

Minutes of the Offtake Arrangements Workstream
Wednesday 21 November 2007
31 Homer Road, Solihull B91 3LT

Attendees

John Bradley (Chair)	(JM)	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	(LD)	Joint Office of Gas Transporters
Alan Raper	(AR)	National Grid Distribution
Beverley Grubb	(BG)	Scotia Gas Networks
Claire Thorneywork	(CT)	National Grid NTS
Liz Spierling	(LS)	Wales and West Utilities
Paul Gallagher	(PG)	National Grid NTS
Richard Wilson	(RW)	National Grid NTS
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Simon Howe	(SH)	RWE Npower
Simon Trivella	(ST)	Wales and West Utilities
Stefan Leedham	(SL)	EDF Energy

Apologies

Mark Freeman	(MF)	National Grid Distribution
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1 Introduction and Status Review

1.1 Review of Minutes from previous meeting 08 August 2007

The minutes were accepted.

1.2 Review of Actions not covered elsewhere on the agenda

Action OF1017: Consider what (if anything) might be addressed in terms of investment lead-time. **Update:** Events had moved on and the group agreed to close this action. **Action closed.**

Action OF1018: National Grid NTS and Wales & West Utilities to produce a refined paper on relevant UNC provisions; **and Action OF1019:** National Grid UKD to produce an annotated planning process diagram using UNC provisions paper. **Update:** It was agreed to close these actions and, following on from PMB's agenda item delivered at the Offtake Committee today, consider combining to form a single action if still appropriate. **Actions closed.**

Action OF 1033: RP0131- SL to provide a revised version of EDF's proposed solution. **Update:** Covered at Agenda item 2.1. **Action closed.**

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:

- 0116A and 0116V "Reform of the NTS Offtake Arrangements" – all 0116 variants were to be reconsidered by Ofgem together with any new proposal(s) that may originate from Review Group 0166.

- 0131 “LDZ RbD Reconciliation Notification Process” - See item 2.1 below

The Topic Status Report was updated as follows.

- 001OF ‘NTS Exit Capacity Reform’ – A watching brief continues.
- 002OF ‘Distribution Interruption Reform – Consequential Impact on OAD’ – On hold. A watching brief continues. BG thought this may have been included in the legal drafting.
- 005OF ‘NTS-LDZ Operational Information for low demand Days’ - see Action OF1010 – carried forward.
- 007OF on ‘Gas Transporters cooperation on planning and investment in networks’ – no further update; see Action OF1017 at 1.2 above – closed.
- 008OF ‘Assured Offtake Pressure interactions’ – After a brief discussion the group agreed this could be removed from the Topic list.
- 009OF ‘Flow Weighted Calorific Value’ - see Action OF1031: AR will pursue and provide an update to the next meeting – carried forward.

2 Modification Proposals

2.1 RP0131: LDZ RbD Reconciliation Notification Process

2.1.1 EDF Presentation

SL gave an overview of the background and the outputs of Review Group 0131. Following the closure of the Review Group, EDF had worked on a draft Modification Proposal and an ancillary document (the guidelines). A discussion developed on the governance process. SL said that the intention was that this should sit under the Offtake Committee, but in practice the Offtake Arrangements Workstream may be the best forum in which to discharge this, with the Offtake Committee making the final decisions. At the request of at least one Transporter and two Users, a sub committee or focus group could be formed to discuss the error. It was pointed out that the Offtake Arrangements Workstream and the Offtake Committee do not perform the same functions. The Offtake Committee was concerned with implementing Transporter to Transporter procedures and processes, with other activities being dealt with by the Workstream.

The proposed process was aimed at providing opportunities for as much open discussion as possible early on, together with a robust methodology. This should mean that there would be no need to reopen lengthy discussions nearer the end of the process, unless unforeseen circumstances occurred.

There was some discussion on whether the guidelines should form part of the Proposal. It was acknowledged that as separate governance processes would apply to the separate documents there was a risk that one could be approved without the other; it would be preferred if consultation could therefore be informed by parallel provision of an agreed document to accompany the Modification Proposal and that both documents were supported by Shippers and Transporters.

2.1.2 Business Rules

The Business Rules were discussed. ST explained that the DNs had developed these more detailed rules following the conclusion of the Review Group and were continuing to look at the impacts on various parts of the UNC. Comments were welcomed. Some members said that they had not reviewed the document. SH made a few initial observations concerning the first pages and ST responded that the document was an

evolving draft. The first few pages had set the scene from the conclusion of the Review Group. The points SH had raised had in fact been dealt with later in the document.

The involvement of expert determination was discussed. PG commented that there was a debate about whether a person was an expert in the area to be reviewed, eg every type of meter. DNs were concerned about incurring the costs of expert determination when this may be considered unnecessary. SH was concerned that there may be instances when a preliminary investigation may reveal an error to be just under the 50GWh threshold, eg 49.5GWh. On further investigation the error might actually be greater than 50GWh. It was to be hoped that common sense would prevail and that these instances might be viewed with some measure of flexibility. SL pointed out that there were discrepancies in the draft Business Rules when compared with what had been agreed by the Review Group; for example the reference to 'parties' rather than 'Users', and queried why it was 3, rather than 2 as agreed at the Review Group. The DNs were concerned that they should not be forced down the route of spurious requests, which could be dealt with 'in house' by their own experts and were looking to reduce the risk of 'gaming' by any one particular party, which would create a perpetual loop. SL pointed out that the Shippers had expressed a wish to be a part of the discussions and involved in the drawing up of the Rules. It was acknowledged that the document need 'tidying up' and SH suggested this might include some means of identifying within the document what had been agreed at Review Group 131 and what was not aligned to those discussions.

2.1.3 Action OF 1022: "Formal proposal of Wales and West Utilities' suggestion to provide meter error information on a spreadsheet updated monthly and available on a website."

This spreadsheet, which accompanied the draft business rules, was discussed. ST explained that some additions had been made to fields that had not necessarily been agreed at Review Group 0131, but it was felt that these were positive additions and would provide the Shippers with better information. The spreadsheet was therefore agreed in principle subject to agreement of the final document. **Carried Forward**

2.1.4 Action OF1023: 0131 Meter Errors - DNs to outline the process followed in response to identification of a typical problem.

It was recognised that there was further work to be done on the document and in respect of any identified impacts on the Offtake Arrangements Document (OAD). The DNs were planning to hold a further session to achieve this and could incorporate appropriate parts of SL's guidelines document, with the aim of producing a supported document that was fit for purpose. SH welcomed this approach and commented that an understanding of any revisions would be helped by identification as such in the document, together with any additional changes that may require further resolution and agreement. SL had made a comparison of the Business Rules document with EDF's guidelines document and thought that any differences would be of a relatively minor nature. Comments on the current versions would be welcomed by the DNs. **Carried Forward**

Action OF1034: Shippers to provide any comments on both documents to the Joint Office by Wednesday 28 November 2007.

3 Topics

3.1 Topic 005OF: NTS-LDZ Operational Information for Low Demand Days

Action OF1010: National Grid NTS to explain why low Demand Day UNC provisions may still be required. **Update:** BG stated that a response to this had been sought from National Grid NTS over a lengthy period of time. The DNs would like to see these removed and if this was appropriate were willing to raise a Modification Proposal to do this. CT will follow this up with PG and provide an update to the next meeting. **Action carried forward.**

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

Action OF1026: Investigate if there is any further scope for, and the feasibility of, moving demand forecasting dates (PR). **Update:** It was agreed that there wasn't any further scope for moving forecasting dates without causing further issues. This action was therefore closed. **Action closed.**

Action OF1028: Pressure - Look at merging reductions and increases together (BG). **Update:** Agreed to close this action. **Action closed.**

Action OF1030: Establish the provision of information under OAD Section H2.1.1(i) (SP). **Update:** CT advised that this was being progressed by Steve Pickard, and a definitive interpretation being discussed with Legal. A note would be sent out to the DNs next week. **Action carried forward.**

Action OF1031: NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed. **Update:** AR will pursue this and will either produce a Modification Proposal or provide an update at the next meeting. The Group indicated that it would be happy for the Modification Proposal to proceed to consultation. **Action carried forward.**

4 Any Other Business

None raised.

5 Date of Next Meeting(s)

The next UNC Offtake Arrangements Workstream meeting will take place at 10:30 on 14 December 2007 in the **ICE BLUE ROOM** at Elexon, 350 Euston Road, London NW1 3AW. The primary focus of this meeting will be to review the draft Business Rules/Guidelines associated with Review Proposal 0131.

Action Log: UNC Offtake Arrangements Workstream 21 November 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 (CT/PG)	Update to be provided at next meeting. Carried forward
OF 1017	17/2/06	1 Topic 007OF	Consider what (if anything) might be addressed in terms of investment lead-time.	All	Closed
OF 1018	28/2/06	2.1 Topic 007OF	Produce refined paper on relevant current UNC provisions.	WWU (LS)& NG NTS (AF)	Closed
OF 1019	28/2/06	2.1 Topic 007OF	Produce an annotated planning process diagram using UNC provisions paper.	NG UKD (PR)	Closed
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)	Included in the draft business rules. Further development of the rules indicated. Carried forward
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)	Included in the draft business rules. Further development of the rules indicated. Carried forward
OF 1026	16/05/07	3.2 Topic 007OF	Investigate if any further scope/the feasibility of moving demand forecasting dates.	NG UKD (PR)	Closed
OF 1028	16/05/07	3.2 Topic 007OF	Pressure - Look at merging reductions and increases together.	SGN (BG)	Closed
OF 1030	16/05/07	3.2 Topic 007OF	Establish the provision of information under OAD Section H2.1.1(i).	NG NTS (SP/RH/CT)	Note to be sent out to the DNs, week commencing 26 November 2007 Carried forward

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
OF 1031	04/07/07	2.1 Topic 007OF	NG UKD to formally propose a UNC Modification Proposal amending UNC OAD Section F as agreed.	NG UKD (AR/PS)	AR to pursue – update to next meeting. Carried forward
OF 1033	08/08/07	2.1	Expert Determination: SL to provide a revised version of EDF's proposed solution.	EDF (SL)	Provided at the meeting 21 November 2007 Closed
OF 1034	21/11/07	2.1	0131 Draft Documents: Shippers to provide any comments on both documents to the Joint Office by Wednesday 28 November 2007.	Shippers	By Wednesday 28 November 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, CT – Claire Thorneywork