

**UNC Request Workgroup 0646R Minutes  
Review of the Offtake Arrangements Document  
Wednesday 02 September 2020  
Via Teleconference**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	National Grid NTS
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0646/020920>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 April 2021.

**1. Introduction and Status Review**

Bob Fletcher (BF) welcomed everyone to the meeting.

**1.1. Approval of Minutes (05 August 2020)**

It was noted that Darren Dunkley (DD) had submitted a suggested amendment to the 05 August minutes in relation to Action 0502 which he believed should have been closed, as the proposal was presented. Recognising that DD had asked the DNOs to review the proposal presented, DD had suggested a New Action should have been raised.

The Workgroup agreed to close Action 0502 and record a new action.

**New Action 0901:** All to review the Site Access Restrictions proposal presented by Cadent and agree upon the conditions that impact “restriction” at a given site and when OAD notices must be raised.

The minutes from the previous meeting were approved.

**1.2. Review of Outstanding Actions**

**0502:** Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.

**Update:** See item 1.1 and new Action 0901. **Closed.**

**0801:** Joint Office (AR) to consider UNC references to disputes to assess any potential differences.

**Update:** See item 2.4, references and text provided. Workgroup to consider required next steps. **Carried Forward.**

**0802:** DNOs to consider the Cadent interpretation of the Offtake Site Definition presented for Action 0501 and respond back to Workgroup at the next meeting in September 2020.

**Update:** See item 2.5 - B1.2 and item 3.3. **Carried Forward**

**0803:** DNOs to consider references to cost recovery and reimbursement as set out in OAD and respond back to Workgroup at the next meeting in September 2020, for further discussion and debate.

**Update:** See item 3.4 and new Action 0904. **Carried Forward.**

**0804:** DNOs to review and provide feedback on the Decommissioning Offtake definition and respond back to Workgroup at the next meeting in September 2020, to agree consensus.

**Update:** See item 2.5 - B1.2. **Carried Forward.**

**0805:** DNOs to consider the recommended OAD Appendix Reference changes and the value of changing the references for further consideration in September

**Update:** See item 2.4. **Closed.**

**0806:** DNOs to review previous discussions within Workgroup 0646R and 0683S meetings in relation to Redundant Assets and provide a view on company positions.

**Update:** See item 2.1. **Closed.**

## 2. Development of Second OAD Modification

### 2.1. Removal of Redundant Assets (Action 0806)

Referring to Action 0806 DD wanted to understand how to take this issue forward.

The Workgroup considered the utilisation of the proposed Redundant Asset process.

Louise McGoldrick (LM) confirmed that National Grid are not supportive of a Redundant Asset process, understanding that when the land sale went through, Cadent had consented to having National Grid assets on site without limitation and that these provisions were broadly similar to those within the Lease Agreements between other DNOs and National Grid.

BF asked for clarification on what Cadent were trying to achieve. It was clarified that this would be a new process for all parties to utilise, however it was recognised other DNOs had Lease Agreements in place. Where this was the case it was intended that the Lease Agreements would take precedent however, the proposed provisions could then be utilised should the DNO and National Grid agree.

LM believed there were more provisions in the Lease Agreements than in OAD.

Stephen Ruane (SR) also highlighted that there were potential cost risks associated with this change, which National Grid have provided a response to Cadent's original cost allocation proposal. SR explained that National Grid had wished for Cadent to consider capping the aggregate cost over a period, where National Grid had no regulatory funding for removing assets and could not commit to a process which in theory would provide a 'blank cheque'. SR confirmed conversations are ongoing with Cadent on the cost allocation concept and timing.

Dave Mitchell (DM) asked Cadent to clarify what the route cause/issue was and the significance of this issue for Cadent.

DD explained when there is another operator on site, with an asset not being used, current arrangements in OAD under Section B3.1 grants that Site User Facilities have the right to be retained (*please see below extract*). DD confirmed that once a Site User installs the assets they can be left in situ until that Site User sees fit that the asset needs removing. DD believed there were no provisions in OAD which allow parties to enter into a dialogue about removing a redundant asset. Only the relocation of assets is covered by OAD.

#### *Right to Install and Retain Connection Facilities*

*3.1.1 In relation to any Site User's Facilities, the Site Owner hereby grants to the Site User the right for the Site User to retain such Connection Facilities on the Site Owner's Land, in such places as those Connection Facilities:*

*(a) were or are located at the Supplemental Agreement Date; or*

*(b) are subsequently relocated pursuant to paragraph 3.3*

LM reminded the Workgroup that further consideration needs to be given on regulatory funding and the potential for cost allocation, believing some dialogue had previously considered a 50:50 split up to £50k and cost benefit analysis for costs over £50k.

SR wished to better understand the extent of this issue for Cadent, particularly the materiality of the issue that would require a UNC Modification to resolve. SR emphasised that National Grid would need to consider the potential number of requests and the potential unfunded cost gap to better gauge the worst-case scenario. This would allow National Grid and the Authority to understand the potential materiality of the issue, which could be used to price up how much it would cost to remove all redundant assets.

DD explained it was not the intention to request for all redundant assets to be removed, clarifying that only where redundant assets are causing a problem would there be a request for removal. SR asked Cadent to indicate the likely number of requests.

LM enquired how many instances Cadent have come across in the last few years that this was causing an issue. DD recalled there being one Offtake site in 2016 where a redundant asset caused an issue.

DD suggested that there was an opportunity to document redundant assets when DNOs migrate sites to the new Supplemental (Offtake) Agreement Template implemented under UNC Modification 0683S.

BF suggested that Cadent need to articulate this change into a Modification as this would provide the Workgroup clarity on the change and an opportunity to fully assess the reasons why this change needs to be made. Shiv Singh (SS) explained this could be resurrected from the carve out made from UNC Modification 0683S.

SR recalled when it was decided to remove redundant assets from UNC Modification 0683S this was undertaken due to a number of parties having reservations about the process, and enquired if these concerns still exist. DM recognising there is less of an impact/risk to SGN compared to National Grid, confirming that SGN's original reservations still exist.

It was suggested that National Grid and Cadent should further consider the issue offline and articulate a draft Modification for the Workgroup to consider.

DD recalling previous discussions believed at one-point SGN had contemplated whether other DNOs would want access to a redundant asset removal process and how this could be enabled when Lease Agreements were in place. Recalling that other DNOs should not be discounted from accessing such a service in the future if it existed. DM asked if it would be worth seeking a legal view on the use of Lease Agreements and how OAD and Lease Agreements would be managed when the Redundant Asset process would only exist in OAD. DD confirmed a legal view had previously been provided with a view on how this could be managed in OAD allowing parties who have Lease Agreements that did not cover the removal of redundant assets to tap into this service in addition to the Lease Agreement.

National Grid and Cadent agreed to consider further the potential development of a redundant assets process subject to identified benefits.

## **2.2. Site Drawings**

SR believed there was an understanding that National Grid would arrange a review session for Site Drawings, before progressing this issue further. However, until now this has not been able to go ahead due to resource constraints. SR confirmed an update will be provided to this Workgroup on the outcome from this session at a future meeting.

## **2.3. Proposal for Updating Supplemental Agreements**

DD provided a paper outlining the proposed Business Rules, outstanding issues and a set of process flow diagrams to capture the requirements for updating Supplemental Agreements between Transporters.

DD wished to consider what changes are required to OAD once the operational process has been reviewed and the process amended. The Workgroup considered whether a subsidiary document would be required. DD believed there was merit documenting the process. DD agreed to capture the process for review at the next meeting.

It was agreed that the Workgroup should review Section 4 within the proposal and highlight any concerns/potential changes to Cadent for consideration at the next meeting.

**New Action 0902:** All to review Section 4 of the proposal for Updating Supplemental Agreements highlight any potential issues/changes prior to the next meeting.

#### **2.4. OAD Appendix References (Action 0805)**

DD provided a table of the OAD Appendix References highlighting the clauses where there was a recommendation for a change in the phrase or wording. DD suggested parties should review each of the clauses.

Referring to B6.2.2 DM suggested this needed further consideration. The Workgroup also considered the wording required when referring to an Appendix, and whether these needed to be specific or general.

It was agreed to consider this further next month.

#### **2.5. Items to progress from Issues log**

LM referred to the 11 changes previously considered, advising that 5 of these changes were being taken forward from the Issues Log. It was agreed that issues which were not to be pursued or closed would be separated on to a different tab within the spreadsheet to allow focus on the changes being taken forward or outstanding. The Workgroup agreed to review each of the changes in detail.

**B1.5.2** DD explained B1.5.2 was being pursued elsewhere and did not need to be followed up.

**B2.2.4** OAD Notices, the Workgroup considered the impact to OAD Notices and the level of details contained within the notice. DD clarified there needs to be sufficient information contained within the OAD notice where connection facilities are being altered and the notice needed to be clear on what provisions are required. DD explained the importance of having sufficient information to avoid last minute issues with site restrictions. The Workgroup considered if the current template needed to be updated.

Leteria Beccano (LB) explained that when creating an OAD Notice, the timing and duration of works maybe known but the extent of the impacts may not be known 12 months ahead and therefore the full extent of the requirements, this information may not be available until a later date. LB understood sufficient information needs to be provided but obtaining more information may delay the notice.

SR suggested the form should have a reminder to provide as much information as possible at the time of its completion. SR agreed to make this minor adjustment to the template.

**B3.4.4** Asset Separation, LM believed this was not a Code change and that it was previously agreed this would not be pursued. The Workgroup considered Shared Assets and if separation would provide better clarity. DD specifically enquired about Ross on Wye and if this is included in RIIO-2. LM believed back in May 2020 the Workgroup had considered this and agreed this would not be pursued and asked if this was being re-opened. As there was no OAD changes it was agreed that Operators should engage bi-laterally as and when required and that this issue would be closed.

**B6** Site Restrictions, it was agreed there was no OAD Changes and this issue could be managed locally. SR asked if this referred to the new Action 0901. DD believed that Site Restrictions needed better clarification to explain the extent of the site restriction in the OAD Notice. DD referred to ili runs, maintenance and OAD Notices. DD believed in terms of maintenance if there is likely to be a restriction when accessing the site, this needs to be communicated for safety and other reasons.

SR asked for clarity on the extent of the changes and what would be changing, for example, ili runs are notified on the maintenance plan. DD explained that as part of an ili run there may be a site restriction if site equipment needs to be vented which would need an OAD notice.

It was believed this was possibly an educational piece of work to aid better understanding rather than a change to OAD or current processes in place. DD confirmed the Issues Log would be updated to confirm this is a communication/educational exercise.

**B6.3.1 Site Access for Shared Sites.** DD believed this did not need to be pursued as it was adequately covered in OAD.

**L2.3.1 Cost Recovery.** Please refer to Item 3.4 below. OAD change not expected, clarification of application only.

**N2.1.2 (c) Tri-partite,** it was believed this was covered off elsewhere and needed to be looked at offline.

**N9.1.1.** Transmission System Operator to Distribution System Operator Agreement Guidelines, it was envisaged some minor changes would be required in particular the contact details. It was agreed that the Guidelines would be worth reviewing.

**New Action 0903:** All to review the Transmission System Operator to Distribution System Operator Agreement Guidelines document and provide required changes to Cadent for change marking the document for approval <https://www.gasgovernance.co.uk/OADDocs>

**B1.5.3 and N3.2.2 Supplemental Agreements –** no further action. Proposal discussed within Item 2.3. No further discussion.

**B1.2 Definition of an Offtake Site,** DD confirmed he is awaiting feedback on the suggested proposal. DD believed that the current definitions are correct and this appeared to be an educational exercise to aid consistency.

**Various and TSO items** already covered elsewhere. No further discussion.

### 3. Clarification, Application & Understanding of OAD

#### 3.1. Site Access (Action 0502)

See above reference to B6.3.1 in Item 2.5. No further discussion.

#### 3.2. Disputes UNC GTA / OAD N1.1.1 (Action 0801)

BF confirmed that Alan Raper (AR) had provided the following instances within the UNC and OAD of where there was a reference to Disputes (or Expert Determination) under General Terms Section A:

##### TPD

Section E	1.3.10	In the event that the Transporters reject the User's claim, the User shall be entitled to appeal the Transporters' rejection of the claim within 14 days of its receipt of communication of such rejection in accordance with UNC General Terms Section A. Expert Determination (specific part of GT A). Any dispute (other than one resolved pursuant to Network Entry Provisions under paragraph <b>Error! Reference source not found.</b> ) as to anything specified by the Transporter under paragraph <b>Error! Reference source not found.</b> shall be referred to Expert Determination.
	3.4.5	<b>Error! Reference source not found.</b> shall be referred to Expert Determination.
Section I	3.7.6	Any dispute as to the amount 'A' in paragraph 3.7.2 shall be referred to Expert Determination.
	3.11.8	Any dispute as to the amount in "A" in paragraph 3.11.6 shall be referred to Expert Determination.
	3.4.6	Any dispute as to anything specified by a User under paragraph 3.4.5(a) (other than a dispute as to anything specified under paragraph 3.4.5(a)(i) or (ii) which was resolved pursuant to Network Exit Provisions) shall be referred to Expert Determination.
Section J	3.5.11	For the purposes of paragraphs 3.5.3, 3.5.5 and 3.5.8, any dispute as to the quantity of gas which



		was made available for offtake at the relevant DM Supply Point, Connected System Exit Point, NTS Exit Point or Inter-System Offtake on the relevant Day shall be referred to Expert Determination.
Section S	4.1.5	... (b) to the determination of an Invoice Query is a reference: (i) to the resolution of a dispute in respect thereof under any provision of GT Section A where applicable; and ... .... Where the value of the instrument of surety of security cannot be agreed between the User and the Transporter, the User may refer such dispute to Expert Determination in accordance with GT Section A, paragraph 2.
Section V	3.4.6	If the dispute remains unresolved then the provisions within the Uniform Network Code, General Terms, Section A should be referred to.
UNC Related Document:	Class 1 Ratchet Charge Guidance Document	
<b>OAD</b>		
Section D	6.1.3	Where the Parties are unable to resolve the dispute within 30 days from the date of the notice in accordance with paragraph 6.1.2 above, either of them shall be entitled to refer the dispute to an Expert for determination, in accordance with GT Section A2. If the Parties are unable to resolve the dispute within 30 Days after the disputing Party gave notice of the dispute, subject to the provisions of GT Section A (where applicable) either Party may commence proceedings for the resolution of such dispute.
Section L	3.7.5	

The Workgroup agreed to consider all the references ahead of the next meeting to assess any potential differences, and if any further action is required for OAD.

**3.3. Offtake Site Definitions (Action 0802)**

See above reference to B1.2 in Item 2.5. No further discussion.

**3.4. Cost Recovery / Reimbursement (Action 0803 and 0804)**

DD provided a spreadsheet with all the UNC references to Cost Recovery and Cadent's interpretation/understanding. DD wanted to get to a position where there was a common understanding for cost recovery, what the process is for recovering costs and the use of OAD Notices.

**New Action 0904:** All to review the UNC references where Cost Recovery is used along with Cadent's interpretation and provide comments/feedback to Cadent for the 30 September meeting.

Referring back to previous discussions on OAD B6.2.2 (e) in relation to connection facilities changing, DM wished to clarify his understanding. The Workgroup briefly considered the costs associated with putting a site back in good order.

**4. Identification of any new OAD items or issues**

DD enquired about the migration exercise to the new Supplemental Agreement Template implemented as part of UNC Modification 0683S and the opportunity to consider any lessons learned so far. He noted that further enhancements may be worthwhile considering, such as the utilisation of an alternative part of the document for example when considering Shared Electrical Systems.

It was suggested such reviews would be more appropriate at an Operational Forum.

The Workgroup considered the way forward for capturing operational issues, sharing lessons learnt and how best to address these. The Workgroup considered the ongoing and enduring arrangements to track operational issues that require OAD or Subsidiary Document changes.

LM was keen to allow the operators more time to become familiar with the template noting that the template does not inhibit the use of the Additional/Other sections. It was suggested more time should be provided to allow issues to be picked up and to avoid making further changes to the template so soon after implementation. It was agreed however to log any issues identified and to consider these at a later date.

**5. Next Steps**

Non further discussion.

**6. Any Other Business**

None raised.

**7. Diary Planning**

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

Time / Date	Venue	Workgroup Programme
10:00 Wednesday 30 September 2020	Teleconference	Modification Assessments Consideration of outstanding Issues from Issues Log
10:00 Wednesday 04 November 2020	Teleconference	Modification Assessments Consideration of outstanding Issues from Issues Log
10:00 Wednesday 02 December 2020	Teleconference	Modification Assessments Consideration of outstanding Issues from Issues Log
10:00 Wednesday 06 January 2020	TBC	Modification Assessments Consideration of outstanding Issues from Issues Log
10:00 Wednesday 03 February 2020	TBC	Modification Assessments Consideration of outstanding Issues from Issues Log Development of Request Workgroup Report
10:00 Wednesday 03 March 2020	TBC	Finalise Request Workgroup Report

**Action Table (as at 02 September 2020)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0502	06/06/20	2.0	Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.	Cadent (DD)	<b>Closed</b>
0801	05/08/20	1.1	Joint Office (AR) to consider UNC references to disputes to assess any potential differences.	Joint Office (AR)	<b>Carried Forward</b>
0802	05/08/20	1.2	DNOs to consider the Cadent interpretation of the Offtake Site Definition presented for Action 0501 and respond back to Workgroup at the next meeting in September 2020.	All DNOs	<b>Carried Forward</b>
0803	05/08/20	3.0	DNOs to consider references to cost recovery and reimbursement as set out in OAD and respond back to Workgroup at the next meeting in September 2020, for further discussion and debate.	All DNOs	<b>Carried Forward</b>
0804	05/08/20	3.0	DNOs to review and provide feedback on the Decommissioning Offtake definition and respond back to Workgroup at the next meeting in September 2020, to agree consensus.	All DNOs	<b>Carried Forward</b>
0805	05/08/20	3.0	DNOs to consider the recommended OAD Appendix Reference changes and the value of changing the references for further consideration in September.	All DNOs	<b>Closed</b>
0806	05/08/20	3.0	DNOs to review previous discussions within Workgroup 0646R and 0683S meetings in relation to Redundant Assets and provide a view on company positions.	All DNOs	<b>Closed</b>
0901	02/09/20	1.1	All to review the Site Access Restrictions proposal presented by Cadent and agree upon the conditions that impact "restriction" at a given site and when OAD notices must be raised.	All	<b>Pending</b>
0902	02/09/20	2.3	All to review Section 4 of the proposal for Updating Supplemental Agreements highlight any potential issues/changes prior to the next meeting.	All	<b>Pending</b>
0903	02/09/20	2.5	All to review the Transmission System Operator to Distribution System Operator Agreement Guidelines document and provide required changes to Cadent for	All	<b>Pending</b>



			change marking the document for approval. <a href="https://www.gasgovernance.co.uk/OADDocs">https://www.gasgovernance.co.uk/OADDocs</a>		
0904	02/09/20	3.4	All to review the UNC references where Cost Recovery is used along with Cadent's interpretation and provide comments/feedback to Cadent for the 30 September meeting.	All	<b>Pending</b>