

Minutes of the Offtake Arrangements Workstream
Wednesday 16 May 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
Alison Jennings	(AJ)	National Grid Distribution
Bethan Winter	(BW)	National Grid Transmission
Beverley Grubb	(BG)	Scotia Gas Networks
Brian Durber	(BD)	E.ON UK
Brian Stoneman	(BS)	Northern Gas Networks
Liz Spierling	(LS)	Wales and West Utilities
Mark Freeman	(MF)	National Grid Distribution
Mark Sutton	(MS)	TPA Solutions (for Wales and West Utilities)
Martin Davies	(MD)	Wales and West Utilities
Paul Gallagher	(PG)	National Grid Transmission
Paul Remer	(PR)	National Grid Distribution
Richard Wilson	(RW)	National Grid Transmission
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Stefan Leedham	(SL)	EDF Energy
Steve Pownall	(SP)	National Grid Transmission
Steve Sherwood	(SS)	Scotia Gas Networks
Stuart Gibbons	(SG)	National Grid Distribution

1 Status Review

1.1. Review of Minutes from Workstream meeting 28 February 2006

The minutes were accepted.

1.2. Review of Outstanding Actions

See Appendix A - Action Log, below.

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 V “Reform of the NTS Offtake Arrangements”
E.ON’s appeal against the Ofgem decisions is progressing.
- 0131 “LDZ RbD Reconciliation Notification Process”
See item 2.1 below
- 0139 and 0139A “Amendments to UNC TPD OCS Process and Long Term Allocation of Capacity in the Transitional Period”

The Panel is due to make its recommendation on 17 May 2007.

- 0142 "Extension of the Current Sunset Clauses for Registration of Capacity at NTS Exit Points"
The Panel is due to make its recommendation on 17 May 2007.
- 0140 "Review of Information Provision on National Grids Information Exchange"
A Review Group has been formed. The deadline for membership nominations was 16 May 2007.

The Topic Status Report was updated as follows.

- 0010F 'NTS Exit Capacity'
It was agreed to maintain a watching brief. SP agreed to speak to Martin Watson (National Grid) about arranging a session

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.)

- 0020F 'Distribution Interruption Reform' –
It was agreed to maintain a watching brief.
- 0050F 'NTS-LDZ Operational Information for low demand Days'
PG to follow up explanation and report to next meeting (covered under Action OF1010).
- 0070F on 'Gas Transporters cooperation on planning and investment in networks'
See item 3.2, below
- 0080F 'Assured Offtake Pressure interactions'
Topic remains on hold. BG to review to see what further work may need to be done.

2. Modification Proposals

2.1 Review Proposal 0131: LDZ RbD Reconciliation Notification Process

SL (EDF Energy) gave a presentation and explained the background to the Modification Proposal. The aim was to ascertain at what point, in the error resolution process, affected parties could become positively involved and receive/access communications about progress made in respect of identified material errors that would be likely have a significant financial impact on RbD Shippers.

The reason for bringing this to the Workstream's attention was to seek a view as to what forum would be the most appropriate to discuss the operational impacts of such errors. The commercial impacts were currently discussed, albeit at what Shippers considered to be a very late stage in the process, at the Billing Operations Forum.

The Shipper representatives were of the view that once an error had been identified the affected parties should be involved as early as possible in the process to share awareness of what may develop into a significant impact, ie at Stages 1 and 2 (see EDF presentation). BD stated that Shippers needed some idea of what provisions to make in their accounts, and were concerned at the length of the process currently experienced before they were invited to become involved; it was thought that the DNs would have a fairly good idea of the size of the error at the validation point.

LS commented that sometimes it may be possible for the DNs to give an idea of the magnitude or significance of an error at an early stage, but often it was not quite so

simple. Early stage reporting was made at the Billing Operations Forum, but it was agreed that it was probably not the right forum - perhaps a different group entirely was needed to fulfil this perceived need.

It was agreed that there may be many technical issues associated with errors that needed to be raised earlier than at present.

JB observed that a high volume of validation reports was produced each year and the calibrations were generally acceptable, but Shippers needed to know which were the most relevant to them. BD commented that Shippers needed to understand the complexity of any technical problems beforehand. SL thought that information could be made available on a website, such as a list of meters with their last validation date, together with some sort of flag to indicate that a possible problem had been identified. This would move issues out into the open and help to get them addressed earlier.

BD commented that the audit is outside of the criteria laid down in the Offtake Arrangements Document (OAD) – percentage errors - and that these should be flagged. SL asked at what point do the Transporters have an idea of the size of an error? LS responded that the process and associated guidelines were available in ME2. BD questioned that as validation was done on site, why was there a delay in ascertaining the size of the error? It was thought that estimated readings were more likely to trigger issues, whereas issues relating to corrected readings seem to be resolved more quickly.

PG observed that identification of the meter error is the responsibility of the downstream party, and assessment of the degree of error relies on the judgement of that party. BD was of the view that instrumentation was either within tolerance or not; anything outside of this needed to be flagged so that Shippers can be aware that something may be happening.

PG stated that an error found with a meter that only adds to the statistical uncertainty of the reading would not require Reconciliation by Difference (RbD) to be recalculated. It is only where the error creates a statistical bias that RbD needs to be recalculated. BD commented on the timelag between decisions made in relation to findings and asked what criteria were used to establish an error/problem. PG acknowledged that notification was required at the point when the meter error was identified by the DNs or NTS.

JB pointed out that when an offtake meter is under-reading, the NTS Shrinkage calculated would be overstated. However the quantity allocated through RbD to domestic offtake would be understated. Similarly an over-reading meter would understate NTS Shrinkage and overstate domestic offtake. This would mean that the costs and benefits of NTS and DNs arising from metering errors were not aligned. This should provide some comfort to Shippers that errors would be corrected.

Responding to the Shippers' need for information provision, in relation to meter errors, LS then presented Wales and West's (WWU) view of information that might be able to be shared.

There was a discussion on the method/forum for notification and it was agreed that it did not fit within either the Billing Operations Forum or the Distribution Workstream. PG commented that a common notification process seemed sensible, but thought that, once an error was identified, it would only need to involve the affected parties and not everyone else as well. SL stated that Shippers needed time to analyse any impact on them. BG understood the Shippers' desire for transparency and an earlier involvement, but queried what benefit earlier Shipper involvement would bring at a stage when the DN or NTS was still trying to ascertain and check the error(s). SL and BD emphasised that this could just be a sharing of information available at the time and updates on any progress made, not with a view to challenging the validation report itself. AR stated that 643 included a technical loop, which needed to be brought forward a little, perhaps prior to the meter error report, and questioned how this would fit into this process.

LS' presentation was well received, and the idea of a spreadsheet updated monthly and available on a website appeared agreeable to all parties. It was thought that a flag to indicate the materiality/magnitude would also be welcome to give parties a rough idea of the potential significance, but with appropriate caveats (views may change as analysis of errors progressed).

The Shippers confirmed that they were satisfied with WWU's suggestions. JB then sought agreement in principle from the other Transporters – this was given. There appeared to be no contractual obligations associated with the information provision. An assessment would need to be made of the amount of detail required but no problems were foreseen providing the volumes were to be kept at a reasonable level. A worked example of a recent error such as Farningham was suggested. There was a little concern at this suggestion as an extremely complicated process had been associated with Farningham and it was stated that a more straightforward case might better illustrate the processes followed. LS stated that this did not address the 643 process issues but would give comfort as regards progress.

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).

The Shippers requested that a worked example be presented at the next Workstream so that they were more aware of the DNs' internal processes in relation to these errors and could further their understanding of what goes on in these situations.

Action OF1023: DNs to outline the process followed in response to identification of a typical problem (BG and LS).

Following a short discussion it was agreed that the Offtake Committee should be trialled as the Forum for sharing information meter errors.

3 Topics

3.1 Potential New Topic: Flow Weighted Average Calorific Value

SP, on behalf of National Grid NTS, gave a presentation on "NG NTS Determination of the Daily CV on behalf of the DNOs". Responsibility for NG NTS to determine the daily CV for each charging area on behalf of the DNOs ended on 31 March 2007. However NG NTS had not received any notice of intent that any DNO was electing to make its own determination. NG NTS had not given notice of intent to withdraw the service. Therefore the service will continue to be provided as previously.

In the light of this presentation, it was agreed that a review of OAD Section F should take place.

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

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

LS presented the work carried out by WWU on their 2007 Bookings Timeline and 2008 Bookings Timeline, and highlighted the concern relating to the timing of the publishing date of the Long Term Development Statement (30 September). Discussion on other aspects of activity timings ensued.

On the assumption that 0116V went ahead, it was noted that 'summer activities' were getting very congested, and it was queried whether the dates associated with Demand Forecasting were capable of movement.

In respect of Interruptions, it was suggested that the tender information be published in April, to be received back in May, with allocations made in July. Moving it a month

appeared to represent a sensible compromise. It was acknowledged that a Modification Proposal would be required to change the timeline associated with 0090.

There were still two questions: Are the dates in light of 0116V likely to stay? Will the entry auction dates have an impact on any of this? SP agreed to investigate this.

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? (SP).

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

MF commented that moving to earlier tender dates could mean that previous year's figures were used to determine some of the tender parameters. This begs the question how comfortable is it going out to tender using old information? MF thought that if demand forecasting results could be published earlier this might alleviate the problem, but there was a concern that publishing piecemeal could cause confusion.

BS could not see a strong driver for publishing the Long Term Development Statement before the end of October, although LS stated it to be a Licence Condition. BS asked whether a Modification Proposal should be pursued and tried. It was thought that licence changes would mean a collective modification ahead of a PCR, and would need to be done before the end of the year.

BG commented that the timescales for pressure were still slightly out of synchronisation, and there was a need to align capacity and pressure.

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

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

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

Any proposed changes to Modification 0090 would need to go to the Distribution Workstream first. Any proposed changes to pressures/timelines (linked to 0116V) would need to go to the Offtake Arrangements Workstream.

BG brought the meeting's attention to OAD Section H2.1.1(i), which stated that by the end of September each year the NTS would provide forecast availability of NTS Offtake (Flat) Capacity, NTS Offtake (Flexibility) Capacity and Assured Offtake Pressures in respect of each NTS/LDZ Offtake, where not contained in the Offtake Capacity Statement. As far as BG was aware this had never been provided.

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

4. Any Other Business

None raised.

5. Date of Next Meeting(s)

The next Offtake Arrangements Workstream meeting will take place at 10:30am on Wednesday 04 July 2007, at the Renewal Conference Centre, Lode Lane, Solihull B91 2JR.

Appendix A: Action Log – UNC Offtake Arrangements Workstream 16 May 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1001	07/09/05	3.2 Topic 004OF	Draft a proposal for potential inclusion in the Offtake Communications (or other OAD subsidiary) Document on CV data for Network Planning.	Wales & West Utilities (LS)	Closed
OF 1009	1/2/06	2.2 Topic 005OF	Present potential adverse impact arising from low demand Day NTS offtake UNC provisions	DN reps (RCH co-ord)	Closed
OF 1010	1/2/06	2.2 Topic 005OF	Explain why low demand Day UNC provisions may still be required.	National Grid NTS (PG)	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 Agenda item 3.2
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 1020	28/2/06	2.1 Topic 007OF	Provide sample proforma for planning data exchange and consider codifying.	NG UKD (PR)	Closed
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.
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)	04 July 2007
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)	04 July 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1024	16/05/07	3.1	OAD Section F to be reviewed.	AR	04 July 2007
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?	SP	04 July 2007
OF 1026	16/05/07	3.2	Investigate if any further scope/the feasibility of moving demand forecasting dates	PR	04 July 2007
OF 1027	16/05/07	3.2	Look at changes required to Modification Proposal 0090.	MF	04 July 2007
OF 1028	16/05/07	3.2	Pressure - Look at merging reductions and increases together	BG	04 July 2007
OF 1029	16/05/07	3.2	Look at Long Term Development Statement (and fulfil a co-ordination role).	LS	04 July 2007
OF 1030	16/05/07	3.2	Establish the provision of information under OAD Section H2.1.1(i).	SP	04 July 2007

*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