

UNC Workgroup 0407 Minutes
Standardisation of notice periods for offtake rate changes for all
National Grid NTS Exit Users
Monday 19 March 2012
at 31 Homer Road, Solihull B91 3LT

Attendees

Bob Fletcher (Chair)	(TD)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Alison Chamberlain	(AC)	National Grid Distribution
Andrew Finch	(AF)	National Grid Distribution
Bethan Winter	(BW)	Wales & West Utilities
Dave Adlam	(DA)	National Grid Distribution
Dave Mitchell	(DM)	Scotia Gas Networks
Helga Clarke	(HC)	National Grid NTS
Jakob Forman*	(JF)	DONG Energy
James Thomson*	(JT)	Ofgem
Lewis Hodgart*	(LH)	Ofgem
Phil Hobbins	(PH)	National Grid NTS
Ritchard Hewitt	(RH)	National Grid NTS
Rob Cameron-Higgs	(RCH)	Wales & West Utilities

* via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/0407/190312

1.0 Introduction and Status Review

1.1. Review of minutes

The minutes of the previous meeting were accepted.

1.2. Review of actions

Action 0001: National Grid NTS to provide historical data (where available) on the use of the 5% 2 Hour Rule, including breaches and the system conditions that allowed such a breach and impacts

Update: See discussions in section 2.0. **Complete.**

Action 0002: GDNs to review known breaches the action taken or could have been taken to avoid the breach and the likely investment that would have been required.

Update: RCH confirmed line data was not available however the view was that alternative action would not have been taken. LH asked about potential investment costs, WWU believed that just for one LDZ to avoid the breach would have required in investment for that LDZ over £1m. DA explained that discussions are starting to take place with Power stations to consider different ways of operating. **Carried Forward.**

Action 0003: Workgroup to ascertain the potential consequence on LDZ connected consumers (including any evidence) in relation to the rule and discrimination.

Update: No further update. **Carried Forward.**

Action 0005: All to consider any potential discreet rules or triggers for LDZs.

Update: See discussions in section 2.0. **Complete.**

Action 0006: RCH to provide regular feedback to the Transmission Workgroup.

Update: Ongoing. **Closed.**

Action 0007: National Grid NTS and WWU to work offline and report back to the Workgroup on potential solutions.

Update: See discussions in section 2.0. **Complete.**

2.0 Discussion

PH provided a presentation in response to Action 0001. He confirmed that the demand did not correlate to the number of breaches from the 2 Hour 5% rule. NTS did not establish a direct link to times of system constraint or the need for balancing actions, the system had not approached the extreme it had been designed for. RCH asked if NTS could confirm with each individual DN, which LDZ references relate to them.

Action 0008: NTS to provide a version of the graph presented to each DNO with their specific LDZ offtakes identified.

PH noted that excursions happen regularly with no detectable adverse impact on NTS. That said, it was still strongly believed that the removal of the rule would put NTS at risk should the system reach peak conditions. PH highlighted that DNs past behaviour may not be a signal for how they may operate in the future. He explained that the rule protects the system design condition and to remove the rule would potentially require the provision of greater system flexibility. He acknowledged the question about the design of the system being right, accepting this was a fair question and that this is being reviewed from a planning perspective. He was concerned that taking the rule away may change DN behaviours and this could not be tested in advance.

RCH did not believe customer behaviour or how the DNOs manage the LDZs would dramatically change or that the removal of the rule would drive a change. RH highlighted that the modification had been written on the premise DNs need to operate differently to that now.

LH asked if 407 was not implemented then would WWUs RIIO business plans need to change. RCH believed that no change in WWU's business plan would be required.

RH explained that if the system reaches the extreme it has been designed for then NTS would expect DNOs and all other NTS directly connected customers to adhere to their Offtake agreements. If the customer requests to turn down or increase its offtake, and this can be achieved without breaching the limit that the system is designed for, then NTS will facilitate such flow variations if there is no safety issue or balancing action required. It was challenged that NTS would need to know if this point is reached what planning and or investment would be required. RCH was concerned that the system is designed for "normal" gas flows and to meet specific peak conditions.

AR asked if there would be specific circumstances that would send signals to NTS to reject a variation and if there were any correlation to such specific circumstances and historical rejections, to understand what the specific circumstances would cause a rejection.

RCH explained a number of alternative options to the 0407 modification. He pointed out that in 80% of cases, at one of the Dn LDZs the rule is not being adhered to, it is forcing the DNOs to be non-compliant. He believed that as the excursions have not resulted in an impact to the system, there is scope to change. He highlighted that any investment assessment would be considered on whether it was more economical to invest on the LDZ or the NTS. He suggested that each of the solutions is considered. However, he is keen not to get trapped in a long drawn out debate to find a suitable solution with an enduring benefit to customers.

RCH asked what NTS need from DNOs on a LDZ and/or offtake basis to relax the one size fits all 2 hour 5% rule. DA was keen to understand from NTS from the options presented, which NTS could and could not work with. PH in turn asked the DNs to provide NTS what the DNs believe they will need, to enable NTS assess if the system could manage the demand to the system or if investment would be required.

RH asked for the DNs to provide NTS with how they want the rule or circumstances to be managed and how they intend to operate their systems if the rule was not in place.

BW believed the existing breaches of the rule provides a good indicator of what is required by DNOs and believed there wouldn't be a significant shift from this position. However, RH believed there could be other potential factors that should be considered.

RCH was keen to provide sufficient clarity and asked NTS to provide DNOs considerations they need them to consider. RH wanted to understand what DNOs want the system to do and provide analysis of the data to understand the potential impacts and any potential investment. It was agreed that NTS and WWU (and each DNO who wished to be included in the analysis) would meet offline and review the questions that need to be answered to allow further consideration of the analysis required to quantify the impact of the proposal at the next meeting.

3.0 Any Other Business

None raised.

4.0 Diary Planning for Review Group

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

Meetings will take place within the business proceedings of the Offtake Arrangement Workgroups:

23 April 2012, 31 Homer Road, Solihull B91 3LT.

21 May 2012, 31 Homer Road, Solihull, B91 3LT

Workgroup - Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0001	18/01/12	2.0	National Grid NTS to provide historical data (where available) on the use of the 5% 2 Hour Rule, including breaches and impacts.	National Grid NTS (PH)	Complete
0002	18/01/12	2.0	GDNs to review known breaches the action taken or could have been taken to avoid the breach.	All GDNs	Carried Forward
0003	18/01/12	2.0	Workgroup to ascertain the potential consequence on LDZ connected consumers (including any evidence) in relation to the rule and discrimination.	Workgroup	Carried Forward
0005	18/01/12	2.0	All to consider any potential discreet rules or triggers for LDZs .	All	Complete
0006	18/01/12	2.0	RCH to provide regular feedback to the Transmission Workgroup.	Wales & West Utilities (RCH)	Closed
0007	21/02/12	2.0	National Grid NTS and WWU to work offline and report back to the Workgroup on potential solutions.	National Grid NTS (PH) and Wales & West Utilities (RCH)	Complete
0008	19/03/12	2.0	NTS to provide a version of the graph presented to each DNO with their specific LDZ offtakes identified.	National Grid NTS (PH)	Pending