

Minutes of the Offtake Arrangements Workstream
Wednesday 04 July 2007
held at the Renewal Conference Centre, Solihull

Attendees

John Bradley (Chair)	(JB)	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	(LD)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Brian Durber	(BD)	E.ON UK
Claire Thorneywork	(CT)	National Grid NTS
Julian Majdanski	(JM)	Review Group 0131 (Chair)
Liz Spierling	(LS)	Wales and West Utilities
Mark Freeman	(MF)	National Grid Distribution
Paramjit Sihre	(PS)	National Grid Distribution
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Ritchard Hewitt	(RH)	National Grid NTS
Richard Wilson	(RW)	National Grid NTS
Stuart Gibbons	(SG)	National Grid Distribution
Simon Howe	(SH)	RWE Npower
Stefan Leedham	(SL)	EDF Energy (via teleconference)
Steven Sherwood	(SS)	Scotia Gas Networks

Apologies

Beverley Grubb	Scotia Gas Networks
Joel Martin	Scotia Gas Networks
Steve Skipp	Scotia Gas Networks
Steve Pownall	National Grid NTS
Alison Jennings	National Grid Distribution

1 Introduction and Status Review

1.1 Review of Minutes from previous meeting 16 May 2007

The minutes were accepted.

1.2 Review of Actions not covered elsewhere on the agenda

Action OF1010: National Grid NTS to explain why low Demand Day UNC provisions may still be required.

Update: RH stated that as there were still low gas demand days this was still a requirement and would therefore be considering the requirements for a UNC Proposal.
Action carried forward.

Action OF1018: National Grid NTS and Wales & West Utilities to produce a refined paper on relevant UNC provisions.

Update: Deferred. **Action carried forward.**

Action OF1019: National Grid UKD to produce an annotated planning process diagram using UNC provisions paper.

Update: Deferred. **Action carried forward.**

Action OF1021: National Grid NTS to arrange session to explain the legal drafting of Modification 0116V. (Post meeting update: Following internal discussions this will be deferred until the outcome of the appeal is known.)

Update: Deferred. **Action carried forward.**

Action OF1024: OAD Section F to be reviewed (AR).

Update: PS provided an annotated copy of the UNC OAD Section F detailing the proposed changes, and explained that these minor amendments would be required in order for National Grid NTS to continue to provide the service on behalf of the DNs. The amendments were accepted and it was agreed that National Grid Distribution will formally propose a UNC Modification Proposal. **Action closed.**

New Action OF1031: NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed.

1.3 Review of Live Modification Proposals and Topics Status Report

JB advised that there were no new modification proposals to develop within this Workstream, and gave an update on the following:

- 0116 A and 0116V “Reform of the NTS Offtake Arrangements” - A formal decision from the Competition Commission is awaited.
- 0131 “LDZ RbD Reconciliation Notification Process” - See item 2.1 below
- 0139 “Amendments to UNC TPD OCS Process and Long Term Allocation of Capacity in the Transitional Period” - implemented on 25 June 2007.
- 0139A “Amendments to UNC TPD OCS Process and Long Term Allocation of Capacity in the Transitional Period” – rejected by Ofgem.
- 0140 “Review of Information Provision on National Grids Information Exchange” - The Review Group has met on 2 occasions and commenced a data review. Two further meetings have been planned (09 July and 27 July 2007).

The Topic Status Report was updated as follows.

- 001OF ‘NTS Exit Capacity’ - A watching brief continues.
- 002OF ‘Distribution Interruption Reform’ – A watching brief continues.
- 005OF ‘NTS-LDZ Operational Information for low demand Days’ - see Action OF1010.
- 007OF on ‘Gas Transporters cooperation on planning and investment in networks’ – no further update.
- 008OF ‘Assured Offtake Pressure interactions’ - Topic remains on hold.

2 Modification Proposals

2.1 RP0131: LDZ RbD Reconciliation Notification Process

LS gave a presentation in response to Action OF1022 (Formal proposal of Wales and West Utilities’ suggestion to provide meter error information on a spreadsheet updated monthly and available on a website.) LS stated that this was a presentation prepared by Wales & West Utilities and that it had not been discussed with the other DNs prior to this meeting.

LS explained the background and commented that this slightly overlapped the 643 process. It was not certain yet how much of 643 it would replace. To establish this more clearly would require further discussion with Review Group 0131 (RG0131).

When asked for his comments, SL stated that he saw similarities in the output of both the Offtake Arrangements Workstream (OAW) and RG0131. There was an issue with OAD governance under the ownership of the Offtake Committee (OC), where representation was limited to Transporters. Would it be better placed under the auspices of the UNC Committee, which gave the benefits of allowing any party to raise an amendment and needing a majority vote to make a change?

From a practical point of view, RCH thought there were benefits in having it 'all in one place', ie the OAW followed by the OC, and acknowledged that, although these fora were restricted in their membership, it would not be in anyone's interest to ignore Shipper interest and input.

SL thought that the OAW and the OC were the appropriate places for issues, but was concerned that these discussions were taking place in two fora (OAW and RG0131) and that putting it into the OAD would remove any facility to make open amendments. BD agreed that practicality made sense, but reiterated that Shippers needed more reassurance relating to governance. CT pointed out that Shippers also had the option of appealing for expert determination. It was recognised that governance was a key issue for Shippers and that further exploration was required both in OAW and RG0131, where different views may emerge as more Shippers attended RG0131. JB and JM agreed that RG0131 should attempt to consolidate the differing views and obtain a consensus.

Although understanding SL's desire for the views of RG0131, SH pointed out that RG0131 was a very specific workgroup. In his opinion governance should sit under the OC and he was prepared to trust Transporters to take on board Shippers' views. CT pointed out that there was a mechanism for Shippers to raise a UNC Modification Proposal if it was felt that the Transporters were not representing the views of the Shippers in a fair manner.

LS stated that a formal proposal had not been developed yet – this was still a 'work in progress' and that she would attend the next meeting of RG0131.

LS went on to explain the mandatory and optional information that might be provided at the initial stage and as monthly updates. A short discussion ensued.

It was acknowledged that earlier notification meant less precise information being available at the beginning of the process, and provision of some sort of range would be helpful. It was agreed that an Energy figure would be helpful. SL asked whether the systematic bias range would be known at this early stage, to which LS responded that it would very much depend on the type of error. It was also suggested that the minimum/maximum flow rate of the past 12 months, together with the dates of the error, would also be useful information. Size of the offtake should also be included. Another suggestion was to include the annual profile at the offtake, as offtakes peak in winter but can be small in summer.

It was suggested that definitions of 'Estimated Significance' and 'Estimation of Magnitude' would help to clarify what was to be expected under these categories. Perhaps some sort of framework to give a minimum/maximum range; under the former perhaps a definition through words, eg Low/Medium/High, to give some sort of guidance. LS observed that the magnitude of an error was very difficult to gauge at first identification. 'Status' might carry statements such as 'error raised', 'error assessment in progress', 'report produced', etc. The monthly updates fields should give Shippers a feel for how their individual portfolios might be affected, and it was intended to populate these fields as and when progress was made.

LS noted suggestions and commented that this was an evolving process; the aims were to ensure accessibility and usefulness for Shippers so that issues could be flagged up internally.

JB noted that both RG0131 and WWU were moving from a two trigger methodology to a one trigger methodology that commenced ahead of the 643 process. It was agreed that a single Energy trigger was appropriate.

LS advised that proposed changes to the OAD would include formal recognition of a User Dispute Process (currently absent). This was welcomed by Shippers.

Discussion moved on to consideration of the process flows as presented by LS.

It was remarked that errors were also identified outside Routine Validation. LS and RW responded that this process flow was a 'straw man' put forward for development; other triggers may indeed be required to start off this process. JB pointed out that Exceptional Validations are covered in the current OAD, and CT observed that different types of event had been documented by LS in the "Meter Error Notification and Reporting Procedure" paper provided in advance of the meeting.

LS advised that in OAD D3.4.1 it was proposed to restate the timescales in business days rather than calendar days.

The basic process could be triggered at >50GWh; details would be put on a spreadsheet and the profile of the error would be raised at a subgroup. The Joint Office would be notified to email out to the community. Alternatively, any errors >50GWh could be placed on the agenda for the next OC meeting, and a note circulated to the community highlighting the addition(s). For a single item it was deemed acceptable to hold a teleconference rather than call a physical meeting. LS pointed out that the OC could 'piggy back' onto other Workstreams if necessary.

SL agreed that the draft WWU process was very similar to that produced under RG0131.

Other comments on the process included:

- As much information as possible should be provide at the subgroup meeting as decision points may need to be covered.
- There appeared to be no facility for Users to query/request that 'appropriate data and methodology exist to correct readings' – poor experience of the 643 process led Shippers to require something more substantial here. It was recognised that there may be more than one meeting before extra information became available to move forward. Greater robustness could be added here through scope and procedures, and formalised information requirements/reasons for the unavailability of data.
- A good process was required before the MER was produced as this would mean fewer problems after. Ability/opportunities to raise additional issues.- a very short window at the end would help.
- Audit of process(es) required.

The 15 days was not the issue - it is what was being achieved within that timeframe. SL was convinced that this timeframe was needed as an additional safety net. CT believed that full and final process should give Users enough time. RH said that a balance needed to be struck in the amount of time it takes to get to an invoice. The majority will be shared amongst the community. The Shippers' opinions on extending the process may very well depend on whether they are a winner/credit or a loser/debit. SL thought there should be a cut off point; if it's an error the additional 15 days safety net is needed. Shippers outstanding issues could go into the Disputes Process. Hopefully, the 15 days would not be required, but smaller Shippers may need this and could be seen to be discriminated against (lack of resources) if not available to them.

RW thought that an approach to assessing the error and its magnitude was needed. He could not see that any delay was required as the money would be going back to the parties. RH wondered if this would be an issue for the industry as a whole.

BD questioned if it was likely that the MER would contain anything that had not been seen or agreed by all parties; visibility would be a safeguard. JB commented that a material impact on the error assessment identified by a Shipper would be assessed by the Transporters.

Concern was also expressed that some parties may hold up the process for commercial reasons.

Following BD's suggestion that a draft MER, subject to comments and responses, would be useful, the DNs would consider adjusting the procedure to reflect the issue of a draft and a final report.

Action OF1032: LS to adjust the Meter Error Notification and Reporting Procedure to reflect the issue of a draft and a final report, and a new flowchart to be produced for the RG131 meeting (RH and SL).

It was agreed that the WWU draft process should work, taking into account certain amendments discussed at this meeting, and this would now be discussed at the next RG131 meeting.

3 Topics

3.1 Topic 007OF: Gas Transporter Co-operation on Planning and Investment in Networks

Action OF1025: Investigate two points: Are the dates in light of 0116V likely to stay? Will the entry auction dates, including any new dates arising from current UNC Proposals, have an impact on any of this?

Update: RH advised that there were no plans to move the auction dates; these would remain as in the Proposal. **Action closed.**

Action OF1026: Investigate if there is any further scope for, and the feasibility of, moving demand forecasting dates (PR).

Update: RH advised that the discussions were ongoing. **Action carried forward.**

Action OF1027: Look at changes required to Modification 0090 (MF).

Update: MF advised that a draft Proposal would be aired at the July Distribution Workstream and the August Transmission Workstream, ahead of the August UNC Modification Panel. An Authority decision might then be expected by the beginning of November. Auctions – interim requirements would be published in April (previously May). **Action closed.**

Action OF1028: Pressure - Look at merging reductions and increases together (BG).

BG provided a written update:

"I can confirm the only issues we have currently is in relation to timing of communications/bookings in relation to enduring arrangements, as set out in Modification Proposal 0116V. We did seek to address these concerns, along with numerous others, under Modification Proposal 0116VD. However Modification Proposal 0116VD was rejected by Ofgem. We now plan to wait until we have a decision from the Competition Commission before deciding whether or how to take this forward. " Deferred to the next meeting. **Action carried forward.**

Action OF1029: Look at Long Term Development Statement and fulfil a co-ordination role (LS).

Update: LS stated that this action was effectively complete. **Action closed.**

Action OF1030: Establish the provision of information under OAD Section H2.1.1(i) (SP).

Update: RH to follow up. **Action carried forward.**

4 Any Other Business

None.

5 Date of Next Meeting(s)

The next UNC Offtake Arrangements Workstream meeting will take place at 10:30 on Wednesday 08 August 2007, in Conference Rooms 5/6 at 31 Homer Road Solihull B91 3LT.

Action Log – UNC Offtake Arrangements Workstream 04 July 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1010	1/2/06	2.2 Topic 005OF	Explain why low demand Day UNC provisions may still be required.	National Grid NTS (PG/RH)	Carried forward
OF 1017	17/2/06	1 Topic 007OF	Consider what (if anything) might be addressed in terms of investment lead-time	All	Covered under Topic 007OF
OF 1018	28/2/06	2.1 Topic 007OF	Produce refined paper on relevant current UNC provisions.	WWU (LS)& NG NTS (AF)	Carried forward
OF 1019	28/2/06	2.1 Topic 007OF	Produce an annotated planning process diagram using UNC provisions paper	NG UKD (PR)	Carried forward
OF 1021	16/05/07	1.3	National Grid NTS to arrange session to explain the legal drafting of Modification 0116V.	NG NTS (PG)	Following internal discussions this will be deferred until the outcome of the appeal is known. Carried forward
OF 1022	16/05/07	2.1	Formal proposal of Wales and West Utilities' suggestion to provide meter error information on a spreadsheet updated monthly and available on a website	WWU (LS)	Covered under agenda item 2.1
OF 1023	16/05/07	2.1	0131 Meter Errors - DNs to outline the process followed in response to identification of a typical problem.	SGN & WWU (BG and LS)	Covered under agenda item 2.1
OF 1024	16/05/07	3.1	OAD Section F to be reviewed.	NG UKD (AR/PS)	Proposed amendments reviewed at this meeting. Closed (New Action OF1031 generated – see below)
OF 1025	16/05/07	3.2	SP to investigate two points: Are the dates in light of 0116V likely to stay? Will the entry auction dates have an impact on any of this?	NG NTS (SP)	04 July 2007 Closed

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1026	16/05/07	3.2	Investigate if any further scope/the feasibility of moving demand forecasting dates	NG NTS (PR)	04 July 2007 Carried forward
OF 1027	16/05/07	3.2	Look at changes required to Modification Proposal 0090.	NG UKD (MF)	04 July 2007 Closed
OF 1028	16/05/07	3.2	Pressure - Look at merging reductions and increases together	SGN (BG)	Deferred to next meeting (08 Aug 2007) Carried forward
OF 1029	16/05/07	3.2	Look at Long Term Development Statement (and fulfil a co-ordination role).	WWU (LS)	04 July 2007 Closed
OF 1030	16/05/07	3.2	Establish the provision of information under OAD Section H2.1.1(i).	NG NTS (SP/RH)	RH to follow up with SP. Carried forward
OF 1031	04/07/07	2.1	NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed.	NG UKD (AR/PS)	
OF 1032	04/07/07	2.1	LS to adjust the Meter Error Notification and Reporting Procedure to reflect the issue of a draft and a final report, and a new flowchart to be produced for the RG131 meeting (RH and SL).	WWU (LS) NG NTS (RH) and EDF (SL)	

*Key to abbreviations of action owners:

AF – Andrew Fox, LS – Liz Spierling, PG – Paul Gallagher, RCH – Robert Cameron-Higgs, DN reps – Distribution Network representatives, PR – Paul Remer, SP – Steve Pownall, BG – Beverley Grubb, AR – Alan Raper, MF – Mark Freeman, JB – John Bradley