

A UNC Workgroup 0792S Minutes
Amendments to Cost Recovery under OAD
Tuesday 08 March 2022
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office
Ben Hanley	(BH)	Northern Gas Networks
David Mitchell	(DM)	Scotia Gas Networks
Darren Dunckley	(DD)	Cadent
Louise M ^c Goldrick	(LMc)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Shiv Singh	(SS)	Cadent
Tom Stuart	(TS)	Wales & West Utilities

Copies of non-confidential papers are available at: <https://www.gasgovernance.co.uk/0792/080322>

1. Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting.

1.1 Approval of Minutes (04 February 2022)

The minutes from the previous meeting were then approved.

1.2 Approval of Later Papers

National Grid provided a late paper with suggested amendments to the Legal Text. The Workgroup accepted this for consideration.

1.3 Review of Outstanding Actions

Action 0201: Cadent (SS) and National Grid (LMc) - To review the existing versus proposed paragraph 2.3 Legal Text amendments and also the Scotia Gas Network comments, with a view to providing revised Legal Text, if appropriate.

Update: To be covered under item 2.0. **Closed**

2. Review of Amended Legal Text

Shiv Singh (SS) provided an onscreen review of the amended draft Legal Text.

Offtake Arrangements Document (OAD) Section B 2.4.3:

- The Workgroup discussed the updated wording in the Legal Text.
- Louise McGoldrick (LMc) questioned whether using 'first' and 'second' parties was appropriate, stating that the OAD did not use this wording elsewhere, suggesting the wording should remain unchanged.
- Darren Dunkley (DD) explained that the wording had been added to address the concerns raised at the last Workgroup meeting.
- LMc stated making this amendment could result in unintended consequential changes.

- Richard Pomroy (RP) stated that the new terms were unclear and suggested it needed a further review to update the naming conventions.
- The Workgroup discussed bilateral and tripartite contracts which could result in more than just two parties.
- DD suggested the legal text provided by Cadent could be updated to add further definitions for clarity. EF noted that any amendments would need to apply to this section only.

New Action 0301: Cadent (SS) to review the naming convention for parties in OAD Section B, 2.4.3 and look to add a new definition applicable to this section.

- LMc stated that the current proposed Legal Text is perhaps too complex and presented National Grid's drafting suggestion for the Legal Text. The Workgroup discussed the document in connection with the Business Rules for the Modification.
- DD commented that the amendments in LMc's text was not necessary.
- The Workgroup discussed the insertion of clause 'e' under section 2.4.3 in Cadent's draft Legal Text and whether it was required.
- DD explained that it had been inserted to ensure if any emergency action was taken, the Asset Owner can request reinstatement. However, reinstatement may not always be possible, for example, in relation to gas conveyancing assets, and therefore reimbursement would be required. DD noted that as a result options for reinstatement and reimbursement were both required.
- LMc suggested that clause B2.4.3 (a) was a duplication to B2.4.2 and therefore adding it was not required. EF suggested seeking a legal view on this.
- SS agreed to review the Legal Text against the Business Rules to ensure the Legal Text was accurately reflecting the intention of the Business Rules.

Action 0302: Cadent (SS) to review the Legal Text reflects the Business Rules agreed in the Modification, including gaining clarity on the following points:

- Who are affected parties during an emergency action?
- Can Asset Owner decide whether they want reinstatement or reimbursement?
- Should the party that causes damage bear costs either via reinstatement or reimbursement in accordance with the process?

OAD Section L, 2.3

- SS explained there had been very little changes to the proposed text for this section following the previous Workgroup.
- LMc presented National Grid's suggested drafting amendments to the Legal Text.
- DD suggested that the original text should be sufficient to cover the intention of the Modification.
- LMc stated that the Legal Text submitted by Cadent was quite complex and could be simplified, which National Grid had tried to do. DD noted that it appeared National Grid have added in points purposely disregarded in the original text.
- The Workgroup reviewed the two texts and discussed the suggested changes in drafting and whether they reflected the intent of the Business Rules.
- LMc agreed to get clarity on clause 2.3.1 a (iii).
- DD stated that it appeared that National Grid were trying to codify the Business Rules in the Modification which was not necessary. DD added that whilst he accepted some of the amendments suggested by National Grid, overall, these were related to standard processes outside OAD and do not need to be codified.
- SS noted he wanted to carry out a further review of National Grid's suggested Legal Text alongside the Business Rules to satisfy himself on whether it meets the intent of the Business Rules. SS suggested the Workgroup members also carry out a similar exercise before discussing it at the next meeting.
- The Workgroup agreed with this suggestion.

New Action 0303: All Workgroup Members to review the Legal Texts submitted by Cadent and National Grid and compare them against the Business Rules and to come to an opinion which one best fulfils the intent of the Business Rules.

3. Completion of Workgroup Report

The Workgroup Report was not reviewed as the Legal Text still needs to be finalised.

4. Next Steps

EF explained that the next steps would include the following:

- Workgroup to compare Cadent and National Grid's Legal Text for OAD Section L, 2.3 and identify which text meets the intent of the Business Rules included in the Modification best.
- Workgroup to also review stylistically which Legal Text was more suitable to be adopted.

5. Any Other Business

None.

6. Diary Planning

6.1 2022 meeting dates

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

Time/Date	Paper Publication Deadline	Venue	Programme
13:00, Friday 08 April 2022	17:00 30 March 2022	Teleconference	Standard Agenda

Action Table (as of 08 March 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
0201	04/02/22	2.	To review the existing versus proposed paragraph 2.3 Legal Text amendments and also the Scotia Gas Network comments, with a view to providing revised Legal Text, if appropriate.	Cadent (SS / DD) & National Grid (LMc)	08 March 2022	Closed
0301	08/03/22	2.0	Cadent (SS) to review the naming convention for parties in OAD Section B, 2.4.3, looking to add a new definition applicable to this section.	Cadent (SS)	08 April 2022	Pending
0302	08/03/22	2.0	Cadent (SS) to review the Legal Text reflects the Business Rules agreed in the Modification, including gaining clarity on the following points: <ul style="list-style-type: none"> - Who are affected parties during an emergency action? 	Cadent (SS)	08 April 2022	Pending

Action Table (as of 08 March 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
			<ul style="list-style-type: none"> - Can Asset Owner decide whether they want reinstatement or reimbursement? - Should party that causes damage bear costs either via reinstatement or reimbursement in accordance with the process? 			
0303	08/03/22	2.0	All Workgroup Members to review the Legal Texts submitted by Cadent and National Grid and compare them against the Business Rules and to come to an opinion which one best fulfils the intent of the Business Rules.	All	08 April 2022	Pending