

UNC Shrinkage Forum Minutes

Wednesday 19 February 2014

via teleconference

Attendees

Helen Cuin (Chair)	(HC)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Colette Baldwin	(CB)	E.ON UK
David Simpson	(DS)	Scotia Gas Networks
David Wylie	(DW)	Scotia Gas Networks
Derek Wilkinson	(DWi)	Wales & West Utilities
Geoff Goldie	(GG)	Northern Gas Networks
Ian Marshall	(IM)	Wales & West Utilities
John Morrison	(JM)	Northern Gas Networks
Marie Clark	(MC)	ScottishPower
Mark Jones	(MJ)	SSE
Richard Vernon	(RV)	RWE npower
Rochelle Harrison	(RH)	British Gas
Roy Malin	(RM)	National Grid Distribution
Steve Armstrong	(SA)	National Grid Distribution
Steve Edwards	(SE)	Wales & West Utilities

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/sf/190214

1. Introduction and Status Review

1.1. Minutes

The minutes of the previous meeting were accepted.

1.2. Actions

SF0801: Best Practice/Licence Obligations: CV Measurements - National Grid Distribution (RM) to look to provide a presentation that seeks to identify the different approaches the DNs adopt for provision of CV measurements and try to highlight a preferred (best practice) option.

Update: Deferred until July 2014. **Carried Forward**

SF0802: AGI Venting Report - DNs to provide an AGI Venting report progress update including their respective asset assessments, supported by a percentage indicator where possible.

Update: Deferred until April 2104. **Carried Forward**

SF0101: 2012/13 Shrinkage Assessment and Adjustment - DNs to consider what supporting information/explanations can be included/provided, and provide a draft for discussion at the meeting on 16 April 2014.

Update: Status update provided and further consideration deferred until April 2104. **Carried Forward**

SF0102: *Leakage Models* - RM to clarify the steps that need to be considered and undertaken to progress the proposals and provide an outline in advance of the next meeting (teleconference, 19 February 2014).

Update: RM provided documentation as published on the JO website. **Closed**

SF0103: *IFI Project Information/Report* - DNs to consider what information might be released.

Update: It was agreed to establish a standing agenda item with an update expected April 2014. **Carried Forward**

SF0104: *Shrinkage and Leakage Model Review Consultations* - Provide a timetable of events throughout the year for publication on the Joint Office website.

Update: Timeline expected April 2014. **Carried Forward**

SF0105: *Shrinkage and Leakage Model Review Consultations* - DNs to consider and provide a view on the level of data that could be published to increase visibility and Shippers' understanding of, and confidence in, the model.

Update: RM confirmed that the Shrinkage Leakage Model Report for 2013/14 had been published, with a joint DN report sent to Ofgem. A DN meeting will now follow to look more closely at the content of the report with a view to providing an update at the April meeting. **Carried Forward**

Action SF0201: DNs to provide a Shrinkage Leakage Model for review at the April meeting.

2. 2014/15 Shrinkage Proposals

RM summarised the need to consider which leakage model should be used either the current approved version 1.3 or version 1.4 for this year's shrinkage estimation. He explained that the DNs are neutral to which version to utilise. However RM suggested that there could be a £2.6m adjustment for SSP Shippers made through the Neutrality Invoice if version 1.3 of the leakage model is used. National Grid's view was to utilise version 1.4 methodology for undertaking the end of year assessments, to ensure charges are as close as possible and to avoid an associated adjustment. SA proposed moving to version 1.4 asap for utilisation in calculating the end of March shrinkage volumes, prior to formal approval, to use it for the formal leakage returns at a later date. It was observed if version 1.4 is approved Ofgem would need to reset the baseline incentives

It was agreed to use version 1.4 for 2014/15 year based on version 1.4 offering a better representation of leakage and shrinkage than version 1.3.

SA explained that since the last meeting he had engaged with Ofgem (and published an email for reference). Supporting analysis has been provided. To date there were no new issues further to the two previously raised. However NGN and WWU would clarify the need to reconsult on the methodology.

GL Noble Denton (GL) have confirmed that they have no issues relating to the Northern Gas Networks validation. SE confirmed that he expects GL would now look at the Wales & West Utilities validation.

Action 0202: NGN and WWU to clarify the need to reconsult on the methodology.

Action 0203: DNs to consider their position and if necessary follow discussions with Ofgem and provide a joint DN update report.

Action 0204: Shippers to confirm that their respective concerns have been suitably addressed.

RH and CB suggested that there would be benefit providing the Low Pressure Service Modification Proposal Variance Analysis at a sub-network level as they believed that a 1% variance would constitute a material impact. RM agreed to look at how to best provide sub-network level analysis, including identification of negative values and an assessment of the magnitude of any potential differences.

Action 0205: National Grid Distribution (RM) to look at how to best provide sub-network level analysis as per the WWU analysis (including identification of negative values and an assessment of the magnitude of any potential differences), subject to GL verification of the WWU approach.

3. Any Other Business

Role Change for Rochelle Harrison

RH advised that she is changing roles within British Gas and either Andrew Margan, Graham Wood or Steve Bagnall will attend future Shrinkage Forums

Wales & West Utilities Regulation Management Discussions with Ofgem

SE advised that WWU had been in discussion with Ofgem regarding the potential Smart Metering impact on shrinkage.

He anticipates that the subsequent smart metering report, which will be provided following a consultation with Shippers, will be of limited scope for 2014/2015 reports. RH asked if DNs could provide more granularity around the number of Smart Meters involved and their potential impact.

4. Diary Planning

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

The next meeting will take place at 10:30 on Wednesday 16 April 2014 in Solihull. The venue will be confirmed nearer the time.

2014 Shrinkage Meetings

Time/Date	Venue	Programme
10:30 Wednesday 16 April 2014	31 Homer Road, Solihull, B91 3LT	To be confirmed

Action Table – Shrinkage Forum

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SF0801	19/08/13	2.0	<i>CV measurement</i> - to look to provide a presentation that seeks to identify the different approaches the DNs adopt for provision of CV measurements and try to highlight a preferred (best practice) option.	National Grid Distribution (RM)	Carried Forward Update due in July
SF0802	19/08/13	3.1	<i>AGI Venting Model Change</i> - provide an AGI Venting report progress update including their respective asset assessments, supported by a percentage indicator where possible.	All DNs	Carried Forward
SF0101	22/01/14	1.0	<i>2012/13 Shrinkage Assessment and Adjustment</i> - DNs to consider what supporting information/explanations can be included/provided, and provide a draft for discussion at the meeting on 16 April 2014.	All DNs	Carried Forward Update due 16 April 2014
SF0102	22/01/14	3.0	<i>Leakage Models</i> - RM to clarify the steps that need to be considered and undertaken to progress the proposals and provide an outline in advance of the next meeting (teleconference, 19 February 2014).	National Grid Distribution (RM)	Closed
SF0103	22/01/14	4.0	<i>IFI Project Information/Report</i> - DNs to consider what information might be released.	All DNs	Carried Forward
SF0104	22/01/14	5.0	<i>Shrinkage and Leakage Model Review Consultations</i> - Provide a timetable of events throughout the year (for publication on the Joint Office website).	All DNs	Carried Forward
SF0105	22/01/14	5.0	<i>Shrinkage and Leakage Model Review Consultations</i> - Consider and provide a view on the level of data that could be	All DNs	Carried Forward

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			published to increase visibility and Shippers' understanding of and confidence in the model.		
SF0201	19/02/14	1.2	To provide a Shrinkage Leakage Model for review at the April meeting.	All DNs	
SF0202	19/02/14	2.	To clarify the need to reconsult on the methodology.	NGN & WWU	
SF0203	19/02/14	2.	To consider their position and if deemed necessary following discussions with Ofgem, provide a joint DN update report.	All DNs	
SF0204	19/02/14	2.	To confirm that their respective concerns have been suitably addressed.	Shippers	
SF0205	19/02/14	2.	To look at how to best provide sub-network level analysis as per the WWU analysis (including identification of negative values and an assessment of the magnitude of any potential differences), subject to GL verification of the WWU approach.	NGD (RM)	