they preferred to see the Report finalised.

Next Steps

It was noted that the ITE would provide a written response to British Gas, but that there was no intention to change the conclusion nor the Report; British Gas would review it immediately and respond as appropriate.

TD restated that the SMER would be finalised when the ITE is ready to do so.

It was suggested that when reviewing the MER/SMER process and Guidelines, it would be beneficial to review the scope permitted to the ITE, the level of scrutiny that should be applied to SMERs, and when requests for data might be appropriately made.

Those present thanked the ITE for his time and efforts.

2.3 Measurement Error SC006 (Aberdeen MTA)

SS gave a brief update. Following the appointment of KV as ITE a technical meeting had been held in December to expand understanding but little progress had been made in the investigation as yet, bearing in mind the long spell of extreme adverse weather that had been experienced over the last couple of months. It was hoped to be able to move things along more swiftly around mid to late February. KV commented that, as an initial view, this would not be too dissimilar from SO001 (Braishfield 'B' MTB) error. The conditions within the error period will need to be recreated (it was much longer than the Braishfield error period) as will a correction factor; the accuracy of the correction factor will rest on this. SS confirmed that discussions would take place with National Grid, but he did not anticipate too many problems. KV added that it would be another 'best estimate' from site testing because there is no formal guidance in such cases, and will only be as representative as the flow test results.

2.4 New Measurement Error NT008 (Horndon B MTA)

2.4.1 Background

SG gave a presentation on the Significant Meter Error discovered at Horndon Offtake. The problems associated with a faulty connection on the RTD temperature sensor at site are thought to have started when a temperature transmitter was replaced in July 2008, and further analysis of the data gathered to identify the start point of this error has indicated that a different temperature measurement issue existed before this date and may stretch back to 2005. The initial meter error notification predicts an under reading of energy of approximately 125 GWhs, due to the intermittent over read in temperature of approximately +5 degrees C.

The error was discovered during a routine ME2 validation at site in July 2010 and it was confirmed that the problem was rectified at that validation. The period prior to that notified appears to show an intermittent under read in temperature of -1 to -2 degrees C; this would cause over-reading of energy. Due to the intermittent nature of both of these faults, the investigation has proven to be complex.

TD pointed out that from the description, this might be construed as two separate errors. SG confirmed the intention was that this should be treated as one error, which was supported.

Responding to a question from JW, SG confirmed that quantification of the error would be left to the appointed ITE to establish. SS confirmed that it was unlikely that this error would have been identified more quickly had the new Six Point Plan been in place at the time. BD observed that instrumentation errors can happen randomly and there was no effective way of monitoring these apart from installing two of everything.

2.4.2 Appointment of an Independent Expert (ITE)

Voting

The opportunity was given at this stage for each group to withdraw and confer and the Users, Upstream Transporter and Downstream Transporters each prepared and submitted up to three nominations on their respective nomination forms.

The Chairman then consolidated and refined the list, and invited each group to indicate its preferences on a ballot form explaining that the first preference would be awarded seven votes, the second preference six votes and so on. A further opportunity was given at this stage for each group to withdraw and confer.

The parties submitted their ballot papers; the votes were entered and totaled. The process was repeated a second time to establish a clear preference.

Announcement of Result

The Chairman then announced that there was a clearly preferred nominee who would be the first person invited by the Downstream Transporter to take up the appointment. It was agreed that details of the voting would remain confidential but be retained by the Joint Office. The Joint Office would not publish the name of the Independent Technical Expert before he/she had accepted the appointment.

The Downstream Transporter would invite the preferred nominee to take up the appointment and would hold initial discussions to establish the most appropriate way forward.

Action OF0101: Measurement Error NT008 (Horndon B MTA): Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.

2.5 Measurement Error SW019 (Ilchester MTA) - Update

SW gave a brief update, confirming that the period of 2 hours and 47 minutes had resulted in an over registration. The MER was being reviewed and validated and a process was being put together to address the problem.

3. Review of MER Reporting Process

3.1 Alternative to Spreadsheet

(See <http://www.gasgovernance.co.uk/mer/test>)

TD reported that no further comments had been received since the Workgroup last met, and asked the meeting if there were any further views.

Shippers indicated that the new way would be preferable, but would like to see a single page summary - which would be very useful for any internal discussions.

It was noted that the DNs were meeting on 27 January and would feedback any views following that.

4. 'Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations' – Final review and approval

TD had noted from the tenor of the discussions today that there was scope for improvement of the Guidelines, especially around visibility relating to the steps for communicating closure, and suggested that approval be deferred.

Further comments and suggestions for improvement were encouraged and would be welcomed in light of recent experiences.

5. Meter Performance Reporting

5.1 Publication of scheduled offtake meter validations

RCH planned to include in the Guidelines an appropriate rule or 'prompt' to update the spreadsheet and also provide information to the Offtake Arrangements Workgroup; it was assumed updates might be monthly, or as and when information became available.

It was suggested that what had been devised so far could be published alongside these minutes.

6. Any Other Business

None raised.

7. Diary Planning for Workstream

The next two meetings of the Offtake Arrangements Workgroup are due to be held at 10:30 on 23 February 2011 and 07 March 2011 respectively at 31 Homer Road, Solihull B91 3LT, and will both focus on the review of OAD Section I.

A meeting will be arranged to address general matters for the Workgroup's attention once progress on the outstanding Measurement Errors has been clarified.

Date	Place	Time	Purpose
23 February 2011	31 Homer Road, Solihull	10:30	Review Proposal 0316: "Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows"
07 March 2011	31 Homer Road, Solihull	10:30	Review Proposal 0316: "Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows"

ACTION LOGS – Offtake Arrangements Workgroup

ACTIONS - General

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	(JM to report on outputs before next meeting.) 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)	Closed
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	? Any further comments asap.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	Closed
OF1104	30/11/10	2.3	Measurement Error SC006 (Aberdeen MTA): Provide a 'one page overview' of the error.	Scotia Gas Networks (JM/SS)	Circulate by 04/02/11
OF0101	25/01/11	2.4.1	Measurement Error NT008 (Horndon B MTA): Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.	National Grid Distribution (SG/AC)	
OF0102	25/01/11	2.4.1	Measurement Error NT008 (Horndon B MTA): Publish the name of the Independent Technical Expert when confirmation of appointment received.	Joint Office (TD/LD)	

ACTIONS relating to Modification 0316 - Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF1201	08/12/10	3.0	<i>OAD Section I 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 I Review</i> - OPN Rejection Rules - DNs to articulate their views on the	DNs	25/01/11

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			OPN rules in respect of complexity and practicality on their part.		
OF1203	08/12/10	3.0	<i>OAD Section I Review - SFRN Process - Provide examples to National Grid NTS for further study offline.</i>	Wales & West Utilities (BW)	25/01/11
OF1204	08/12/10	3.0	<i>OAD Section I Review - 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.</i>	National Grid NTS (PS)	25/01/11
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