

UNC Shrinkage Forum Minutes

Tuesday 30 August 2016

via teleconference

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Adam Sadler	(AS)	Northern Gas Networks
Angela Love	(AL)	ScottishPower
Colette Baldwin	(CB)	E.ON UK
Colin Wainwright	(CW)	Scotia Gas Networks
David Simpson	(DS)	Scotia Gas Networks
Ian Marshall	(IM)	Wales & West Utilities
John Morrison	(JM)	Northern Gas Networks
Mark Jones	(MJ)	SSE
Matt Marshall	(MM)	National Grid Distribution
Peter Morgan	(PM)	Scotia Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/sf/300816>

1. Introduction and Status Review

1.1. Approval of Minutes

The minutes of the previous meeting (08 June 2016) were approved.

1.2. Actions Outstanding

SF0201b: AL to investigate iGT licence conditions and iGT code provisions for reporting iGT Shrinkage and Leakage.

Update: AL advised that the requirement for iGTs to manage shrinkage had been linked to numbers of meter points and that the AiGT were to provide the Ofgem letter confirming this.

Carried forward

SF0301: Interference Damage Modification – National Grid Distribution (MM) to provide an update on how large interference damage incidents will be factored into the Interference Damage Model.

Update: No further information provided at this meeting; DS to confer with MM to provide an update prior to the next meeting. **Carried forward**

Post Meeting Note (provided by MM): *Large interference damages by nature are both easy to identify and also access, typically a third party will be excavating and catch a main and damage it. On arrival at the site the repair teams will be able to easily identify the location of the fault and also have access (in normal circumstances work to identify location and excavate for access would take time) so will repair on site. It is suggested that the action be closed at the next meeting, as it will be an ongoing agenda item.*

SF0601: Fuel Poverty Statistics (current) - AL to confirm/provide statistical sources to DNV GL.

Update: AL hoped to provide this shortly (to be circulated ahead of the next meeting via email).

Carried forward

SF0602: GDNs to confirm what commercial arrangements are in place for the shipping of biomethane gas.

Update: DS confirmed that both Shippers and Transporters were involved in commercial arrangements, and that each had certain responsibilities; LJ believed that bilateral Network Entry Agreements (NEAs) relevant to each point would set out what was required from each party. AL reiterated the concerns that had arisen at the last meeting, and it was agreed to expand the action to try and address these:

Expanded Action SF0602a: Each GDN to confirm where it has NEAs in place in relation to biomethane entry and the location of biomethane sites.

Expanded Action SF0602b: Each GDN to confirm how CV variances are addressed (i.e. how CV is ensured to be consistent with the rest of the network and what approvals are in place - CV and Wobbe ranges, etc) and what obligations the GDNs have to support/control low CV gas entering the system(s).

Carried forward

SF0603: *Shrinkage Forum Terms of Reference* - GDNs to produce a draft proposal for review/discussion at the August meeting.

Update: DS confirmed that the GDNs would be producing a draft for discussion at the October meeting. LJ requested that the draft be provided to the Joint Office by 17 October 2016.

Carried forward

SF0604: *How Shippers are affected by Shrinkage* - AL to provide an overview to GDNs.

Update: AL confirmed she would circulate some information later this week; feedback from GDNs would be welcomed. It was suggested this be added to the October agenda (AL to make a brief presentation to the October meeting and that the GDNs also present a model). **Closed**

2. **AGI Venting Project - Update**

MM reported that the project was currently four weeks behind schedule, and that he was in the process of drawing up a draft modification document to share with the GDNs towards the end of the next week. He would be happy to update shippers with progress in the interim.

3. **Annual Shrinkage and Leakage Model - Update**

DS reported that the GDNs would shortly be starting to prepare for their joint report process, and requested that if Shippers would like any specific information included to let him know before the October meeting. AL offered to gather views from the Shipper community and relay to DS prior to the October meeting.

Action SF0801: *Annual Shrinkage and Leakage Model* - AL to gather views from the Shipper community regarding any further information to be considered for inclusion in the GDNs' joint report and relay to DS (by 17 October 2016).

4. **Low Carbon Gas Preheating (LCGP) Project - Update**

AS (for Northern Gas Networks - NGN) recapped that NGN's project covered 12 sites and looked at 3 different pre-heating technologies. The 12 sites were built and direct heating technologies were installed, with 4 sites remaining to be commissioned prior to winter. Once operable, the expectation will be to receive data to compare efficiencies across the technologies employed. It is anticipated that the information will be made available on the Northern Gas

Networks website; related information can be sourced on Ofgem's website. AS provided the links below:

<http://www.northerngasnetworks.co.uk/ngn-and-you/gearing-up-for-the-future/low-carbon-gas-preheating-lcgp-project/>

For Ofgem, LCGP reports (N.B. The 6 monthly reports for the Low Carbon Gas Preheating project need to be searched for once the page opens)

<https://www.ofgem.gov.uk/network-regulation-riio-model/network-innovation/gas-network-innovation-competition/northern-gas-networks>.

DS added that he was aware that Scotia Gas Networks (SGN) was also involved in an innovative project in respect of pre-heating, but that this may not be related/ have the same focus as that undertaken by NGN; he will provide further details to the October meeting to make parties aware of the SGN focus.

5. Interference Damage Modification - Update

The consultation closed out on 24 June 2016; the documentation published on behalf of all GDNs is at: <http://www.gasgovernance.co.uk/sf/modifications>.

Post Meeting Note (provided by MM): *We first published a consultation document in September 2015 detailing our views that we recommended changing the >500kg interference calculation so that all reported incidents were captured as 500kg regardless of whether the actual volume had been estimated. This would be effective for both gas lost assessment purposes and for the incentive calculation. We were grateful to receive 1 representation (from British Gas) that questioned the validity of this approach. As a result of the stakeholder feedback we released in June a consultation that proposed to effectively change the mechanism for incentive calculation to that previously proposed whilst maintaining the current approach for gas loss assessment purposes. We received 1 representation (from British Gas) for this consultation, which suggested another approach whereby we would average the 7 year RIIO average losses and use these for the final year. We are currently discussing our view on this new approach and will release a response shortly.*

6. Shrinkage and Leakage Smart Metering Report

This had been published on the Joint Office website at the end of July; no comments had been received in respect of the draft report. The GDNs were reviewing the final report before confirming publication.

7. Shrinkage Assessment and Adjustment 2015/16

The requirements had been published; there were no questions from Shippers.

8. Any Other Business

8.1. MARCOGAZ (website link)

It was noted that MM provided a link to the annual report (<http://www.marcogaz.org/index.php/environment-health-a-safety>) and LJ confirmed this had also been added as a post meeting note to the June minutes.

8.2. Terms of Reference

See update at Action SF0603, above.

8.3. Network Innovation Project Update - Opening up the Gas Market

It was anticipated that SGN would provide a further update at the October meeting.

8.4. Energy UK Gas Retail Group Shrinkage Study - Update

It was anticipated that a further update would be provided at the October meeting.

8.5. Offtake Metering – consideration of quarterly reporting requirements (transferred from WG 0575R - Consider the Performance Assurance Reporting Requirements for Transporters)

LJ explained that an outcome of Review 0575R was that GDNs should produce appropriate reporting regarding their performance, and that this might be best considered at the Shrinkage Forum. In the meantime however, having considered potential outputs, the GDNs now believed that this area might be better suited for discussion under the Offtake Arrangements Workgroup (OAW), rather than the Shrinkage Forum. Following a brief discussion it was agreed a different audience would be more appropriate, and the GDNs would prepare a strawman for review/discussion by the OAW. LJ noted the need to reconvene the OAW.

9. Diary Planning

The programme for the remainder of 2016 was discussed and meeting dates were agreed (see below).

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

Time/Date	Venue	Programme
10:30, Tuesday 25 October 2016	Consort House, 6 Homer Road , Solihull B91 3QQ	<ul style="list-style-type: none"> • AGI Venting Project Update • Annual Shrinkage and Leakage Model Update • Low Carbon Gas Preheating (LCGP) Project Update • Interference Damage Modification - Update • Other items to be confirmed
14:00 - 15:00, Monday 19th December 2016	Teleconference - please note start time	<ul style="list-style-type: none"> • <i>2017/18 Timetable and Initial Proposals</i> • <i>Annual Shrinkage and Leakage Model Update (Ofgem Submission)</i> • <i>Other items to be confirmed</i>
February 2017	Teleconference	<ul style="list-style-type: none"> • <i>2017/18 Shrinkage Proposals</i> • <i>Other items to be confirmed</i>

Action Table (30 August 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SF0201b	31/03/16	1.2	AL to investigate iGT licence conditions and iGT code provisions for reporting iGT Shrinkage and Leakage.	Scottish Power (AL)	Due 25 October 2016 Carried forward
SF0301	31/03/16	3.0	<i>Interference Damage Modification</i> – National Grid Distribution (MM) to provide an update on how large interference damage incidents will be factored into the Interference Damage Model.	National Grid Distribution (MM)	<i>Post meeting note provided -</i> Completed
SF0601	08/06/16	2.0	<i>Fuel Poverty Statistics (current)</i> - AL to confirm/provide statistical sources to DNV GL.	ScottishPower (AL)	As soon as possible Carried forward
SF0602	(08/06/16) <i>Expanded</i> 30/08/16	2.0	GDNs to confirm what commercial arrangements are in place for the shipping of biomethane gas. a) Each GDN to confirm where it has NEAs in place in relation to biomethane entry and the location of biomethane sites. b) Each GDN to confirm how CV variances are addressed (i.e. how CV is ensured to be consistent with the rest of the network and what approvals are in place - CV and Wobbe ranges, etc) and what obligations the GDNs have to support/control low CV gas entering the system(s).	GDNs	Due 25 October 2016 Carried forward
SF0603	08/06/16	7.1	<i>Shrinkage Forum Terms of Reference</i> - GDNs to produce a draft proposal for review/discussion at the October	GDNs	Due 25 October 2016

Action Table (30 August 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			meeting. <i>(Draft to be provided to the Joint Office by 17 October 2016.)</i>		Carried forward
SF0604	08/06/16	7.5	<i>How Shippers are affected by Shrinkage</i> - AL to provide an overview to GDNs.	ScottishPower (AL)	Closed
SF0801	30/08/16	3.0	<i>Annual Shrinkage and Leakage Model</i> - AL to gather views from the Shipper community regarding any further information to be considered for inclusion in the GDNs' joint report and relay to DS <i>by 17 October 2016.</i>	ScottishPower (AL)	Due 25 October 2016 Pending