

EMIB – Expert Group Meeting 5

Monday 19 March 2012

at IGEM House, High Street, Kegworth DE74 2DA

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
John Baldwin	(JB)	REA
Richard Lewis	(RL)	Arup
Steve Rowe	(SR)	Ofgem
Steven Sherwood*	(SS)	Scotia Gas Networks
Stuart Gibbons	(SG)	National Grid Distribution

* by teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/emib/190312

1. Introduction

TD welcomed all to the meeting.

1.1 Approval of Minutes

The minutes of the previous Expert Group meeting (29/02/12) were approved.

1.2 Review of Actions

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

Update: Please refer to discussions under item 2.1 below.

Closed

2. Commercial Arrangements for Biomethane Entry

2.1 Further consideration of Network Entry Agreement requirements

Overview of contents of generic NEA with GDNs for biomethane projects¹ paper

In the absence of R Pomroy, TD asked and parties indicated, that they were happy with the outline paper.

It will now be discussed in more detail at the full EMIB scheduled to take place on Friday 30/03/12 at the Energy Networks Association in London.

¹ Does not apply in respect of iGT injection points.

2.2 Further consideration of Plant & Equipment Ownership Rights

Discussed as part of item 2.3 below.

2.3 Further consideration of Technical Specifications & System Capacity Issues – Functional Specification paper

DL provided an overview of the changes made to his paper following feedback at the Expert Group 4 meeting.

Opening DL drew attention to the four ownership diagrams at the back of the paper (figures 1, 2, 3 & 4) – representing differing ratios of DFO / GDN ownership. He advised that all the models assume that the gas analysis sample point would be positioned upstream of the equipment kiosk and diverter valve. He went on to point out that positioning the sample point upstream of the ROV also potentially reduces the risk of injection of non-compliant gas in to the system, although it should be noted that a small amount of non-compliant gas may enter the system due to the time taken for the ROV to close once triggered. It was noted that in practise, the physical distance between the gas analysis equipment and the sample point could be as little as a few metres. For the avoidance of doubt, the odorant injection equipment comprises a pump, controller and odorant storage tank.

DL went on to add that in future the DFOs and GDNs could choose to establish contractual arrangements to cater for non-compliant gas (i.e. blending, bleed off rates etc.) as well as agreeing to forego the need for a diverter valve. In all cases, the ROV would be owned and operated by the GDN.

DL advised that he had included consideration of JB's concerns voiced at the previous meeting relating to the use of compression for injecting biomethane into higher pressure grids tiers – in essence DFOs and GDNs may agree to either a downstream / upstream of the odorant equipment location, for the compression equipment. There remained a difference of opinion over whether installing separate compression equipment between the odorant injection point and the ROV would have a significant impact on overall costs. Furthermore, DL believes that the issues surrounding compression equipment and their associated cost, fall outside the BtG remit, as this would essentially boil down to an agreement being reached between the DFO and GDN. He reminded parties that these are functional diagrams to display various ownership aspects, rather than technical drawings and you could always have more than one DFO kiosk, if needed.

DL drew attention to the fact that Section 6 now covers ownership aspects and considerations.

Asked whether or not this functional specification would morph into a technical specification over time, parties felt that it could form the basis of a 'best practise' guideline from the IGEM at some point.

There followed a very detailed debate around market competition impacts of the paper, especially elements of Section 7.6 – FWACV Functionality.

JB advised those present that via his recent questionnaire, several respondents (such as ESTA) had raised concerns that the paper appears to be based around 1995 protocols, which are no longer deemed 'fit for purpose', from a competition perspective. Furthermore, he reminded parties that from early on in the process, the REA had questioned the models and their associated architectures and would like to see both point 7.6.7 and the paragraph starting with "*FWACV functionality is currently delivered at directed sites by the DANINT software suite.....from Orbital Gas Systems*" removed completely as it infers HPMIS and DANINT must be utilised which they see as being anti-competitive – in essence they (the REA) just want to know what data is required and utilised. In

response, the GDN representatives questioned how this could possibly be anti-competitive, especially when the models proposed reflect the current requirements as laid down within the respective Authority Letters of Direction. DL advised that delivery of the CSV files and calculation of the daily average CV are set out within the letters of direction in accordance with the regulations and should anyone wish to amend the way the calculation of the average CV they would need to change the regulations. SR advised that the Authority would obviously consider governance and regulatory impacts associated with the EMIB recommendations to ensure that consumer interests are protected going forward.

There was disagreement over the cost of providing the means to transfer the information with ranges from £20k to £200k being quoted by opposing camps. JB suggested that the 'industry' is looking for a fit for purpose, cost reflective solution that reflects 2012 requirements and standards, which in his opinion, is something the Authority will need to consider in their deliberations. DL pointed out that the proposals contained within the paper, are based on the current regulations, as it is nigh on impossible to second-guess future regulation changes.

Continuing the debate around the inclusion of references to HPMIS within the paper, SS believed that it is imperative that these references remain, as it is how the information finds its way into the system (i.e. the portal). DP supported this view and added that National Grid NTS would not be looking to develop another portal, unless directed to do so. DL once again pointed out that HPMIS enables the Transporters to satisfy their obligations and consumers a means to accessing their information – the functional specification does not tell parties how the information is delivered. SG pointed out that the end of day average CV is sent as one file at the end of the day into HPMIS. Reluctantly accepting that HPMIS maybe needed in the interim, JB believed that the Authority would need to consider the longer-term regulatory requirements and associated changes to the letters of direction, especially where different flow rates are concerned. Responding, SR advised that clarity around what data is required within the CSV files and the frequency of the data exchanges would be needed before any changes to the regulations could be considered.

The debate then focused on the impact of the Thermal Gas Regulations (gas calculation of thermal energy) and GS(M)R on Transporters as these are not just related to entry of gas into the system, but also entry into a charging (reconciliation) area.

One suggestion put forward to help resolve the various parties differences was to develop a matrix table for inclusion as a appendices in the paper that seeks to identify the current information provisions and compare these to which regulatory requirements are satisfied as a consequence. JB still felt that the option to question the value of the current architecture provisions, and whether or not these are still needed, would prove beneficial. DL then pointed out that regardless of who does it, the daily FWACV would still need to be sent by 06:00hrs and if parties believe that this can be better achieved by a telemetry based solution, that could work – these discussions also highlighted issues around the funding aspects of DLs continued work which would now be discussed off-line by the GDNs.

Continuing the debate, those present believed there would be benefit in establishing a separate sub-group to look at regulatory impacts, including development of the matrix table. This sub-group should also be tasked with the consideration of Thermal Energy and GS(M)R aspects, plus GDN reconciliation requirements (present and future), utilisation of telemetry going forward and cost v's benefits analysis (inc consideration of what elements of this specification could lead to the incurring of additional costs, especially when trying to justify

any regulatory changes). It was concluded that this approach would enable this current workgroup to conclude their findings so far and pass these on to the (full) EMIB Workgroup for consideration. Asked if they would be willing to attend a regulatory sub-group, the GDNs remained silent but did indicate that they would be discussing the matter in more detail outside of this meeting.

Seeking a consensus view on whether the functional specification paper was deemed to be factually correct or not, parties once again debated the wording of the *"FWACV functionality is currently delivered at directed sites by the DANINT software suite.....from Orbital Gas Systems"* paragraph which concluded when DL agreed to reword the statement to remove references to GL Noble-Denton Ltd and replace reference to DANINT with 'any suitable software and hardware system to deliver.....'

Moving on to consider Section 5.2 – Measurement Risk Assessment, JB believes that the GDNs only need to consider future feedstock requirements and suggests that there is benefit in indicating what actually needs to be measured.

SR suggested that the scope section should perhaps state how the paper would fit in with, and be utilised by, a future regime. JB indicated that his preference would be for the document to be 'owned' by either the ENA or IGEM in future and any changes proposed by the GDNs would be consulted on.

Parties briefly discussed the broad wording for a 'cover note' to accompany the functional specification along the lines of:

"This functional specification has been prepared on behalf of, and approved by, National Grid, Northern Gas Networks, Scotia Gas Networks and Wales & West Utilities. It will be maintained and edited as necessary by the distribution networks jointly, following consultation with interested parties.

The functional specification sets out the broad requirements that must be complied with by any party seeking to inject gas into a distribution network. The specific requirements at any particular entry point will be specified with the Network Entry Agreement for that entry point. While the functional specification provides guidance on the requirements which are expected to apply in the majority of cases and be included in the relevant NEA, the distribution networks necessarily reserve the right to carry out a risk assessment in each specific case in order to ensure that gas entering their network is compliant with legislative requirements in the particular circumstances of each entry point."

DL pointed out that the various document references in Section 3 would need re-aligning to more generic titles, to reflect the fact that each GDN employs their own naming convention for the same documentation – a change agreed by those present.

In closing, parties indicated that, subject to the agreed changes, they were happy that the paper was now factually correct. Having agreed this, TD asked if parties were happy with the odorant and connection policies as presented, to which the consensus was yes.

2.4 **Next steps**

Parties briefly discussed how best to develop the draft EMIB Workgroup Report in light of the above discussions and the future establishment of a regulation impacts sub-group. Please refer to item 4. Below for more details.

3. **Any Other Business**

Digital Risk Issues

SG provided an overview of the situation as perceived by the National Grid Security Team. In essence, their concerns relate to potential 3rd Party IP Connectivity security (open portal issues) – investigations in to the matter by National Grid I.S. personnel are ongoing and would be looking at apparent levels of risk and what appropriate mitigation strategies maybe employed. SR observed

that this appears similar to security issues currently being raised in the SMART metering arena.

Asked if the problem was simply a physical security issue that could be easily resolved with controlled access to the DFO kiosks, SG responded by suggesting that it not only involves physical security arrangements, but also data protocols and data transfer issues. He then provided a slide outlining the communication architecture highlighting where the potential IP risk surfaces. TD noted that the answer may well lie in a range somewhere between a simple (free) solution, to a very complex (costly) solution – the impact of not being allowed on the system due to security issues being a real ‘deal breaker’. JB suggested that focusing on the data requirements potentially makes worrying about security redundant – this was not a universally shared view.

After briefly discussing the option of utilising telemetry based solutions SG confirmed that any telemetry provisions have to meet with GCHQ approval.

Asked if we could adopt a simple email transfer on the CSV files, SG advised that the GDNs have determined that having all the data residing within the HPMIS is their preference, as it provides a cost reflective solution. SR wondered if having a different central repository (within National Grids control) that could automatically extract the emailed CSV file and transfer this into HPMIS work as a means of mitigating the perceived IP risk. DL suggested that the fundamental question relates to whether all the (meter error) data needs to be sent into the HPMIS on a daily basis and this is another area of consideration for the regulatory impacts sub-group.

4. Next Steps and Diary Planning

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

Those parties present discussed the preparation of the EMIB Workgroup Report. When asked, they supported preparation of the report at the forthcoming full EMIB meeting on 30/03/12 at the Energy Networks Association in London. TD reiterated that so far he had received no feedback from interested parties for inclusion within the draft report.

In making his point clear, SR advised that unless there is a very strong recommendation from the EMIB Workgroup, the Authority would not be looking to consult on regulatory reforms, and should the group wish to pursue this avenue, their finding and recommendations would need including within the report. He then proposed preparation of an Issues Log to ensure all matters are given due consideration – an approach supported by those present.

In closing, TD thanked everyone for their participation and highlighted that due to space constraints, attendance is limited to around 20 delegates (which we already have registered) at the ENA on 30/03/12.

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 provided. Closed