

UNC Shrinkage Forum Minutes
Wednesday 28 September 2011
at 31 Homer Road, Solihull B91 3LT

Attendees

Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Helen Cuin (Secretary)	(HC)	Joint Office of Gas Transporters
Brian Durber	(BD)	E.ON UK
Derek Wilkinson	(DW)	Wales & West Utilities (WWU)
Haren Thillainathan	(HT)	Northern Gas Networks (NGN)
John Morrison	(JM)	Northern Gas Networks
Rawinder Basra	(RB)	Scotia Gas Networks (SGN)
Rochelle Hudson	(RH)	British Gas
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Roy Malin	(RM)	National Grid Distribution (NGD)
Stuart Forest	(SF)	Scotia Gas Networks

Meeting papers may be found at: <http://www.gasgovernance.co.uk/sf/280911>

1. Introduction and Status Review**1.1. Review of Minutes**

RH raised Section 1.1 from the previous meeting to clarify that a copy of the model was required not just to check the arithmetic but to enable a better understanding of the model, providing an opportunity for review and reassurance.

The minutes of previous Shrinkage Forum were then accepted.

1.2. Review of Actions Outstanding

Action 0302b: Each Network Operator to consider the provision of a sample Leakage Model and provide an update by 18 September 2011.

Update: A model had been provided and published. **Complete**

SF0601: Transporters to provide a breakdown of 2010 Theft of Gas upstream incidents ie. the number of cases reported, the number of proven cases, an estimate of energy and an LDZ breakdown for consideration at the next meeting.

Update: NGN and NGD information was published with the 10 August 2011 minutes. SGN information was published with the meeting papers and WWU provided a percentage split verbally. RCH agreed to provide the information for publication alongside these minutes. **Carried Forward.**

Action SF0801: All Transporters to confirm if external audits have been undertaken on the robustness of the models being used.

Update: WWU confirmed an external audit was completed in 2011, the next audit needs to be scheduled but will not take place in 2012. NGD reported that an independent internal audited had been undertaken two years ago. NGN

and SGN reported that they undertake yearly internal audits. SGN also confirmed that the outputs are audited externally. Recognising that all DNs have a different approach, and while reassured by the level of inspection undertaken, BD was keen to see a full comparison with best practice adopted by all. The Transporters agreed to collate the approaches taken and to consider introducing a consistent approach based on any lessons learned from this exercise. **Complete.**

New Action SF0801A: Transporters to collate the approaches taken to auditing shrinkage model inputs and outputs, and consider introducing a consistent approach. **Pending.**

Action SF0802: WWU and NGN to consider republishing the Shrinkage Assessments in line with National Grid and WWU assessment, in particular sections 2.2 and 2.3.

Update: NGN provided the assessment, which had been published with the meeting papers. WWU agreed to re-publish their assessment in line with the other DNs. **Carried Forward.**

Action SF0803: SGN to provide further background as to what caused the high LDZ Shrinkage Reconciliation credit.

Update: SF explained the problem with forecasting and the timing of data availability from the previous year, which was necessary to produce an accurate forecast. He explained that SGN always forecast before finalising figures from last year. SGN plan to review the forecast process and compare this against the results, and he will endeavour to provide a progress update within the next 10 days. RM also explained the difficulties of producing forecasts using historical trends, particularly with pressures changes. It was questioned if the Shippers would prefer to see a changed forecast with an adjustment. BD highlighted that all Shippers pay for Shrinkage however the Shrinkage adjustment goes through RbD. It was therefore questioned if the RbD Sub-Group ought to consider the possibility of having more than one Shrinkage adjustment. RM confirmed that he would check the UNC to see if the process would allow more than one adjustment or not. It was agreed to carry this item forward and await SGN's update. **Carried Forward.**

Action SF0804: Transporters to confirm when the debits and credits will be processed through neutrality invoice.

Update: RM confirmed Xoserve will process the neutrality invoice when the Transporters have put through the request. However, they normally leave at least a month. RH expressed an interest in seeing SGN's new reports before the invoice was processed. It was therefore anticipated that the request would be processed towards the end of October. **Carried Forward.**

2. Sample Shrinkage Model

2.1. Model Review

RM ran through the Shrinkage Model published at www.gasgovernance.co.uk/sf/280911. He explained the spreadsheet includes typical data (not specific network data). The spreadsheet was displayed on screen and each tab explained, separately identifying the input and output

cells. RM also emphasised that the Transporters are concerned about Intellectual Property Rights and hence were looking to restrict access to the model. The spreadsheet is password protected and, while freely available to Shippers on request, the password should not be shared with other parties.

BD and RH thanked the Transporters for making the model available and providing a brief demonstration.

3. Any Other Business

RB asked if all parties subscribed to the Heren gas price service, which has recently been taken over by Reed Business Information. She explained SGN had major concerns with the new Terms and Conditions that were proposed by ICIS Heren. The change in User conditions could result in far more licences being required, as they could be interpreted as saying that data cannot be used to produce information that is passed to any party unless they are a registered user. All present felt this would be a major issue if proven for all gas industry players. However, it was acknowledged that this was not a Shrinkage Forum issue and that further consideration should be given outside this forum.

4. Diary Planning

No further meetings were planned. However it was agreed to hold a teleconference to cover the outstanding actions if considered appropriate after information has been made available.

Action Log: Shrinkage Forum

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
SF0302b	10/08/11	1.2	Each Network Operator to consider the provision of a sample Leakage Model and provide an update by 18 September 2011.	All DNOs	Complete
SF0601	28/06/11	1.1	WWU to provide a breakdown of 2010 Theft of Gas upstream incidents ie. the number of cases reported, the number of proven cases, an estimate of energy and an LDZ breakdown.	WWU (RCH)	Carried Forward
SF0801	10/08/11	1.1	All Transporters to confirm if external audits have been undertaken on the robustness of the models being used.	All DNOs	Complete
SF0801A	28/09/11	1.2	All Transporters to collate the approaches taken to auditing shrinkage model inputs and outputs, and consider introducing a consistent approach.	All DNOs	Pending
SF0802	10/08/11	2.0	WWU to consider republishing the Shrinkage Assessments in line with National Grid and WWU assessment in particular sections 2.2 and 2.3.	WWU (RCH)	Carried Forward
SF0803	10/08/11	2.0	SGN to provide further background as to what caused the high LDZ Shrinkage Reconciliation credit to Scotia Gas Networks.	SGN (RB)	Carried Forward
SF0804	10/08/11	2.0	Transporters to confirm when the debits and credits will be processed through neutrality invoice.	All DNOs	Carried Forward