

UNC Request Workgroup 0646R Minutes Review of the Offtake Arrangements Document

Friday 13 July 2018

Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Bennett (Secretary)	(HB)	Joint Office
Arran Poad*	(AP)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
Dave Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	National Grid NTS
Rob Johnson*	(RJ)	ESP Utilities Group
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS
Stevie Docherty*	(SD)	Northern Gas Networks

*via teleconference

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/130718>

1. Introduction and Status Review

1.1. Approval of Minutes (14 June 2018)

The minutes from the previous meeting were approved.

Bob Fletcher (BF) asked participants to note the running order of the agenda, and it was decided to proceed with the meeting in the order of the to the National Grid update presentation.

2. Action 0601: National Grid could support the provision of a set of business rules to outline some principals on tripartite agreements.

From the presentation provided, Louise McGoldrick (LM) explained the issue; what the proposed Business Rule could be and gave an example of an Offtake with three parties.

It was suggested that there would be two agreements required:

- Bilateral agreement between Upstream Party NTS & DNO 1
- Tripartite agreement between Upstream Party NTS, DNO 2 & DNO 1 as Site Owner and providing site services

Darren Dunkley (DD) said that the only caveat is that National Grid are the only consistent party between the two agreements and that they would need to make sure both of the agreements are aligned for a consistent approach.

LM clarified that the National Grid processes have been updated to ensure a consistent approach is maintained.

When asked, LM agreed that some form of legal text for the Offtake Assurance Document (OAD) documentation would need to be created to set out the minimum requirements.

Action 0601 Closed

3. 0602: Parties to consider the three options on the form of Supplemental Agreements and provide a view on the preferred option at the next meeting.

From the presentation provided, LM explained the three options that National Grid have considered;

Option 1: “Broadly in the form of...”

- a. Add wording to OAD that makes it clearer that Supplemental Agreements should be broadly in the form set out in the templates in appendix 1 (parts 1 & 2) i.e. the templates are for guidance and don't have to be followed exactly;
- b. Remove explicit lettering of the template appendices;
- c. Specify the minimum requirements of the appendices;
- d. This recognises that the extent of detail at an Offtake may vary according to the Offtake.

Option 2: Update Templates

- a. Update the Supplemental Agreement templates to reflect the draft 'straw-man' template circulated by Cadent;
- b. Governance as per current arrangements.

Option 3: Removal of templates from OAD

- a. Remove the current Supplemental Agreement templates from OAD.
- b. Create a subsidiary document potentially containing the templates consistent with the draft 'straw-man' template circulated by Cadent.
- c. Include the new document in OAD Section N Section 1.2 – “Subsidiary Documents” such that the change procedures for Subsidiary Documents apply to the templates document.

It was confirmed that the preferred option for National Grid is Option 1, as this is not overly prescriptive; would still allow for more site-specific detail to be recorded in the Supplemental Agreement according to the Offtake, and it would use the existing Governance.

Leteria Beccano (LB) on behalf of WWU clarified that WWU would agree with Option 1 and would not support Option 3. LB clarified that WWU did agree broadly with Option 2.

LB also wanted to remind the group that the SLAs fall under Site Security and that it is suggested that implementing version control would be of benefit, as whenever there is a change to the Supplemental Agreement, the change should be specified.

Darren Dunkley (DD) explained on behalf of Cadent two issues;

1. The template and structure itself;
2. How the template is defined and is taken forward.

He suggested the template should be taken out of the OAD and managed separately. LM suggested the template itself could be a compliance challenge for National Grid.

Stephen Ruane (SR) said that there is a minimum standard that everyone can adhere to; DD said that he is broadly in agreement with Option 1 as far as the purpose and principle is concerned but did not think this was as useful an option as option 2.

When asked, it was confirmed that the amended Supplemental Agreement should help to clarify who owns what Assets at each of the sites.

DD said that there is a need to see what the minimum requirements are, he is not ruling out Option 1 but would need to see what it looks like in terms of minimum requirements. The draft already provided sets out the Cadent view of minimum requirements.

LM said that there is a preference to take drawings out of the OAD. DD said that he would need to see an example of this.

DD advised that the high-level strawman should detail where the shared arrangements are, if there is no detail, all of the obligations or assets should belong to the Site Owner.

SR suggested working with each party to bring out specific requirements and work together to produce one consistent template that serves everybody.

Suggestions for improvement to the template were discussed. Mainly one template for all scenarios, rather than separate templates for differing scenarios.

It was confirmed that:

National Grid: Prefer Option 1

Cadent: Would like to see an example of Option 1 but currently prefer Option 2.

WWU: Are comfortable with Option 1, but probably a template in between Options 1 and 2 would be better; detailed sites and less detailed sites would then fit in to either form.

SGN: Share the same view as WWU;

NGN: Will confirm and feedback

SR questioned if National Grid should be leading on the minimum requirements template being processed as it is not the National Grid preference.

New Action 0701: LM/SR to review the minimum requirements for the Supplemental Agreements and propose changes if needed.

Action 0602 Closed.

4. Action 0604: Parties to review the suggested grounds/triggers for asset removal, and where there is a cost of removing an asset, the cost apportionment and economical benefit test.

From the presentation provided, LM confirmed the National Grid position and supporting examples.

It was agreed that at this point the Cadent presentation provided by DD would be shown, he provided an onscreen walkthrough of the Cadent proposal for redundant and moving assets and explained the basis of their proposal and the 5 triggers that would trigger the process.

It was confirmed there are currently no leases in place between Cadent and National Grid as OAD was thought to be sufficient.

When asked if this is an issue particular to Cadent and National Grid, DD confirmed that with regards to removal of assets that do not belong to you, National Grid are happy for you to remove the asset at the least cost to the industry, however this would need to factor in who is the main beneficiary.

DD gave examples of where there is a need to redevelop the site, the Site User is responsible for the cost of removing or repositioning the asset.

BF clarified that the National Grid proposal is subject to an economic test. DD advised that Cadent accepts each asset would be assessed on a case by case.

LM summarised the National Grid position:

- preference is to appoint an independent expert to assist with discussions and obtaining consent;
- prefers an economic test to assess the correct cost apportionment;
- if Cadent assets are causing operational problems, Cadent would be expected to arrange site maintenance;
- Agrees that it Health and Safety should be Asset Owner responsibility.

DD agreed that he will take on board some of the comments made by National Grid.

New Action 0702: NGN, SGN and WWU to confirm what Lease Agreements they have in place and if these have specific arrangements to manage redundant assets.

LB suggested that a more balanced view would be that the site owner should be able to request transfer of ownership. It was agreed that the Lease agreements need to be revisited in terms of content.

DD said that if their proposal doesn't get in to the OAD, they could adopt some principles such as who bears the cost of the removal of the assets.

In terms of next steps, BF clarified that Cadent have suggested a way forward. There would be a recommendation which would require a modification. He also confirmed that if the intent is to impact how the Offtake Committee works; the introduction of an appeals process, would need a modification to establish it. The aim of this Workgroup is to reach a consensus; therefore, any decisions would not be in the report unless a consensus had been reached.

DD said that there is currently no clause that allows a request to remove the asset, all the rights sit with the Site User at this moment in time.

New Action 0703: DD to update the Redundant Assets proposals paper based on the feedback received.

It was confirmed that for LDZ to LDZ sites there would be no lease with Cadent as some of them could be in a road or public highway.

Action 0604 Carried Forward.

5. 0605: National Grid (SR) to circulate the Site Owner Drawings process to enable the process to be considered and agreed.

From the presentation provided, LM highlighted to the Workgroup that the issue with Asset Records is that there is no defined process in the OAD for Shared Site diagrams and how they should be updated. She went on to show a high-level process diagram that could be adopted, this process has been rolled out to WWU and feedback so far is that it works well.

LM explained that it is National Grid preference is to have a common approach discussion with all DNOs adding that each transporter should have a policy.

The Workgroup agreed this process would not sit within the OAD and that it is key for each party to define their requirements. The sharing of requirements will be necessary for shared sites.

When asked it was confirmed that the update and cost of update sits with the Site User.

DD requested more detail such as the lower level interaction to be added to the process which initiated a discussion within the workgroup as to how the working detail is to be managed or if it is required to be included in the process flow provided by National Grid.

DD asked, referring to specific processes, RE3 and RE18 and a possible re-define for National Grid plus symbology documents, where do these processes link back to?

BF summarised his understanding was that at network sales, the process was for Operational Directors to agree how technical/policy documents should be changed with the aim to maintain a level of consistency across the industry. In addition, IGEM would have a role for industry documents

It was agreed this does not need to be in OAD and the high-level process flow was agreed. It is National Grid preference to update the policies and explore the linking back to specific policies as suggested by DD.

New Action 0704: All to find out supporting governance arrangements for policy documents – is there a collective policy of how you would change things.

New Action 0705: DD to put the asset records process in to the proposal for the next meeting.

Action 0605 Carried Forward

6. Areas raised by Cadent as a concern

6.1. Critical National Infrastructure (CNI)

Issue: OAD states that it is the Site Owner that provides security to the Site User's facilities, however, recent Critical National Infrastructure (CNI) site operating changes have resulted in the Site User installing site security equipment such electric fences and cameras etc.

LM explained the outstanding issues with CNI, the business rule and provided an update on ongoing discussions advising that subject matter experts (SME's) have been identified within each DNO and a meeting is to be setup to discuss the ongoing CNI matters. The outcome of such meetings will be fed back to this Workgroup.

LB said that this issue cannot move forward in this Workgroup until discussions have taken place by the SME's.

DD requested a caveat to be included in the business rule, engineering compliance (e.g. EL6) for both Site Owner and Site User.

New Action 0706: LM to investigate as to whether OAD should have a paragraph pointing to what document the User should be following, e.g. section 1.6 in OAD

6.2. Closed Sites

Issue: There are shared sites that do not have fully operational offtakes. Prior to business rules being developed, National Grid would like to agree categories for these sites to allow the workgroup to explore what provisions within the OAD would be required for each.

LM clarified that Closed Sites are not an offtake but have the potential to flow gas from one to another.

DD gave the example of the Cambridge multijunction – here there are two networks on one site but not physically connected. This would fall short of the supplemental agreement because the two sites are not physically connected.

LM summarised that Supplement Agreements are not in place at the moment for closed sites.

New Action 0707: DD to check Closed Sites references in OAD. Also, check if the LDZ will be relevant to an NTS closed offtake. Business rules will be created as a part of this exercise.

6.3. Maintenance

Awaiting outputs of Maintenance meeting.

6.4. UNC refresh

This relates to outstanding Action 0606.

Action 0606: Parties to review the '16 April 2018 Proposed OAD Review Changes spreadsheet produced by Cadent' available at: <https://www.gasgovernance.co.uk/0646/160418>, and indicate whether in support or not and any further dialogue, for Cadent (DD) to provide a consolidated view at next meeting.

Update: Discussion held, this will be developed further. See new actions.

It was agreed that a review of the issues listed is now required as some of the issues have now been addressed and agree a way forward.

New Action 0708: DD to update the issues spreadsheet: Align each line to a category; Add an Outcome to date column; Add an Action required column; Add a Comments column.

Action 0606 Closed

7. Review of other Outstanding Actions

0504: ALL to investigate what impacts would a bi-lateral or tri-partite agreement have on the content of the OAD and to provide feedback at the next meeting.

Update: LM advised that this action is closely linked to Action 0601, please see Action 0601 for an update. **Closed.**

0603: Request Group to consider formulating an issue log to be addressed.

Update: The spreadsheet from Cadent will form the issues log. **Closed**

8. Next Steps

None.

9. Any Other Business

BF advised that the Biomethane Group have asked for a review of ME2, it was confirmed that would not be in the scope of this meeting.

10. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Tuesday 21 August 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<ul style="list-style-type: none"> Agreed Agenda items

10:00 Wednesday 26 September 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<ul style="list-style-type: none"> • Agenda items to be agreed
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Action Table (as at 13 July 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0504	10/05/18	4.0	All to investigate what impacts would a bi-lateral or tri-partite agreement have on the content of the OAD and to provide feedback at the next meeting.	All	Closed
0601	14/06/18	2.1	National Grid could support the provision of a set of business rules to outline some principals on tripartite agreements.	National Grid (LM/SR)	Pending
0602	14/06/18	2.1	Parties to consider the three options on the form of Supplemental Agreements and provide a view on the preferred option at the next meeting.	All	Closed
0603	14/06/18	2.2	Request Group to consider formulating an issue log to be addressed.	All	Closed
0604	14/06/18	2.3	Parties to review the suggested grounds/triggers for asset removal, and where there is a cost of removing an asset, the cost apportionment and economical benefit test.	All	Carried Forward
0605	14/06/18	2.5	National Grid (SR) to circulate the Site Owner Drawings process to enable the process to be considered and agreed.	National Grid (SR)	Carried Forward
0606	14/06/18	3.0	Parties to review the '16 April 2018 Proposed OAD Review Changes spreadsheet produced by Cadent' available at: https://www.gasgovernance.co.uk/0646/160418 , and indicate whether in support or not and any further dialogue, for Cadent (DD) to provide a consolidated view at next meeting.	All	Closed
0701	13/07/18	3.0	LM/SR to review the minimum requirements for the Supplemental Agreements and propose changes if needed.	National Grid (LM/SR)	Pending
0702	13/07/18	4.0	NGN, SGN and WWU to confirm what Lease Agreements they have in place and if these have specific arrangements to manage redundant assets.	NGN (AP/SD) SGN (DM) WWU (LB)	Pending
0703	13/07/18	4.0	DD to update the Redundant Assets proposals paper based on the feedback received.	Cadent (DD)	Pending

0704	13/07/18	5.0	All to find out supporting governance arrangements for policy documents – is there a collective policy of how you would change things.		Pending
0705	13/07/18	5.0	DD to put the asset records process in to the proposal for the next meeting.	Cadent (DD)	Pending
0706	13/07/18	6.1	LM to investigate as to whether OAD should have a paragraph pointing to what document the User should be following, e.g. section 1.6 in OAD	National Grid (LM/SR)	Pending
0707	13/07/18	6.2	DD to check Closed Sites references in OAD. Also, check if the LDZ will be relevant to an NTS closed offtake. Business rules will be created as a part of this exercise.	Cadent (DD)	Pending
0708	13/07/18	6.4	DD to update the issues spreadsheet: Align each line to a category; Add an Outcome to date column; Add an Action required column; Add a Comments column.	Cadent (DD)	Pending