

UNC Shrinkage Forum Minutes

Thursday 31 March 2016

Via Teleconference

Attendees

Helen Cuin (Chair)	(HC)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Angela Love	(AL)	ScottishPower
Colette Baldwin	(CB)	E.ON
Ed Hunter	(EH)	RWE npower
George Moran	(GM)	British Gas
Ian Marshall	(IM)	Wales & West Utilities
Joanne Parker	(JP)	Scotia Gas Networks
John Morrison	(JM)	Northern Gas Networks
Mark Jones	(MJ)	SSE
Naomi Anderson	(NA)	Engage Consulting
Matt Marshall	(MM)	National Grid Distribution
David Simpson	(DS)	Scotia Gas Networks
Paul Whitton	(PW)	Scotia Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/sf/310316>

1. Introduction and Status Review

1.1. Approval of Minutes

The minutes of the previous meeting (04 February 2016) were approved.

1.2. Actions

0201: Energy UK Gas Retail Group Shrinkage Study findings - GDNs to consider reassessment of iGT information and impacts for shrinkage/leakage estimates.

Update: IM confirmed that WWU have been looking through the licence conditions and the UNC and was unable to find details of the obligations for reporting iGT Shrinkage Reporting or any reports having been published. He understood the iGTs have their own code and will be subject to certain UNC obligations through Project Nexus. AL explained this action was about Shippers wanting Shrinkage and Leakage information. It was understood there was an assumption that iGTs do not have leakage on their networks due to using PPE pipes. However, it was anticipated that the iGTs would still need to report to the GDNs through the Network Exit Agreements. CB suggested the GDNs might wish to examine the obligations under the NeXA Agreements. AL agreed to investigate what licence and code obligations the iGTs have and the GNs agreed to consider the NeXA Agreements. See additional actions raised. **Carried forward**

New Action 0201b: AL to investigate iGT licence conditions and iGT code provisions for reporting iGT Shrinkage and Leakage.

New Action 0201c: GDNs to provide a view on what iGTs are obligated to provide in terms of iGT Shrinkage and Leakage through the NeXA Agreements.

0202: GDNs to advise when the Robotics survey will conclude and if data/conclusions might be shared.

Update: DS explained that the Robotics Project is on-going and SGN have published information on the SGN website (<https://www.sgn.co.uk/Innovation/Innovation>). The CISBOT (Cast Iron Sealant Robot) project has treated 10km of large diameter pipe and is due to be completed in 2017. DS explained SGN won a bid to develop robotic techniques that will allow GDNs to identify and seal leaking joints, in a live gas pipe from a remote location. SGN are also developing new inspection techniques to support and assess the risk of leakage in large diameter mains. AL wished to understand if this innovation, that GDNs are trialling, would be able to be used to measure leakage. DS confirmed the project is not specifically looking at leakage rates it is mainly aimed at sealing joints. AL asked about the potential cost benefits of using new technology to assess leakage rather than more expensive options, without digging holes in the ground. DS re-emphasised this particular project is not aimed at measuring leakage, however further updates will be provided on the project. **Closed**

0203: *Energy UK Gas Retail Group Shrinkage Study findings* - GDNs to consider the key findings and engage with Energy UK offline to discuss various aspects with a view to developing a work plan, and report back to the next Shrinkage Forum meeting.

Update: Deferred until June. See item 5.2. **Carried forward**

2. AGI Venting Update

MM confirmed that the AGI venting calculation is based on one value which is estimated and remains static every year. However, the GDNs are undertaking surveys to build a bottom up estimate with actual venting rates. It is proposed a modification will be made to the model to change the estimate to a more reflective calculation based on actual venting emissions. MM provided a timeline of the project which summarised the timescales expected for the modification, engagement sessions and consultation.

NA enquired when the changes will filter through. MM explained that by September the industry should be in a position to start consultation, however it was not likely to come into effect until 2017/2018, as the modification will require approval of the methodology and model validation before implementation.

AL asked about the involvement of other GDNs. MM confirmed that all GDNs are engaged and the consultation documentation would be a joint consultation.

AL enquired about other leakage studies and all the different aspects which could impact leakage and whether the industry would be best to look at all the innovations in the industry and the materiality these may have in terms of Shrinkage and Leakage, particularly on customers.

MM asked if Shippers would like timelines for each of the innovation projects. AL believed there ought to be an overall review of Shrinkage Strategies and to re-assess whether there were other aspects which may have gone out of date and how new technology models could be built.

3. Interference Damage Modification Update

MM confirmed the DNs were working on a new approach to deal with the Interference Damage and intend on modifying the current model. The GDNs had released a modification for consultation. Following the consultation the GDNs have looked at the methodology again and for the purpose of allocation, the GDNs need to amend the model.

MM explained the two main elements associated with the calculation particularly above and below 500GWh, where there is no loss in volume, an estimate is used as a default.

A new consultation document has been prepared and will be provided for publication and consultation. MM wanted to encourage all parties to review the papers once they have been released and provide feedback.

AL asked about the recent story reported in respect of National Grid being fined after failing to meet its gas repair targets for not attending incidents as quickly as they should (<http://utilityweek.co.uk/news/national-grid-hit-with-3m-fine-for-failing-gas-repair-targets/1228112> and <https://www.ofgem.gov.uk/publications-and-updates/national-grid-agrees-pay-out-3m-after-failing-meet-gas-network-repair-targets>).

AL enquired how large incidents are factored into models. MM agreed to review the articles and provide an update to the Shrinkage Forum on how large interference damage incidents will be factored through to the model.

Action 0301: *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.*

4. Annual Shrinkage and Leakage Model Update

MM asked Shippers to report back on what they would like included in the report.

AL asked if this could be deferred until June. CB asked if the DNs could provide a strawman. It was agreed to defer consideration of the model until the next meeting, when the Shippers would be able to consider other developments.

5. Any Other Business

5.1. Network Innovation Presentation - Opening up the Gas Market (provided by SGN)

JP provided a presentation on the project and gave an overview on the national standard and composition of North Sea Gas and the sources entering the market which will need extra processing to meet the required standards. She explained that SGN had chosen a network to carry out certain testing on biomethane levels and carbon monoxide levels found at domestic properties. JP further confirmed from the regular carbon monoxide monitoring, no higher readings had been recorded. SGN intend to produce a road map to assist the industry to consider the findings and any potential change to the WOBBE index.

AL enquired about the marcogaz/Eurogas/EASEE-GAS trade bodies and highlighted that CEN/the European Union is looking at the relaxation of Gas Quality. JP explained that the UK has a different level of gas quality to the European Union specification and the European Union are looking to harmonise the levels. AL agreed with this, but wanted to understand what the GDNs are doing to contribute/understand developments and proposals.

AL asked if the project had included the consumption levels of customers and if they are having to buy more gas by raising the CV. AL also enquired what the difference would be with a higher WOBBE on Shrinkage and linepack. JP explained a reconciliation would need to take into account the balance of any increase of the CV over a 12 month period. AL asked about the actual flow of gas through the pipes and if different types of gas would have more or less possibility of leakage dependent on its density.

JP briefly explained that the Real-Time Network Project which will start in 2017 and will review the current and future needs of gas. She confirmed the trial location as Medway along with incorporating the Isle of Grain. JP confirmed that SGN will be installing real time sensors to measure CV and flow. This in turn, will help SGN look at the calculations being used, specifically how the network is operating and this may potentially reduce investment costs and bring pressures down impacting on leakage.

AL asked about the consultation process to ensure the right people are engaged with the consultations. JP asked the Shippers to provide who the key contacts are to ensure the whole community was involved.

Shippers welcomed the updates provided by SGN and agreed the Shrinkage Forum continues to be an acceptable forum for raising awareness of such projects. AL asked if there are wider impacts beyond the Shrinkage Forum and whether GDNs need to consider other forums for updates.

The Forum briefly discussed the need to inform other forums such as the Charging Forums where there may be impacts. It was noted however, that the Shrinkage Forum needs to concentrate on the required modifications to the models and other wider industry groups may need to be used to allow the industry to consider new strategies, before they are brought to the appropriate forums to implement the required changes.

5.2. Energy UK Gas Retail Group Shrinkage Study

MM confirmed a face-to-face meeting will be organised for the GDNs and Energy UK to meet in May, to further consider the study and the opportunities it provided. IM explained the GDNs have been considering the different aspects of the report.

AL asked about the involvement and engagement of interested parties to ensure as many parties are involved and engaged.

5.3. CV measurement innovation project

Craig Nelison advised that National Grid and Northern Gas Networks are leading an innovation project to look at the issue of CV measurement in an environment, where there are multiple injections of gas directly into the distribution networks; currently renewable biomethane. The impact of biomethane plants will have an increasing impact on CV and potentially the end customer, as well as shrinkage. CN proposed he would like to update the Shippers on the progress of this innovation project and would like to get their agreement to use the Shrinkage Forum to engage with Shippers on distributed gas related CV issues such as this one.

MM agreed to provide a further update on the 08 June 2016.

6. Diary Planning

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

Time/Date	Venue	Programme
09:30, Wednesday 08 June 2016	Consort House, 6 Homer Road, Solihull, B91 3QQ	<ul style="list-style-type: none"> • AGI Venting Project Update • Medium Pressure Modification Update • Annual Shrinkage and Leakage Model Update • AOB <ul style="list-style-type: none"> ▪ Network Innovation Presentation - Opening up the Gas Market (SGN) ▪ Energy UK Gas Retail Group Shrinkage Study Update ▪ CV Measurement Innovation Project (National Grid and NGN)
09:30, Tuesday 30 August 2016	Teleconference	<ul style="list-style-type: none"> • Low Carbon Gas Preheating (LCGP) Project Update

10:30, Tuesday 04 October 2016	Solihull (venue to be confirmed)	<i>To be confirmed</i>
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Action Table (31 March 2016)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SF0201	04/02/16	6.3	<i>Energy UK Gas Retail Group Shrinkage Study findings</i> - GDNs to consider reassessment of iGT information and impacts for shrinkage/leakage estimates.	GDNs	Carried forward
SF0201b	31/3/16	1.2	AL to investigate iGT licence conditions and iGT code provisions for reporting iGT Shrinkage and Leakage.	Scottish Power (AL)	Pending
SF0201c	31/3/16	1.2	GDNs to provide a view on what iGTs are obligated to provide in terms of iGT Shrinkage and Leakage through the NeXA Agreements.	GDNs	Pending
SF0202	04/02/16	6.3	GDNs to advise when the Robotics survey will conclude and if data/ conclusions might be shared.	GDNs	Closed
SF0203	04/02/16	6.3	<i>Energy UK Gas Retail Group Shrinkage Study findings</i> - GDNs to consider the key findings and engage with Energy UK offline to discuss various aspects with a view to developing a work plan, and report back to the next Shrinkage Forum meeting.	GDNs	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)	Pending