

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

**Thursday 14 March 2019**

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

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(MB)	Joint Office
Arran Poad*	(AP)	Northern Gas Networks
Ben Hanley*	(BH)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Mitchell*	(DM)	SGN
Eddie Blackburn*	(EB)	National Grid NTS
Louise McGoldrick	(LM)	National Grid NTS
Shiv Singh	(SS)	Cadent
Stevie Docherty*	(SD)	Northern Gas Networks

*\*via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/140319>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 June 2019.

**1. Introduction and Status Review**

**1.1. Approval of Minutes (14 February 2019)**

The minutes from the previous meeting were approved.

**2. Consideration of Modification 0683**

The Workgroup agreed to review the version of Modification 0683 which is due to be considered by the UNC Panel on 21 March 2019.

DD reported that further amendments are required to the Modification and he hoped to amend it ahead of the Panel meeting. BF outlined the process for submitting a Modification to the UNC Panel and the associated expectations and deadlines. He suggested that any further amendments to the Modification are considered after it has been formally presented to the UNC Panel to capture feedback from the Workgroup.

LM provided several comments on the Modification. It was suggested further clarity was required on Shared Sites and Bi-directional flows between NTS and LDZ offtakes.

LM also referred to references within the Modification to an Affected Party and the definition of material impact on an Affected Party. It was understood that an Affected Party is not currently defined in the OAD. DD believed that the term Affected Party already existed in OAD under Section B 2.2.3. It was noted that the OAD Notice needs to include what the impacts are on the Affected Party. LM enquired what the test was for an Affected Party. It was agreed that the Modification would be reviewed to ensure it is consistent with Section B.2.2.3. It was anticipated that a new term for an Affected Party would need to be defined within the UNC and this will be included within the Modification's Solution.

It was anticipated that Section B 2.2.3 and B 2.2.4 would need amending.

BF explained that the Solution within the Modification should be articulated in plain English to ensure the intent is clear to outside parties, it should also enable lawyers to provide the appropriate legal text. He highlighted that the Solution needn't be prescriptive to the extent it provides the actual definitions or prescriptive legal text, however this can be provided for guidance if needed.

LM highlighted that the term Material Impact is also not defined in OAD. Cadent noted that this would need to be considered.

LM noted that the Modification Summary needed to capture that the Modification is also considering Tripartite Arrangements with multiple site Users. Although this was captured in the Solution the initial summary didn't align.

SS thanked LM for the feedback provided which will enable Cadent to update the Modification to ensure it provides enough clarity.

The Workgroup considered the Drawings and Supplemental Agreement template, DD explained that the concept is to reference the appropriate textual details of the Site Drawings within the Agreement, but not to incorporate the actual Site Drawings, with the demarcations. DD believed that the demarcation should only be included within the Site Drawings. The Operational Flow diagram was considered. LM enquired about the incorporation of Site User Drawings which illustrated National Grid's assets to the demarcation line. LM wished Cadent to consider the risks of not including the Site User Drawings. DD believed the Site Owner Drawings should take precedent and did not believe there was a risk with not including Site User Drawings.

LM challenged there was a concern with National Grid not having their Site User Drawings referenced within the Supplemental Agreement. The Workgroup considered the implications of not having National Grid's demarcation drawings. DD emphasised that where demarcation is not aligned the Supplemental Agreements should not be signed off.

LM enquired about the Proposal for the Removal of Assets currently referenced within V1.0 of the Modification and if this will exist as a subsidiary document. DD believed there was still some work to undertake for this process document, such as considering its governance, where it should reside, the economic test, and Service Level Agreements. It was suggested that this is given further consideration as this could be removed from Modification 0683 as it required further assessment and development and implemented as a new document through a separate Modification. DD asked about the ability to use the Process Flows. BF explained that ancillary documents could include the required process flows, however, it needs to be able to stand alone and be referenced within the UNC with its own governance to manage changes to it.

EB expressed concern about the reference to an economic test. The Workgroup acknowledged this had previously been discussed and what the correct articulation was for considering the cost contributions.

The Workgroup considered the structure of technical processes and procedures.

LM enquired if the Supplemental Agreement Template would include the recitals and if all the appendices will be considered as one document. DD enquired how Supplemental Agreements can be updated. It was clarified that when Supplemental Agreements are made each party will have an identical copy of the agreement. It was suggested that for Tri-partite arrangements that the site services party would also become a signatory to the Supplemental Agreement and each party would have a copy of the Agreement. DD emphasised the importance of transparency and described a potential method of proposing a change and how this should be managed with a prescribed process and potential timescales. EB clarified that any party can propose a change to a contract and challenged the benefit of being prescriptive on how to manage changes. EB believed the OAD needn't be prescriptive about how contracts are changed simply that the contracts need to be agreed. DD wanted the process to be clear and documented with timescales. LM clarified that National Grid would be supportive of providing PDF and word versions of all Supplemental Agreements to support the amendment process.

### **3. Lease Arrangements**

SS noted that Northern Gas Networks (NGN) had expressed some concerns about the impacts to Lease Agreements and if there were a conflict with OAD which would take precedent. It was noted that NGN believe the Lease Agreements would take precedent. SS confirmed he had made attempts to discuss the concerns and that the Modification 0683 solution tries to address this. He welcomed feedback from the all DNOs to ensure these had been appropriately addressed. NGN confirmed that BH would review the Modification and discuss any further concerns offline.

The Workgroup considered Section 5 of the Modification, the Asset Removal Process Section B3.1.1 and B3.6, and the text provided on Page 9 for the *“Receiver to engage with requesting operator to seek a way forward that is acceptable to both parties: for the avoidance of doubt, if a lease agreement is in place this must be taken into account first. If asset removal is being requested and is not covered by the lease agreement, then OAD applies”*.

SS asked for an action for DNs to confirm if they are supportive of this new business rule:

**Action 0301:** DNs to review Section 5 of Modification 0683 and confirm if they are supportive of the business rule within the Asset Removal Process Page 9 Section B3.1.1 and B3.6.

## 4. Asset Removal

### 4.1. Cost Allocation

SS explained that a question was raised at the last Workgroup whether ‘Operational’ needs to remain within the Cost Allocation considerations. SS referred to Page 10’s Cost Allocation heading within the Modification, where Health, Safety and Operational were listed to confirm costs will be at the expense of the assess owner.

EB noted that if there is a need to move or remove an asset for Health or Safety, there needs to be an initial consideration if the asset is redundant. If an asset is not redundant EB suggested there could be a separate process for managing assets which need to be moved or removed for Health or Safety grounds and then consideration given to who covers the costs – there is a view that assets that need to be moved or removed for health and safety reasons should be done at the asset owners cost

The Workgroup considered the need for maintenance and if the presence of an asset could prevent other parties gaining maintenance access. It was noted that this is not a new concept and is covered within OAD Section B.1.8.3. It was however agreed further clarity was required within the Modification.

It was noted that the technical aspects of managing a site can be managed operationally with engagement with the appropriate parties. The Workgroup briefly considered if these technical aspects needed to be incorporated into the UNC.

EB highlighted that consideration had already been given to economic tests and thought it had been agreed that an economic test would not take place. It was agreed that Operational and Economic test elements would be removed from the Modification.

## 5. Supplemental Agreement Template

### 5.1. Telemetry / Shared Boards inclusion

SS noted that at the previous Workgroup Meetings the Workgroup were asked to consider the inclusion of telemetry and shared boards. LM enquired if there was duplication by having Telemetry Arrangements within the Supplemental Agreement (2.3). DD explained how Cadent were trying to tie all the elements together. DD explained the expectation to detail the Shared Board arrangements within the Supplemental Agreement, section 2.2.2

## 6. CNI – Updating of Transmission System Operator to Distribution System Operator Agreement Guidelines

SS wished to understand if the change required to the Transmission System Operator to Distribution System Operator Agreement Guidelines needed to be included in the Phase 1 changes.

The Workgroup considered the considerations being undertaken at the CNI Forum.

BF confirmed the process for updating the Guidelines. The Workgroup considered the required amendment and how to submit a proposed change to the Offtake Committee. It was agreed that Cadent would produce a marked-up version of the document for the Workgroup to consider.

**Action 0302:** Cadent (SS) to provide a changed marked version of the Transmission System Operator to Distribution System Operator Agreement Guidelines for consideration and submission to the Offtake Committee.

## 7. Review of Outstanding Actions

**0104: Reference CNI Group Update** – Cadent (DD) to invite the CNI Forum Chairperson to provide an update at a future Workgroup meeting.

**Update:** DD explained the arrangements and confirmed that a joint industry response is expected to be provided to Ofgem and BIAS. Further consideration may be required about the security of sites and to consider any risks. Richard Phillips, CNI Forum Chair will be invited to a future Workgroup meeting. **Carried Forward**

## 8. Next Steps

BF summarised the next steps as follows:

- Cadent to provide an amended Modification 0683
- Workgroup to consider priorities within the Issues Log and potential topics of Modifications to address issues
- Workgroup to consider existing OAD documents and ascertain if these need amending grouping all required UNC Related Documents for UNCC approval.
- SCO review.

## 9. Any Other Business

### 9.1. Metering Section of OAD

DD suggested the Metering Section of OAD may be out of date in reference to allowing the change of meter technologies.

BF believed that DNOs had reported to the Performance Assurance Committee that there have been updates to meter technologies and in some cases wide spread adoption of ultrasonic meters.

DD was concerned about the template in the Supplemental Agreement and the context of the information provided. DD believed OAD Section D may not be fit for purpose. BF suggested that as part of the issue priority assessment the Workgroup should consider if the changes for Section D is a higher priority than the other elements.

LL suggested that the Metering experts flash out any issues for OAD Section D offline, and any issues/defects identified are managed with a Modification Proposal which can be presented to the industry. DD agreed that Cadent's Metering Experts would review Section D to identify if there are any issues.

## 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 Thursday 11 April 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Modification 0683 Issue Log Priorities OAD Related Document Review SCO Review
10:00 Thursday 09 May 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	TBC
10:00 Wednesday 05 June 2019	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	TBC

**Action Table (as at 14 March 2019)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0104	25/01/19	8.	<i>Reference CNI Group Update</i> – Cadent (DD) to invite the CNI Forum Chairperson to provide an update at a future Workgroup meeting.	Cadent (DD)	<b>Carried Forward</b>
0301	14/03/19	3.0	DNs to review Section 5 of Modification 0683 and confirm if they are supportive of the business rule within the Asset Removal Process Page 9 Section B3.1.1 and B3.6.	All DNs	<b>Pending</b>
0302	14/03/19	6.0	Cadent (SS) to provide a changed marked version of the Transmission System Operator to Distribution System Operator Agreement Guidelines for consideration and submission to the Offtake Committee.	Cadent (SS)	<b>Pending</b>