EMIB – Expert Group
Meeting 4

Wednesday 29 February 2012

at 31 Homer Road, Solihull, B91 3LT

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Colin Stock	(CS)	Wales & West Utilities
Dave Lander	(DL)	Dave Lander Consulting
David Pickering	(DP)	National Grid
Iain Ward	(IW)	REA
Ian Taylor	(IT)	Northern Gas Networks
James Clarke	(JC)	Skanska Utilities Ltd
John Baldwin	(JB)	REA
Steve Rowe	(SR)	Ofgem
Steven Sherwood	(SS)	Scotia Gas Networks
Stuart Gibbons	(SG)	National Grid Distribution

Copies of all papers are available at: http://www.gasgovernance.co.uk/emib/290212

1. Introduction

TD welcomed all to the meeting.

1.1 **Approval of Minutes**

The minutes of the previous Expert Group meeting (11/01/12) were approved.

1.2 **Review of Actions**

Action EMIB 01/02: DNs (SS) to obtain a legal view on plant and equipment ownership rights passing between parties.

Update: Please refer to discussions under item 2.1 below.

Closed

Action EMIB 01/03: Dave Lander Consulting (DL) to propose a suitable technical specification for CV measurement devices for potential inclusion in Letter of Approval.

Update: Please refer to discussions under item 2.1 below.

Closed

Action EMIB 01/04: Dave Lander Consulting (DL) to consider whether different standards should apply when commingling is adopted rather than propanation.

Update: Please refer to discussions under item 2.1 below.

Closed

Action EMIB 01/05: DNs to consider data communication flow requirements.

Update: Please refer to discussions under item 2.1 below.

Closed/Carried Forward

2. Commercial Arrangements for Biomethane Entry

2.1 Consideration of the Requirements for Integrated Biomethane to Grid (BtG) Injection Facility – Functional Specification paper

DL provided an overview of his paper.

Opening, he explained that the amendments made to this version (v3.0) of the paper, included aspects to address JB's previous concerns and that the document is the product of a steady evolvement over time, reflecting the input from the various EMIB meetings. In the past parties had discussed possibly reverse engineering the original National Grid technical specification. However, Transporters still have differing views on ownership issues and therefore, plant and equipment layout requirements will require further consideration. JB pointed out that the proposed 0.5MJ measurement device accuracy level (for calculating **F**low **W**eighted **A**verage **CV**), Letters of Direction / Approval and whether G17/19 reviews are appropriate, all remain outstanding issues that he would like to see addressed.

DL reminded parties that it is important to be clear as to what can, and cannot be achieved. Furthermore, to date no one has formally stated that either a G17/19 review would not be required in future.

Extensive debate followed focusing mainly on the issues surrounding odorisation, especially plant and equipment ownership aspects along with consideration of operational requirements. During the debate it was noted that no other European Market excludes odorant from the role of the **D**elivery **F**acility **O**perator (DFO) and as the UK is the first market to look to do so, it makes finding a suitable solution extremely difficult. Parties also considered whether the Gas Transporters should provide such facilities as part of their regulated (RAV) business, or as a non-regulated competitive open market service. Whilst some felt that the process shut-down valve(s)[1] would / should always be owned by the Transporters, others believed that it is equally important that they are fit for purpose. DL acknowledged that in developing the functionality specification requirements, issues such as the ROV came to light.

JB indicated that he still has difficulty understanding the nuances associated with odorisation ownership and liabilities, although he does feel that the (full) Gas Transporter owned model is suitable – it is aspects of the other proposed models (the hybrid part GT ownership and the full DFO ownership) that concern him.

SS advised that he struggles to envisage the odorant pump and associated controller (computer) and signalling equipment as being an integral unit contained within the rest of the BtG plant – a view shared by DL who also believes that there may be a need for a completely separate odorant kiosk. IW on the other hand, does not see a real issue with regard to where this odorant equipment sits - whether within the DFO or Transporter's kiosk.

JB wondered how the GDNs would know when odorant levels within the pump were getting low or had been exhausted. In response, DL advised that he expected the pump controller to be capable of signalling odorant injection flow levels and concentrations along with storage tank levels. TD noted that in acknowledging the views presented here, the GDNs remain keen to retain the ability to adjust the operational settings (for maintenance and operational purposes) of the odorant equipment regardless of ownership issues – it was noted that apart from National Grid who have gone on record as stating they are not too concerned about the DFOs owning the odorant equipment, the other

[1] these may take the form of **R**emotely **O**perated **V**alve(s) - ROVs

GDNs will need to specify their requirements to achieve their aspiration both from a functional (inc. pump flow rate and stroke information) and process (response requirements etc.) perspective.

Asked if he still wished to retain full ownership of the odorant plant and equipment and its operation, SS confirmed this to be the case. Thereafter, DL suggested that 3 key issues surrounding odorisation need to be addressed therefore:

1. Ownership;
2. Operational responsibility, and
3. Maintenance responsibility.

As far as the Scotia Gas Networks model is concerned, they would want to control all three of the above key elements. However, please note this view only relates to plant and equipment within their network. DL then advised that as far as National Grid was concerned, they would simply wish to be able to specify (odorant) pump flow signal requirements. In response, JB requested that the DNs provide evidence in the form of a matrix comparison across the three proposed models, which would enable him to understand the pump/controller/signal relationship better. Following further debate on the possible options, DL agreed to take a new action to discuss actual odorant requirements with the equipment manufacturers and the DNs (especially minimum connection G17/19 considerations) and report back to the group based on the three elements – ownership, operational and maintenance responsibilities. IW indicated that he would also be happy to assist DL in this matter. JB requested that in their investigations, DL & IW (& the DNs) also consider safety issues associated to the three potential (models) options. He also suggested that the Regulator would need to consider the costing impacts as he believes there are cost, design and safety issues associated to the ownership aspects of the different models – this was not necessarily a universally supported view, as it was acknowledged that any odorant plant and equipment would / should be deemed to be intrinsically safe regardless of which option is / was chosen. SR felt that mandating daily inspections for odorant equipment could be construed as inappropriate regulation. DL felt that JBs request sat more comfortably within the project design considerations. Furthermore, it was noted that care is needed to avoid potentially 'loading' OPEX costs on the DNs by overstating odorant equipment monitoring requirements. JB remained concerned about various accountability aspects and would be taking the matter up with the HSE directly.

TD voiced concern around the potential for additional costs being incurred where different specifications are developed which could be seen as a potential barrier to a truly competitive market.

DP advised that the DNs had already met to discuss the content of this paper and would be proposing some changes to DL in due course, thereafter, a revised version would be provided to the Joint Office for publication.

When asked, the consensus amongst those present was that they were happy with the basic specification as proposed within the paper, but would like to meet again to review the revised version once it had been published – a date of 19 March 2012 was suggested, with a location in the Midlands being preferred.

New Action EMIB 02/01: Dave Lander Consulting (DL) & REA (IW) to discuss actual odorant requirements with the equipment manufacturers and the DNs (especially minimum connection G17/19 considerations) and report back to the group based on the three elements – ownership, operational and maintenance responsibilities.

2.2 **Next steps**

Parties briefly discussed how best to develop the draft EMIB Workgroup Report. It was agreed that TD should draft the report with input and support from interested parties being provided where appropriate.

TD suggested that consideration should be given to the GDNs draft connection policy changes, including possible connection charging statement 4B changes &/or clarifications. SS felt strongly that EMIB odorisation aspects do not form part of the charging statement changes per se, suggesting instead that the report should reference the work being undertaken by the UNC 0391 "Distributed Gas Charging Arrangements" Workgroup.

TD advised that he believes that telemetry aspects remain unclear at this time and are therefore difficult to quantify within the report – JB suggested making reference to the fact that these remain unresolved.

Briefly revisiting the issue of the 0.5MJ measurement device accuracy level (for calculating **F**low **W**eighted **A**verage **CV**), Letters of Direction / Approval and whether G17/19 reviews are appropriate, DP suggested that these matters would be better addressed within the technical functionality specification paper, rather than the report itself. TD observed that the report should contain a short summary of DLs technical paper.

Moving on, TD enquired whether or not, the report should recommend appropriate measurement device measuring levels to the Authority. Responding, SR advised that the Authority expects to undertake a formal consultation process on the EMIB report before making any regulatory recommendations – TD will not include a statement within the report to that effect.

It was acknowledged that the functionality specification paper as written, reflects the current 'as-is' position, rather than the 'to-be' arrangements.

TD then moved on to provide a quick high-level review of the terms of reference, explaining how the EMIB report would align with these and suggested that input from the GDNs on their connection policies would be welcomed.

DP advised that should parties elect to take up the National Grid (max) facility model, the service would be provided under NGs regulated business. SS once again reiterated Scotia Gas Networks legal view on ownership and operation of odorant plant and equipment.

Before closing, SR asked that consideration of consumer impacts also be included within the report – an early up front copy of the report for Ofgem, would also be welcomed.

JB felt that an industry 'loose ends' process (i.e. not EMIB) could prove beneficial especially to resolve areas and issues that the EMIB workgroup fail to resolve.

In considering including references to the IGEM work within the EMIB report, DL advised that the aspiration is for the technical function specification to one day migrate to become the IGEM standard.

When asked, DP confirmed that consideration of NEA principles remains an ongoing piece of work that would hopefully be ready for consideration at the next meeting.

3. Any Other Business

EMIB Timetable to Completion

SR enquired as to when the final EMIB Workgroup Report would be available, to which TD responded, indicating possibly one week prior to the 30/03/12 meeting. Asked if a draft would / could be circulated prior to publication of the final version, TD suggested that this maybe possible, although it cannot be guaranteed.

4. Next Steps and Diary Planning

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

Those parties present discussed the option of a follow up Expert Group meeting concluding that an additional face-to-face Expert Group meeting on 19 March 2012 would be preferable – location to be confirmed, but preferably in the Midlands.

Discussions then centred on deferring to next full EMIB meeting scheduled to take place on Monday 26 March 2012 at the Energy Networks Association, London to now take place on Friday 30 March 2012 at the same location.

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
EMIB 02/01	29/02/12	2.1	To discuss actual odorant requirements with the equipment manufacturers and the DNs (especially minimum connection G17/19 considerations) and report back to the group based on the three elements – ownership, operational and maintenance responsibilities.	Dave Lander Consulting & REA & DNs (DL, IW & DNs)	Update due at next meeting.