

## Offtake Arrangements Workstream Minutes

Monday 28 January 2008

Elxon, 350 Euston Road, London NW1 3AW

### Attendees

John Bradley (Chair)	(JB) Joint Office of Gas Transporters
Mike Berrisford	(MiB) Joint Office of Gas Transporters
Alison Chamberlain	(AC) National Grid Distribution
Claire Thorneywork	(CT) National Grid NTS
Keith Dixon	(KD) Northern Gas Networks
Liz Speirling	(LS) Wales & West Utilities
Mark Freeman	(MF) National Grid Distribution
Ritchard Hewitt	(RH) National Grid NTS
Richard Wilson	(RW) National Grid NTS
Stefan Leedham	(SL) EDF Energy
Stephen Rose	(SR) RWE Npower
Steve Sherwood	(SS) Scotia Gas Networks

### Apologies

Joel Martin	(JM) Scotia Gas Networks
John Costa	(JC) EDF Energy
Simon Trivella	(ST) Wales & West Utilities

## 1. Introduction and Status review

### 1.1 Minutes from previous meeting

Chair (JB) advised members that there were two sets of minutes for their approval, one set for the 21 November 07, and one set for the 14 December 07 (including review proposal 0131 guidelines - for which no comments had been received) meeting. Therefore, the minutes of both of the previous meetings were approved.

### 1.2 Review of Actions from previous meeting

Action OF1010: Chair (JB) informed members that this would be covered under item 2.1.4 on the agenda.

Action OF1022: Chair (JB) informed members that this action has already been covered in previous meeting discussions on UNC review 0131 "LDZ RbD Reconciliation Notification Process".

Chair (JB) asked, and members agreed, to close the action.

**Action:** Closed

Action OF1023: Chair (JB) informed members that 0131 meter error considerations had been included within the business rules.

Chair (JB) asked, and members agreed, to close the action.

**Action:** Closed

Action OF1030: WWU (LS) informed members that this is an SGN issue relating to their treatment of OAD information as NTS information (differences with the OCS

Statement – Long Term Forecasting). Discussions between the DNs and National Grid NTS are ongoing. SS added that NTS intend to provide SGN (Beverley Grubb) with information in due course.

Chair (JB) asked, and members agreed, to carry forward the action.

**Action:** Carried Forward

Action OF1031: Chair (JB) informed members that National Grid Distribution still intend to raise a UNC modification to amend the UNC OAD Section F. AJ agreed to progress chase this item and report back at the next meeting.

Chair (JB) asked, and members agreed, to carry forward the action.

**Action:** Carried Forward

Action OF1034: Chair (JB) informed members that whilst discussions are ongoing on this item, it is also to be discussed in the meeting.

Chair (JB) asked, and members agreed, to close the action.

**Action:** Closed

### 1.3 Review of Live Modification Proposals and Topic Status Report

Chair (JB) advised members that he had nothing specific to tell them, except that UNC modifications 0185/0185A “Meter Error Notification Process” & 0195 “Introduction of Enduring NTS Exit Capacity Arrangements” will be discussed elsewhere during this meeting.

The Topic Status Report was updated as follows:

#### Active

- 007OF – UNC modification 0174 “Revised Tender Timescales for DN Interruption Arrangements”, has now been implemented with effect from 06:00hrs on 01/04/08. When asked, members believed that there may still be some planning and investment discussions needed and therefore agreed to keep the topic open, and
- 009OF – National Grid Distribution (AJ) will provide an update in due course.

#### On Hold

- 002OF - National Grid Distribution (MF) suggested leaving on the report for visibility, and
- 008OF – Chair (JB) informed members that this is on the agenda for discussion at this meeting.

## 2. Topics

### 2.1 001 NTS Exit Capacity Reform

Chair (JB) informed members that Review Group 0166 “Review of necessary reform of NTS Offtake Arrangements” have now completed their work and following on from this, RWE has raised UNC modification 0195. He went on to point out that the DN's have three (x3) outstanding issues with the 0166 business rules.

#### 2.1.1 Pressure Provisions

SS informed members that he remains concerned at pressure notifications being provided at the same, or similar time as the flex information. However, members did acknowledge that providing the information would allow for sound consideration of pressure requirements.

### **2.1.2 Potential for NTS Offtake (Flexibility) capacity to be offered at zonal level**

Chair (JB) asked members whether achievement of this was important to all the DNs. LS responded that whilst she would like to aspire to NTS Offtake capacity being offered at a zonal level, she believes that this is not necessarily an issue for consideration under modification 0195 – perhaps a future modification could address this. SR informed members that he does not wish to introduce a zonal flex booking capacity into 0195 and has discussed this with SGN (B Grubb). MF pointed out that ‘zonal monitoring’ has been included within 0195, as result of a ‘straight lift’ from 0116CVV.

Chair (JB) enquired if National Grid NTS had a particular view on zonal flex being offered. RH responded that he has concerns monitoring at a zonal level and would need to consider if a new modification proposed this, although personally, he would prefer to keep it at a nodal level for the time being.

Chair (JB) asked whether or not a Transporter would be prepared to draft a new modification, to which LS advised that, at this moment, it is unclear what is required and can see little advantage in undertaking this work now. RH reminded members that there is a 3<sup>1/2</sup> year window before a provision will need to be in place. MF suggested that the drafting is partially completed under UNC modification 0116V anyway.

It was agreed therefore that the Workstream does not need to develop any proposals on this aspect of flexibility in the near future.

### **2.1.3 Ability to adjust enduring flat capacity bookings to match available flexibility**

In opening, SR asked if the problems potentially stem from flex booking in July, with confirmations of actual flexibility in September, to which SS agreed it was. Whilst noting that this is an NTS/DN issue, SR asked if bringing forward flex would help as this would allow flat capacity to be booked under the 0195 banner. MF responded by suggesting the adoption of a three tier approach.

RH indicated that in his view, he does not foresee a problem reopening flat capacity bookings after flex capacity booking have been completed, but warned that parity would need to be maintained between what is being released from the flat mechanism and what can be maintained within the flex mechanism. SR informed members that RWE would support the provision of a ‘2<sup>nd</sup> bite of the cherry’ approach for the DNs, although he remains concerned at how the Authority may view this.

LS pointed out to members that the Authority have been asking the DNs how the NTS pressure delivery potentially affects their flat/flex requirements. She gathered that there may be some aspects the Authority still needs to address prior to responding further..

RH added that as a general principle, a reopening mechanism would not be supported by NTS as they remain concerned, preferring a more specific solution. Chair (JB) asked what prevents the NTS providing pressure information to match Users’ requirements. RH replied that this issue lies in attempting to address the three variable components in the calculations. In reality, one part is always variable when the other two parts are set. (i.e. pressure = flat x flex).

Chair (JB) reminded all parties that a Uniform Network Code relevant objective seeks to ensure the coordinated, efficient and economic operation of the combined pipe-line system, and/ or the pipe-line system of one or more

other relevant gas transporters; and that this needs to be considered when developing modifications.

RH suggested that one obvious approach would be to fix pressure so that all parties to have set and consistent investment signals. Alternatively, SS suggested that if the DNs could adjust their requirements within the two week window period, this could provide a suitable solution. RH warned that this would potentially impact upon the analysis runs.

Chair (JB) suggested that the variation of flex/flat capacity, both in terms of frequency and extent, should influence the planning process within NTS and DNs. LS added that 'step change' issues have resulted in WWU having to go through the OCS process twice. RH added that he believes that network analysis is the real issue.

SR asked when the DNs receive their NTS flex indicators, which LS and SS confirmed as being 15 September in each year. RH reiterated his view that it is the variable component issue that is the main concern. SS provided an example of the problems encountered when he pointed out that if he wants 48bar pressure, and NTS inform him that he can only have 45bar. He has to then adjust his flat/flex requirements in an environment where the timing provision (window) is restrictive. RH countered by asking if the DNs are in position to provide their pressure requirements earlier in the process, to which LS voiced her concern that bringing the 'window' forward would impact on their (WWU's) DN Interruption Provision. SS added that he believes it is the 3yr period that is the concern here as it impacts upon their (SGN's) investment signals.

In summarising the discussions so far, Chair (JB) suggested that the DNs are looking for a solution whereby they will be able to reopen their flat/flex capacity booking window on 01/09 for a three week period if their pressure requirements has not been met by NTS. SS agreed that this would make most sense. Turning to SR, JB asked if he would be happy to consider this under 0195 development work, to which SR responded that if NTS and the DNs could provide some form of a proposal, which has the general support of the community (to avoid alternative modifications being raised), he would consider including a revised adjustment period as part of modification 0195. Continuing on this point, LS pointed out that in her view, flat capacity booking is not the issue, rather it is the unconstrained period which is the concern. RH clarified this statement by suggesting that the main issue here is one of having sufficient time to complete the necessary system analysis given the potential extent of the revised DN requests. Limiting the variability to a single aspect ie flat or flex can be accommodated in a 2/3 week window but a reassessment of both flat and flex would effectively be a return to the analysis required immediately following the original requests. As such, NGNTS would need a similar amount of time to complete the analysis to confirm that they could accommodate these revisions

Chair (JB) suggested that he would like to see this matter fully resolved before the next Transmission Workstream meeting on Thursday 07 February 2008. RH doubted that this was realistic, as NTS will need to undertake further consideration of this matter with the DNs before committing to it. He went on to remind members that as there exists a clear relationship between flex and flat, but the relationship between pressure and flat or flex is much less clear. He felt that if DNs were able to reopen both flat and flex requests then their ability to alter their bookings should be limited and therefore something would need to be developed for incorporation in to the 0195 business rules. SS responded by stating that in his view, incorporating a

specific business rule to 'cover' this was unrealistic, but a more 'general' one based on reasonable endeavours could suffice.

SR agreed to take an action to redraft modification 0195 to incorporate the views presented by this group (including its general support) and have this ready for consideration at the February Transmission Workstream meeting.

**Action OF1035: RWE Npower (SR) to redraft modification 0195 to incorporate the views of this group in time for it to be presented at the 07 February 08 Transmission Workstream meeting.**

#### **2.1.4 Low Demand Days (LDD)**

Chair (JB) opened by reminding members that this matter has been the subject of extensive discussion in the past.

RH advised members that NTS still believe that the provision of low demand days is necessary to enable NTS to satisfy its maintenance requirements and obligations. However, whilst acknowledging that a 'question mark' exists of whether or not, a low demand day has never been invoked, he recognises that like most Code provisions, they are there to be utilised only when necessary.

When asked, the DN representatives present indicated that they would like to see the 50% peak allowance removed completely, rather than simply amended. RH pointed out that removing the LDD provision would require NTS to build and invest in their system design and provisions accordingly and that this would result in NTS adjusting its charges to reflect this. Furthermore, he believes that under Code provisions, the expected DN performance is the same as that expected at DC offtakes i.e. flat. If the DNs wished to vary from this expectation then it would submit an Offtake Profile Notice request which would either be accepted or rejected based on the capability of the system.

MF asked why there is a difference between flat and flex booking periods; the current proposal allows flat capacity to be booked up to 6 years in advance. RH responded by stating his preference would be to stay with the 4 year booking (i.e. leave as is), adding that whilst sympathetic to the DNs needs, NTS have far less certainty of the distribution of 5/6 year flows and as such the availability of flex. He also acknowledges that the DNs could raise a modification to change this. However, he pointed out that there is more than just an Exit issue here as flow is also a concern. LS suggested that price control considerations add to the complexity as well. Additionally, differing NTS and DN commercial regimes also impact upon this area. MF added that the DNs will have to consider this matter in more detail, whilst being mindful of work already undertaken as part of 0195

In closing, MF stated that he believed the only way forward on this matter would be for the DNs to raise a modification to which NTS could then potentially respond or raise an alternate.

Action OF1010: Chair (JB) asked, and members agreed, to close the action.

**Action:** Closed

#### **2.1.5 Impact on Proposal 0195 "Introduction of Enduring NTS Exit Capacity Arrangements"**

Members agreed that this matter had been sufficiently discussed under item 2.1.3 above.

### 3. Matter for Consideration

#### 3.1 Meter Error Guidelines

##### 3.1.1. Proposal 0185 “Meter Error Notification Process”

Chair (JB) provided a brief overview of the process from UNC modification 0131 “LDZ RbD Reconciliation Notification Process” to 0185, which is currently out for consultation, which closes 08 February 08. Additionally, he pointed out to members that National Grid Distribution raised an alternate (0185A) on 24 January 08.

AC informed members that they (NGD) had raised 0185A to address concerns that consequential changes were required to the OAD which is included in the alternative Proposal. RW acknowledged that OAD changes had been recognised by the ‘wider’ audience. SL, whilst recognising these concerns, still believes that 0185 is the preferable choice.

##### 3.1.2. Consequential effects on OAD

LS opened by presenting a ‘marked up’ MS Word version of OADD Section 3 on screen for members to consider. She indicated that the proposed changes are based on discussions undertaken in July 07. In simple terms this includes a tidy up of the MER & SMER elements. The thinking behind the changes is to align the Transporter processes to the guidelines.

LS then went on to provide a brief review of the proposed changes. CT suggested that the dispute section needed to be retained, for MER, but not necessarily for SMER. Following discussion, LS agreed to take an action to amend the text.

CT believes that 0185A is sufficient to ‘cover’ the requirements for changing the OAD. AC however, suggested that further consideration of the OAD hierarchy is required before raising a further modification and that is why 0185A is merely a starting point. Whilst implementation of either 0185 or 0185A would be possible, she does believe that 0185A addresses process issues that 0185 would not. LS added that she supports National Grid Distribution’s view that an additional new modification may be required to complete the work.

CT highlighted the fact that definition changes will also need to be considered, along with any supporting process changes that may fall out of, or go back into, the OAD.

Chair (JB) voiced his concern that differences between the two modifications need to be identified, especially as the consultation window closes on 08/02/08. AC suggested that the intention of 0185A is already clear enough to enable informed responses to be made.

Jointly, JB and RH pointed out that the modifications could be subjected to a reconsultation process, especially if, EDF Energy would be prepared to vary 0185 to include some, if not all, elements of 0185A. SL declined the option, preferring to keep 0185 separate.

LS added that she believes that the vast majority of the definitions are already present within the guidelines and could be ‘lifted’ into the OAD. Furthermore, WWU are in a position whereby they could quickly develop legal text to support 0185A. JB advised that ‘suggested’ legal text would be sufficient for the Modification process and a ‘combined’ Draft Modification Report for 0185/0185A will be issued by the Joint Office shortly. LS enquired if the provision of suggested legal text for 0185A, in time for consideration at the

07/02 Panel meeting, would trigger a reconsultation, to which RH suggested that the option to extend consultation is also available.

**Action OF1036: WWU (LS) to update the 'marked up' text for 0185A in-line with comments received and table for further consideration at the next meeting.**

**4. AOB**

None.

**5. Diary Planning for Workstream**

Members agreed that the next Offtake Arrangements Workstream meeting will be arranged at a time when sufficient agenda items are tabled for consideration.

## APPENDIX A.

## ACTION LOG – UNC Offtake Arrangements Workstream 28 January 2008

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF 1010	01/02/06	2.2 Topic 005OF	Explain why low demand Day UNC provisions may still be required.	National Grid NTS (CT/PG)	Update provided. <b>Closed</b>
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)	Update provided. <b>Closed</b>
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)	Update provided. <b>Closed</b>
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)	Discussions between parties are ongoing. <b>Carried Forward</b>
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)	Update provided. <b>Carried Forward</b>
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	Completed. <b>Closed</b>
OF 1035	28/01/08	2.1.3	Redraft modification 0195 to incorporate the views of this group in time for it to be presented at the 07 February 08 Transmission Workstream meeting	RWE Npower (SR)	Update due at next meeting

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Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
OF 0136	28/01/08	.3.1.2	Update the 'marked up' text for 0185A in-line with comments received and table for further consideration at the next meeting.	WWU (LS)	Update due at next meeting

**\* Key to abbreviations of action owners:**

LS – Liz Speirling, PG – Paul Gallagher, BG – Beverley Grubb, RH – Ritchard Hewitt, AR – Alan Raper, CT – Claire Thorneywork, SP – Steve Pownall.. SR – Steve Rose