

**UNC Workgroup 0470 Minutes
Notification of Minimal Safety operating gas needs of large
customers**

Thursday 22 May 2014

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Meldrum	(AMe)	Tata Steel
Andrew Margan	(AM)	British Gas
Chris Warner	(CW)	National Grid Distribution
Colette Baldwin	(CB)	E.ON UK
Darren Lond*	(DL)	National Grid NTS
Dave Addison	(DA)	Xoserve
Dave Mitchell	(DM)	Scotia Gas Networks
Dominic Cummings	(DC)	Scotia Gas Networks
Ed Hunter*	(EH)	RWE npower
Erika Melen	(EM)	Scotia Gas Networks
Gareth Evans	(GE)	Waters Wye Associates
Hilary Chapman	(HC)	Xoserve
Huw Comerford	(HCo)	Utilita
Joanna Ferguson	(JF)	Northern Gas Networks
Lesley Ferrando	(LF)	Ofgem
Lorna Lewin	(LL)	DONG Energy
Mark Amos*	(MA)	NEC
Mark Jones	(MJ)	SSE
Rob Johnson	(RJ)	Wingas
Steve Mulinganie*	(SM)	Gazprom

* via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0470/220514>

The Workgroup Report is due to be presented at the UNC Modification Panel on 21 August 2014.

1.0 Introduction

BF confirmed following the UNC Modification Panel's consideration on 17 April 2014 the members had determined that there were new issues raised in consultation responses, regarding the commercial needs of affected customers and safety obligations on Transporters, and had suggested that the HSE and the NEC be invited to the Workgroup to discuss their concerns.

The modification had therefore been sent back to the Workgroup 0470 for further assessment with a report to be presented by the August 2014 Panel.

The HSE representative had been unable to attend but the NEC representative was present via teleconference.

2.0 Consider new issues raised in consultation responses

GE reported that he had discussed the proposed process with DECC seeking a view as to where the requirements in the modification were best placed. Although DECC were considering whether such a scheme should be adopted by them, GE is continuing working on the assumption that DECC will not take action.

GE reviewed the issues raised. Customers appeared to have a misperception and therefore false expectations with regard to the level of protection. How could this be made clearer that it is not a 'guarantee' but is an information service? BF commented that he did not believe this to be a 'new issue' but it did appear as a common thread throughout the responses received.

AMe observed that there was nothing to prevent a dialogue between consumers and Transporters about conditions on site, but filling in a form appears to infer this gives an overarching protection or guarantee. If this really appeared to be the perception (misplaced) then SM questioned if certain customers really understood what they were entering into. Reference was made to customer responses where this does not seem to be the case.

If the Transporters feel that the current rules do not give them the ability to give sufficient clarity then GE can get the solution/legal text amended to do this. CB suggested that in an emergency, perceptions might be different. SM believed it to be explicit throughout the process there is no guarantee, and failure to recognise this called into question large consumers' understanding of commercial agreements.

AMe questioned if the UNC was an appropriate format through which to amend emergency procedures. Facilitation with the Transporters was essential and was a requirement of the Gas Safety (Management) Regulations (GSMR).

GE explained his views on what the options might be:

- Leave 'as is'
- Produce a standardised letter to issue to consumers
- Revise the solution/legal text and include a clause to add clarity that no guarantee is provided.

EM believed the third option to be the way forward. In her view it was not a big issue and the Transporters when dealing with customers will make the position clear. JF held a similar view, observing that all additional information was welcome. AMe stated she would be very surprised if large consumers were not in regular dialogue with the Transporters.

When considering the qualifying threshold GE thought the question was, what will the demand be, or will there be total silence, and then gave an example of a particular customer. A £25m negative impact threshold was an arbitrary (high) number. Some parties will have no protection at all; the number is there to limit customers coming into the process and can be adjusted.

AMe questioned how this married with Category C protection. GE explained that Category C customers are already on an existing database; it was a way of managing volumes.

EM referred to independent analysis and the position reached was reasonable.

AMe was concerned that the definition implies a subset of Category C and affects the Firm Load Shedding sequence, and was open to challenge. This might be an error in the modification, ie Category C and how treated in various ways.

SM referred to access to the process – was there another way of setting the level to avoid the inference of protection. AM observed that arbitrary values were sometimes a necessity. AMe observed that a number of parties may have applied for it but were failing to meet that threshold. GE commented that more might be seen from an industrial area, ie some exit zones may have a cluster.

There was a brief discussion regarding what communications are made in the annual emergency exercise; specific questions are asked to demonstrate what will be done/expected of sites. It was suggested it might be better to do separate surveys through annual contacts rather than combine with the emergency exercise.

JF commented that each network would recognise which sites are significant and will be in dialogue with them. However some other sites may feel that networks should have a better view of their individual requirements and may therefore feel they need to raise their profile. DC referred to critical transportation constraints, which were generally very local/physical, and the individual circumstances of which naturally imposed certain constraints on what might potentially be done. DC gave some examples. Perhaps this should refer to a Gas Deficit Emergency (GDE) only, rather than a Local Gas Supply Emergency (LGSE). GE then explained his reasons for not making it GDE specific.

GE questioned, does the process happen now? Does it make changes to the Firm Load Shedding process?

The definition of Daily Read sites was queried by AM, suggesting this needed clarity.

AR reiterated that conversations between parties could be had through informal and formal routes, depending on whether a party was below/above the £25m negative impact threshold. GE thought this might be much more difficult for a smaller party. BF queried if this was an argument for lowering the threshold. GE said this had been set in response to the Transporters. AMe observed this implied some sort of priority status existed; GE refuted this, and said it would be made even clearer.

AR indicated there was a need to better understand the load shedding process and the amount of information available on it could be improved; putting a threshold on it does seem to inadvertently create a subset. The Transporters would like more information – whether a modification is needed is questionable, and this could restrict any flexibility. AMe reiterated that a “spirit of mutual co-operation” should prevail as set out in GSMR. LF pointed out that unintended consequences could be encountered by formalisation.

SM suggested why not allow all DM sites to have these conversations. EM added that the Transporters did not want to make it an overly formal process. RJ indicated he would be happy to reset it to DM. GE observed this did not prevent conversations or restrict their frequency. It was a process that may not ever be used, and presented no risk. LF pointed out that costs/benefits of the process were unclear, and DC concurred with this perception. There was small likelihood of it being used and it was likely to have a very small impact. AM confirmed that none of his customers requested to use the process.

GE summarised that the view was that the modification was felt to be unnecessary because conversations were already happening, it would not be helping many parties/not many parties would be using the process, there would be no impact and it will achieve very little.

RJ referred to the view expressed by his customer that the existing process does not go far enough and does not appear to work as they had tried to initiate dialogue and were not able to get the response they needed from the Transporter. There was no formal process to initiate/maintain dialogue with the Transporter. GE observed that not every customer has an account manager within the Transporter.

It was questioned if what was really required was confirmation that the conversations were happening with the Transporters and should this be an annual review process for an appropriate Workgroup. GE observed there was a gap in the communication and/or contact information. DC suggested it might be related to an imperfect understanding between what would happen in an emergency situation and what would happen in a local situation. He briefly explained the emergency exercise scenario, whilst pointing out that in reality there might be a local constraint and therefore conversations/far more discussion would be happening more immediately. A mismatch in perception might be the problem.

AR believed the main concerns are in reference to a local gas supply emergency and the £25m threshold. He suggested that making it ‘process load specific’ might be a better

criterion than using the threshold limiter (but there would still be no guarantees); perhaps GE should consider the use of 'shut down profiles'.

Next Steps

GE to consider:

- revising the modification and submit a Variation Request to Panel to make it more explicit that it affords no protection
- the appropriateness of the £25 million negative impact threshold or an alternative
- additional information required in relation to the Firm Load Shedding process
- differences between local and national emergencies.

BF pointed out that there was still a need to address the HSE points, and was there a further issue to consider, in that it might be changing the established hierarchy of the emergency Firm Load Shedding process.

3.0 Final Modification Report

It was agreed that further consideration should be deferred until the outcome of the Demand Side Response (DSR) Workgroup have progressed and any conclusions reached.

It was noted that the Workgroup's reporting date (currently August 2014) would require extending to align with the DSR progress.

4.0 Any Other Business

None.

5.0 Diary Planning

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

The next meeting will take place within the Distribution Workgroup on Thursday 25 September 2015 at ENA, 52 Horseferry Road, London SW1P 2AF.

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update