

Offtake Arrangements Workstream
Friday 08 October 2010
31 Homer Road, Solihull, B91 3LT

Attendees

Tim Davis (Chair)	(TD) Joint Office
Lorna Dupont (Secretary)	(LD) Joint Office
Alan Raper	(AR) National Grid Distribution
Alison Chamberlain	(AC) National Grid Distribution
Barry Purl	(BP) Scotia Gas Networks
Ben Tuson	(BT) Scotia Gas Networks
Bethan Winter	(BW) Wales & West Utilities
Brian Durber	(BD) E.ON UK
Chris Hill	(CH) First:utility
Chris Shanley	(CS) National Grid NTS
Edward Kent	(EK) National Grid NTS
Elaine Carr*	(EC) Scottish Power
Graham Wood	(GW) British Gas
Joanna Ferguson	(JF) Northern Gas Networks
Joel Martin	(JM) Scotia Gas Networks
Jonathan Wisdom	(JW) RWE npower
Keith Dixon*	(KD) Northern Gas Networks
Lorraine Weir	(LW) National Grid NTS
Mark Freeman	(MF) National Grid Distribution
Paul Gallagher	(PG) National Grid NTS
Rob Cameron-Higgs	(RCH) Wales & West Utilities
Stefan Leedham	(SL) EDF Energy
Steve Skip	(SS) Scotia Gas Networks
Stuart Gibbons	(SG) National Grid Distribution

* via teleconference

1. Introduction

TD welcomed attendees to the meeting.

2. Status Review

2.1 Minutes from previous meeting

The minutes of the previous meeting (08 September 2010) were approved.

2.2 Review of Actions from previous meetings

Action OF1031: NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed.

Update: National Grid Distribution had provided a draft proposal, “Continuation of CV determination by NG NTS on behalf of DNOs”, together with draft suggested legal text. The submission of any comments to National Grid Distribution as soon as possible was encouraged. **Closed**

Action OF0703: PG to confirm the latest date for signing off the requirements for IGMS change.

Update: Early Spring (potentially March). **Closed**

Action OF0901: SGN to provide an indication of the likely invoicing dates for Measurement Error SO001 (Braishfield B MTB)

Update: See 2.1, below. **Closed**

Action OF0902: National Grid to provide details of Meter Error revised quantities for each of the LDZs.

Update: In progress. **Carried forward**

Action OF0903: RWE npower to review Section D of the OAD and discuss a possible insertion with National Grid to include site monitoring.

Update: JF reported that this was being looked at internally. **Carried forward**

Action OF0904: Consideration to be given on the appropriate wording for pre-notifications within the Meter Error Notification Guidelines.

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

Action OF0905: Joint Office to publish the amended draft Guidelines for further consideration. Any additional feedback/comments will be considered before finalising the report for approval.

Update: TD reported that these had been published and no further comments had been received. **Closed**

Action OF0906: All Transporters to provide Meter Error Report updates on any outstanding MERs.

Update: TD reported that updates had been received and published. GW thanked the Transporters for their efforts, and it was hoped that further updates would be forthcoming on those that remained. **Closed**

Action OF0907: National Grid to provide further clarification on Meter Validations, Audits and Meter Performance Reporting.

Update: See 6.1, below. **Closed**

Action OF0908: Transporters to liaise and develop OPN material for the 08 October 2010 Workstream Meeting.

Update: See 9, below. **Closed**

Action OF0909: Transporters to consider the publication of scheduled offtake meter validations proposal and provide a response on how this could be achieved at the next Offtake Workstream Meeting.

Update: See 6.2 below. **Closed**

3. Measurement Error Notifications

3.1 Measurement Error SO001 (Braishfield B MTB)

JM reported that an interim draft MER had been published on the JO website, and that comments had been received from British Gas and forwarded on to the ITE. More comments would be welcomed, and the ITE is expected to attend the next meeting, 02 November 2010. SS confirmed that the site investigation was anticipated to end in October; there could be some changes in the final MER which was likely to be published in January 2011. While necessarily uncertain at this stage, the best estimate was that invoicing was likely to occur at the end of this financial year (March 2011).

SS reported that the ITE had identified a set of onsite tests to calculate the scale of the error, and that results so far had been published in the interim MER. A higher inlet pressure test remained to be completed, and additional NTS compression has been planned for 22/10/2010. Once the results have been fully tabulated the best assessment of the magnitude of the error can be provided.

SL referred to and echoed a comment made by British Gas on the interim MER, "...based on this graph, why was it missed?"

SS responded that the error related to a major lightning strike on site on 23/12 following which a lot of work was taking place on site to refurbish/replace affected and damaged components. SS explained the details and noted that a pre and post validation was not completed at the time and this had since been put in place.

BD referred to the photographs accompanying the interim MER; SS indicated this was evidence of the result of procedures not being followed, and as a result Scotia Gas Networks (SGN) had now initiated a process to address this which would be applied across the whole network and formally signed off by authorised personnel. SGN had developed a 6 point action plan as a result of the learning experiences from the errors at Braishfield B MTB and Aberdeen MTA and this was being implemented and will be shared with the other DNs.

SS stated that an SGN Director would visit each Shipper in turn (if it was the Shipper's wish) to explain and address any concerns arising from these incidents. SS will be accompanying the Director on the visits. Shippers welcomed this offer.

JW suggested developing a formal Log of Reasons for Errors, that would also capture and document how the causes had been addressed and any remedial actions adopted across the DNs. Shippers and DNs believed this would be appropriate. SS also reported that SGN had identified anomalies in instructions

associated with various pieces of equipment, and that this could also be captured on a formal Log of lessons learned.

Given the significance of recent events, GW reported that the area relating to Measurement Errors had escalated in importance internally at British Gas and many questions had been raised. It would be helpful to understand that DNs were taking a serious approach to address the issues and to be aware that positive actions had been taken. CH echoed GW's comments and stated that senior management would very much welcome reassurance from DNs. JM and SS appreciated the Shippers' position and reiterated that it was of major importance and being addressed at the highest level in SGN. AC suggested that perhaps the DNs could provide a co-ordinated response to any Shipper concerns if the questions could be published. Visibility on what actions were being taken would be much appreciated by the Shippers, and GW offered to undertake collation of questions from Shippers for DNs' consideration and response; JO to publish with papers for next month's meeting.

Action OF1001: Collate Shippers' questions relating to recent SMEs, and submit to JO for publication; DNs to respond.

TD confirmed that Shippers welcomed the opportunity to receive a visit from an SGN Director to discuss recent errors, and SGN would be in contact to arrange with interested parties.

Action OF1002: Arrange SGN Director visits with interested Shippers.

Referring back to JW's suggestion of establishing a formal log to capture reasons/remedies for MEs, TD ascertained that DNs were happy to support this in principle and would give consideration to the format in which it might best be produced.

JW added that the work done so far by the DNs was appreciated. SS observed that DNs might have different approaches to similar errors, and what was agreed in one DN could not necessarily be imposed on any other DN. AC added that the DNs held quarterly meetings to discuss various topics and areas of concern. TD reiterated that the idea was to create a general knowledge base. BD thought that this would improve visibility, but added that it should contain details relating to the smaller errors and their remedies, ie all errors identified and not just the SMEs.

Action OF1003: Establishment of a formal Log to capture reasons for MEs and remedies - DNs to consider in what format it might best be produced.

SL commented that EDF was particularly concerned that three large errors have been identified by the same DNO - a more even distribution would have been expected and this created speculation as to where and when the next might occur.

3.2 National Grid Meter Error Update

AC confirmed that the details necessary for invoicing were about to be passed to xoserve. AC apologised for the delay which had been due to an under estimation of the effort involved in validating and checking. The West Midlands adjustment is expected to go through the normal reconciliation process, and the rest will be on this month's (October) invoice, issued next month (November).

Lessons learned will be shared with the other DNs and discussed at the Offtake Arrangements Workstream, particularly the understanding of what happens after the publication of the final SMER and how it has to be converted before the billing process can proceed.

3.3 Measurement Error SC006 (Aberdeen MTA)

Discussion of Error

JM reported that identification of a SME had been announced on 24/09/10. The period of the error stretched from 21/07/09 to 10/08/10 and was in the order of 3.2 TWh. The under measurement was estimated to be around 40% but this had yet to be confirmed. SS explained how the estimation had been arrived at, but reiterated that an ITE was required to make a more accurate assessment. SS would provide more detailed information for publication as it became available. CH expressed incredulity that an error of this magnitude had not been identified earlier. There had been rumours in the Shipper community about unusually large amounts of UAG, and it would be good to understand how this could have been missed.

SS described Aberdeen's position and demand pattern, and when validations were done, etc. He explained that, during this period, there had also been a leak on site that had limited the pressure at the time of the first validation in 2009. At the time of the second validation, the Shift Manager had noted anomalies and undertook investigations. The error grew very steadily in the autumn/winter and then the Braishfield error caused SGN to look further at all its offtakes.

BD raised a concern that, in some circumstances, the erroneous view at Aberdeen might have suggested a shortage of gas and consequent declaration of an emergency. Others did not believe this was a likely scenario since pressures within the network would have remained at satisfactory levels.

LW commented that, from a National Grid NTS perspective, a variation in UAG levels associated with Braishfield could be identified. By contrast, Aberdeen in July was very volatile and there was no obvious trend – the variation was just part of the 'noise' and did not reveal any problems. However, later on it became more evident there was a potential issue - Summer maintenance contributes to a lot of on/off system activity, but coming into winter there was an obvious drop off. Since then more effort has been expended on data mining - Braishfield and Aberdeen are being stripped out to see if anything else can be identified (nothing evident so far).

SS continued; when SGN have undertaken validations in the peak of summer it has proved difficult to do pre and post validation survey checks. Some other sites, ie 4 small Scottish sites, have had validations delayed by a number of weeks to an appropriate time of the year, ensuring a much cleaner/clearer post review of the data and that it can be returned to the previous position. This is the only way SGN feel that more confidence can be generated by monitoring more closely for errors (GCC may be able to identify problems earlier).

GW asked if SGN's 6 point high level plan could be shared earlier than the Director's visit? SS responded that it had been approved and implemented by SGN; it would be discussed with the other DNs and then the Director's visits will take place.

GW asked what contributed to the realisation that the orifice plate was incorrectly located in the carrier. SS explained that a carrier/screw assembly lifts out and allows for inspection without depressing the meter stream. When reinserted into the carrier on 21/07/09, it was not fully inserted into the metering tube. The GCC staff eventually identified some anomalies and did some ad hoc checks that were not usually done, which revealed some issues and a revisit to site by a competent network technician. The orifice plate position was checked and noted and eventually resolved on 10/08/10.

GW then asked if any raw data could be made available for all offtakes, eg the volume throughputs, to help Shippers identify areas that they might need to be aware of. SL pointed out that information was available on National Grid's website at D+1.

SS explained that the investigation was being concluded within the next week or so, to establish if any further recommendations were required. SL pointed out that SGN would need to promote as much visibility as possible to demonstrate that all its meters were as 'clean' as could be. He also asked why SGN's demand forecasts, scheduling charges and correction factors failed to pick up on the error. SS observed that a number of adverse circumstances had developed at the same time; Inverewe Paper Mill closed at this time and this affected the planning models; and the leak reduced the outlet pressure. SS would investigate and report back.

Action OF1004: Investigate why SGN's demand forecasts, scheduling charges and correction factors failed to pick up on the Aberdeen error, and report back.

GW asked if a briefing note could be provided, summarising the key facts of the error and what had physically happened, to assist Shippers with internal explanations. SS indicated that he would be producing a briefing note in the next 2-3 weeks to accompany the Director's visit.

JW referred to the mention of incorrect instructions located on equipment, and asked if SGN had identified other instances. SS responded that a similar issue had been identified on 2 out of 6 sites. The latest instructions had now been obtained and had been distributed for use. All plates had also been checked for correct loading positions.

In response to a question from BD, SS explained that an existing standing instruction had been inherited from DNCC, but was not as effective as it should be. Pre and post validation is a standing instruction and highlights an error of over 10% and SGN was looking at ways of reducing this to 1%, with a view to updating the process in the near future.

JW asked if the learning points had been shared with the other DNs and whether appropriate checks had been carried out on their sites. RCH confirmed that WWU had checked its portfolio and there were no issues. JF was ascertaining the position for NGN.

Pointing out that current levels of confidence in SGN were somewhat diminished, GW asked if other Offtakes were being reviewed to see if there were any other anomalies that could be identified and investigated. SS responded that a review had been undertaken and this was likely to be completed soon.

Proposal to appoint an Independent Technical Expert (ITE)

After discussion of the SME (and with reference to the Register of Independent Technical Experts), the Users, Upstream Transporter and Downstream Transporters were invited to choose which Independent Technical Expert should be appointed.

Voting

The opportunity was given at this stage for each group to withdraw and confer and the Users, Upstream Transporter and Downstream Transporters each prepared and submitted three nominations. TD consolidated the list and invited each group to indicate its preferences. A further opportunity was given for each group to withdraw and confer.

Announcement of result

TD then announced that there was a preferred nominee who would be the first person invited by the Downstream Transporter to take up the appointment. Confirmation of the appointment would be sent to the Joint Office. An update would then be provided at the next Offtake Arrangements Workstream.

Action OF1005: Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.

Action OF1006: Publish the name of the Independent Technical Expert when confirmation of appointment received.

4. Review of MER Reporting Process

4.1 Alternative to Spreadsheet

(See <http://www.gasgovernance.co.uk/mer/test>)

TD indicated that the current process of reporting and publishing the SMEs and MEs might bear some review and improvements, and demonstrated on screen a potential alternative for the publication of information on the JO website. Those present were supportive of the improvements demonstrated.

Action OF1007: All to review the draft Register and comment on the key information to be included, to be reviewed at the next meeting.

5. Final Review and Approval of the ‘Measurement Error Notification Guidelines for NTS to LDZ and LDZ to LDZ Measurement Installations’

TD reported that no comments had been received; those present were encouraged to submit any further comments as soon as possible so that the final review and approval could take place at the next meeting.

6. Meter Performance Reporting

6.1 General Update

Addressing issues raised, AC referred to the presentation given at the previous meeting. The SGS visits every Offtake site every year, primarily for the CV process and, while on site, performs a high level metering check.

Shippers asked for information on when visits were made and the activities carried out. SG believed this could be accessed on the Ofgem website.

Action OF1008: Provide a link to enable access to information relating to SGS visits.

AC pointed out that the process was not intended to be an audit; it was a separate process, but it did seem sensible to make some checks, and the DNs follow up any resultant findings.

No other questions regarding the validation process were raised.

6.2 Draft Proposal – Publication of scheduled offtake meter validations

RCH introduced a spreadsheet that had been devised following the last meeting. The information potentially captured was explained.

RCH pointed out that there were legitimate and sensible reasons why site validation could fall outside of the 12 month validation rule, and gave some examples. He confirmed that WWU would certainly have validated all their sites within 14 months at the very outside.

BD thanked RCH for the spreadsheet, which was an excellent starting point. He would like to see some additional information to aid Shippers, eg LDZ, Exit Zone. He would also like to see some history maintained, starting with 2009 but building up to 5 years, in order to provide a pattern. The next due date would also be helpful. RCH amended the spreadsheet on screen to take account of BD's comments and agreed to consider any further requests for development. SL commented that consistency of Offtake names would be good practice, and a column on the spreadsheet headed 'also known as' would be very useful to Shippers.

TD asked whether, given the DNs had provided a spreadsheet that they were willing to populate, a Modification proposal was still required. BD felt that a Modification would be beneficial but that it would be appreciated if the DNs could develop and populate the spreadsheet in the meantime. SG asked about the frequency of update; BD thought within a month of having new information, ie following a visit.

TD suggested that the obligation to provide and publish this data could be added to the ME Guidelines as this would facilitate subsequent refinements, as opposed to needing a Modification to be implemented before any change could be made. and thus avoiding the need for raising a Modification. BD considered this might be appropriate.

7. Any Other Business

GW referred back to the orifice plate metering error, and stated that the Shippers' frustrations were about understanding volumes, what the total error position was and what it meant for reduced SO charges. When NTS announced revised charges, was it correct that there was a £90m reduction allowed in relation to MEs? How much of this was related to LDZ errors and how much to NTS Offtakes? Which errors were taken into consideration and which were not? He concluded that more visibility would be useful.

CS believed that information had been provided in the past and indicated that he would willingly pass on any requests for additional information to the relevant team. GW asked if something could be put into the ME Guidelines to increase visibility regarding errors associated with NTS directly connected sites.

8. Diary Planning for Workstream

The next meeting of the Offtake Arrangements Workstream is due to be held at 10:00 on Tuesday 02 November 2010, at 31 Homer Road, Solihull B91 3LT.

Date	Place	Time	Purpose
Tuesday 02 November 2010	Conference Room 5, 31 Homer Road, Solihull B91 3LT	10:00	
Tuesday 30 November 2010	Conference Room 5, 31 Homer Road, Solihull B91 3LT	10:00	

9. OAD Section I Review

9.1 Review Proposal 0316: “Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows”

EK presented for National Grid NTS on OPN usage/processes, and BW did likewise from a DN perspective. BW indicated that in looking to improve compliance and possibly replace systems, DNs needed to understand what was required in order to design an appropriate replacement and / or make appropriate revisions to Section I.

In discussion the current requirements for OPNs, it was thought that a set of validation rules existed in UKT systems for validating OPNs received from the DNs and EK and PG would report back on this.

Action OF1009: OAD Section I Review (OPNs) -Ascertain existence of set of validation rules and report back.

The use of the METGAS information was discussed. The data provided through this method is the end of day forecast NTS Intake by LDZ. This was deemed by National Grid NTS to be more robust than the OPN data at present, is picked up more quickly and is therefore used in their processes.

In discussions regarding current accuracy of OPNs, BT pointed out that lots of small sites were more difficult to control. EK added that sites were aggregated so any great in-accuracy was not apparent. PG suggested that if effort was being expended in improving the accuracy on some key volume sites, then the effort should be put into sites that would produce the best effect/benefit for both NTS and the LDZ.

A number of graphs demonstrating forecast (OPN) error were displayed and briefly discussed, and the benefits associate with good quality OPNs were summarised. BW commented that many of the benefits in the presentation could be met through the use of the Metgas data e.g. PCLP is a national end of day process so hourly breakdown by Offtake provides no benefit. It was observed that there did not seem to be many problems with current levels of accuracy since OPNs are not solely relied on.

EK then gave a preview of what National Grid NTS planned to present to the meeting on 02 November 2010.

RCH commented that the DNs were struggling to understand what they would need to do differently in the future given the offtake rules. MF believed the materiality was missing; monitoring had not taken place. He acknowledged that all parties wanted to be compliant and needed to reach a position that was efficient and practical.

CS said that some work had been carried out on 'difficult days', eg last January, and, before solution mode was approached, NTS wanted to understand what was currently done and assess what might be needed for future developments. RCH pointed out that DNs needed to see the reality of how this might work, not just principles.

PG commented that the existing position had been 'lived with ' so far, but he wondered how exit reform and more commercial arrangements might affect this. MF believed there should still be safe and efficient arrangements. PG referred back to a day in January in SW where small incremental changes to expectations had affected commercial decisions, especially where interruption used to be an option, and wondered, in a similar situation, what kind of decision would have to be made after 2012 – buyback, scale-back, or what? Accuracy of data would become more significant for decision making in these circumstances. BW asked what level of demand PG was looking at? PG explained the distribution and profiling, subject to the feeder situation. BW observed that the flow swap arrangements had worked quite well in January, and despite the formalisation it might still come down to the level of communication at any point of difficulty. CS suggested that NTS might provide illustrations of two 'difficult days', what options there might be and how it might work.

Action OF 1010: OAD Section I Review (Exit Reform/Risk Management Processes) - Provide illustrations of two 'difficult days', what options there might be and how it might work.

PG commented that it had been very useful to see both EK's and BW's presentations to clarify understanding of many areas.

RCH hoped that the next session might bring something more substantive. CS added that National Grid NTS would share progress and provide a presentation. RCH asked were we going to be doing anything different from 2012? CS responded that he would be looking at what processes will be required from 2012 and how they could be made to work. MF added that a pragmatic view was needed on what should be done.

PG asked what value OPNs were to the LDZs. None, was the response from MF and BW. If the current view of OPNs was that they were not accurate or

trustworthy, then TD concluded that the choice was either to make them work to provide a positive and reliable source, or to stop doing them.

ACTION LOG – Offtake Arrangements Workstream

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF1031	04/07/07	2.1 Topic 007O F	NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed.	NG UKD (AR)	Closed
OF0703	09/07/10	4.1	Confirm the latest date for signing off the requirements for IGMS change.	National Grid NTS (PG)	Closed
OF0901	08/09/10	2.1	SGN to provide an indication of the likely invoicing dates for Measurement Error SO001 (Braishfield B MTB)	Scotia Gas Networks (BT)	Closed
OF0902	08/09/10	2.2	National Grid to provide details of Meter Error revised quantities for each of the LDZs.	National Grid Distribution (AC)	Carried forward
OF0903	08/09/10	3.0	RWE npower to review Section D of the OAD and discuss a possible insertion with National Grid to include site monitoring.	RWE npower (JW)	Carried forward
OF0904	08/09/10	3.0	Consideration to be given on the appropriate wording for pre-notifications within the Meter Error Notification Guidelines.	All	Carried forward
OF0905	08/09/10	3.0	Joint Office to publish the amended draft Guidelines for further consideration. Any additional feedback/comments will be considered before finalising the report for approval.	Joint Office	Closed
OF0906	08/09/10	3.0	All Transporters to provide Meter Error Report updates on any outstanding MERs.	All Transporters	Closed
OF0907	08/09/10	4.0	National Grid to provide further clarification on Meter Validations, Audits and Meter	National Grid Distribution (AC)	Closed

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			Performance Reporting.		
OF0908	08/09/10	5.0	Section I Review - Transporters to liaise and develop OPN material for the 08 October 2008 Workstream Meeting.	All Transporters	Closed
OF0909	08/09/10	6.0	Transporters to consider the publication of scheduled offtake meter validations proposal and provide a response on how this could be achieved at the next Offtake Workstream Meeting.	All Transporters	Closed
OF1001	08/10/10	3.1	Collate Shippers' questions relating to recent SMEs, and submit to JO for publication; DNs to respond.	British Gas (GW), JO and all DNs	Pending
OF1002	08/10/10	3.1	Arrange SGN Director visits with interested Shippers.	SGN (JM/SS)	Pending
OF1003	08/10/10	3.1	Establishment of a formal Log to capture reasons for MEs and remedies - DNs to consider in what format it might best be produced.	All DNs	Pending
OF1004	08/10/10	3.3	Investigate why SGN's demand forecasts, scheduling charges and correction factors failed to pick up on the Aberdeen error, and report back.	SGN (SS)	Pending
OF1005	08/10/10	3.3	Downstream Transporter to invite preferred nominee to take up appointment and confirm acceptance of the appointment to the JO.	SGN (JM)	Pending
OF1006	08/10/10	3.3	Publish the name of the Independent Technical Expert on the JO website when confirmation of appointment received.	JO (TD)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF1007	08/10/10	4.1	All to review the draft ME Register and comment on the key information to be included, to be reviewed at the next meeting.	ALL	By 02/11/10
OF1008	08/10/10	6.1	Provide a link to enable access to information relating to SGS visits.	National Grid Distribution (SG)	Pending
OF1009	08/10/10	9.1	OAD Section I Review (OPNs) – Ascertain existence of set of validation rules and report back.	National Grid NTS (EK/PG)	Pending
OF1010	08/10/10	9.1	OAD Section I Review (Exit Reform/Risk Management Processes) - Provide illustrations of two 'difficult days', what options there might be and how it might work.	National Grid NTS (CS)	Pending