

UNC Offtake Arrangements Workgroup Minutes
Tuesday 14 January 2014
Consort House, 6 Homer Road, Solihull, B91 3QQ

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Alison Chamberlain	(AC)	National Grid Distribution
Bethan Winter	(BW)	Wales & West Utilities
David Mitchell	(DM)	Scotia Gas Networks
Graham Wood*	(GW)	British Gas
John Bolland*	(JB)	Scottish Power
Louise McGoldrick	(LM)	<i>National Grid NTS</i>
Jan Mather	(JM)	National Grid NTS
Mark Jones*	(MJ)	SSE

*via teleconference

Copies of all papers are available at: www.gasgovernance.co.uk/OA/140114

1. Introduction and Stats Review

1.1. Review of minutes

The minutes of the previous meeting were accepted.

1.2. Review of actions

1101: Workgroup members to review the Measurement Error Guidelines and provide a view on any improvements by 31 December 2013.

Update: Some views provided. **Closed**

2. Issues

2.1. ISS 0040 - Review of Measurement Error Register and Notification Guidelines

AC believed that there was no fundamental issues with the guidelines, but acknowledged there could be some refinements following recent experience with the SMER process. She anticipated there wouldn't be a need for a UNC modification simply a review and approval of the required changes via the UNC Committee.

The intent is to maintain the principal that the ITE(s) recommendation remains final.

AC acknowledged that the flow of the guidelines could be improved, she believed the best way to do this would be to split out the MER / SMER and the two ITE processes to allow the process to flow from beginning to end, this would prevent having to read over different sections, though there would be a level of duplication in the document.

AC welcomed feedback from Shippers and the ITEs on the recent process.

JM enquired about the timescales. She believed the industry doesn't really understand the process, how long the experts have, how long community have to respond, invoice production etc. AC explained from experience that outlining an expected timeframe would be difficult and could differ depending on the type of error and its individual complexities. JM suggested as an alternative a bespoke plan could be outlined for each SMER with an agreed timescale once the ITE had been appointed. GW was keen to have a bespoke plan for SMERs.

AJ also suggested some of the handoffs need to be agreed and incorporated into the guidelines so it was clear on the process to be followed. JM concurred the handoffs would be useful.

GW encouraged the continued use of process flow diagrams to help Shippers and the industry to understand what the expectations are, where the error is in the process and the handoffs.

AC felt the Workgroup should consider the reconciliation periods and how to manage any impact on the close out timescales. The Workgroup agreed that the impact of the reconciliation process should be assessed but this element may require a modification. There was a suggestion that the reconciliation period should cut off allowing the whole error to be reconciled.

GW expressed a preference for the guidelines to refer to the UNC where there were references to allow users to understand the links.

JM suggested that the Workgroup may wish to present the suggested changes at the Operations Forum for feedback and discussion.

GW asked how the guidelines were going to be worked up. He believed it would be good to have a small group to work through the guidelines. AC suggested a strawman could be worked up and circulated for further comments, with some assistance required to produce the flow diagrams.

Action 0101: National Grid to produce a strawman to capture the suggested guideline amendments to review at the next meeting.

GW offered to help support production of the strawman.

BF advised that Colette Baldwin had asked for the guidelines to consider including; the calculation methodology to enable parties to work out the likely financial impact; early notification from Xoserve of what the potential impact is likely to be; a guide about payment terms; and how the process is affected by the line in the sand.

JM summarised briefly the factors that are taken into account to calculate an error, using data from Gemini and the use of daily system prices. However, she explained the initial estimates considered by National Grid for the Aberdeen error were some way out of that the ITE identified, considering all the factors required for the calculation.

GW believed the early warning of an error along with the estimated energy should allow parties to predict the financial impact. He believed the process does provide information to allow Shippers to crunch the numbers. BF suggested not all parties would have the expertise to understand the financial impact.

The Workgroup considered the complexities involved within the calculations and the market share at the time of the error. It was agreed to consider this further and whether the guidelines/process could be adapted to include this.

Action 0102: National Grid NTS to summarise how they calculate the value of an error for provision to Xoserve.

Action 0103: Workgroup to reconsider how the calculation methodology and early indication could be incorporated into the guidelines.

Action 0104: Transporters (DNs) to review all live errors and close any that do not require reconciliation.

Action 0105: National Grid NTS to provide a list of errors currently working on to assist the reconciliation of live errors.

AC explained the communication process involved, what information is published on the Joint Office website, and what emails are issued referring to a summary of the status' used.

AC explained that the DN is responsible for the error from the point of identification until invoicing and payment. She confirmed that although the DN retains responsibility there are other parties that assist in the process such the Joint Office for circulating communications, National Grid NTS with calculating the error and Xoserve producing the invoice.

JM believed there might be benefit reviewing the impact levels of MERs that are processed. She explained that very low valued errors might not be financial viable to process as the cost outweighs the reconciliation.

BF suggested the Workgroup also review the dual aspects ITE and governance of their outputs, particularly the publication and availability of data. BF believed what was difficult was ensuring complete independence of the ITEs but allowing the availability of data to the Workgroup. He suggested one option may be to establish a select group/committee and to circulate information via email ahead of meetings.

AC was unclear about the concept of ultimate independence and the Workgroup would address potentially two differing ITE results and choosing which set of results best reflects the error. The benefit of two independent experts was discussed. GW believed the Aberdeen error process worked well. Where there was some difference in opinion once the individual ITEs had produced separate SMER reports the results were compared allowing the ITEs to decide how the differences would be best managed.

2.2. New Issues

None raised.

3. Any Other Business

None raised.

4. Diary Planning for Workgroup

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

Offtake Arrangements Workgroup meeting will take on:

25 February 2014, at 10:00, Consort House, 6 Homer Road, Solihull, B91 3QQ

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	05/11/13	3.1	Workgroup members to review the Measurement Error Guidelines and provide a view on any improvements by 31 December 2013.	All	Complete
0101	14/01/14	2.1	National Grid to produce a strawman to capture the suggested guideline amendments to review at the next meeting.	National Grid (AC)	Pending

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0102	14/01/14	2.1	National Grid NTS to summarise how they calculate the value of an error for provision to Xoserve.	National Grid NTS (JM)	Pending
0103	14/01/14	2.1	Workgroup to reconsider how the calculation methodology and early indication could be incorporated into the guidelines.	Workgroup	Pending
0104	14/01/14	2.1	Transporters (DNs) to review all live errors and close any that do not require reconciliation.	All DNs	Pending
0105	14/01/14	2.1	National Grid NTS to provide a list of errors currently working on to assist the reconciliation of live errors.	National Grid NTS (JM)	Pending