

Offtake Arrangements Workstream Minutes

Wednesday 30th November 2005

Ramada, Solihull

Attendees

John Bradley (Chair)	(JB)	Joint Office
Dennis Rachwal (Secretary)	(DR)	Joint Office
Steve Featherstone	(SF)	Scotia Gas Networks
Mark Freeman	(MF)	National Grid UKD
Liz Spierling	(LS)	Wales and West Utilities
Paul Roberts	(PR)	National Grid NTS
Iain Ward	(IW)	National Grid DNCC
Robert Cameron-Higgs	(RCH)	Northern Gas Networks
Dave Adlam	(DA)	National Grid NTS
Andrew Fox	(AF)	National Grid NTS
Bethan Winter	(BW)	National Grid DNCC
Nigel Sisman	(NS)	National Grid NTS

1. Status Review

1.1. Minutes from 2-Nov-05 Workstream Meeting

The minutes were accepted.

1.2. Review of Outstanding Actions

The Action Log from 2-Nov-05 has been updated. Two actions were deferred until February and the only other outstanding action from last month was closed by launch of IExCR re-consultation by National Grid NTS.

1.3. Review of Workstream's Modification Proposals and Topics

There were no changes to the Modification Status Report of 22-Nov-05.

The Topic Status Report was updated 5 December 2005.

- 001OF 'NTS Exit Capacity' – see item 2.1
- 005OF 'NTS-LDZ Operational Information for Low Demand Days'
 - National Grid UKD (MF) explained that Proposal 051 had to be withdrawn because it did not cover cases where there was anti-diurnal DN offtake and stated the intention to raise a proposal for January Panel such that it might be implemented for April.
- 007OF on 'Gas Transporters cooperation on planning and investment in networks' was scheduled for a target of February discussion and would encompass CV data, enabling Topic 004OF to be closed.
- 008OF 'Assured Offtake Pressure' – National Grid NTS (PR) indicated this would be held until after transitional arrangements for NTS Exit Capacity was resolved.

- Other topics closed were 003OF and 006OF since modification 045 was implemented and it was clear that any follow on actions from such implemented modifications would be a matter for the Offtake Committee.

2. Discussion of Topics

2.1. Topic 001OF NTS Exit Capacity Reform – Transitional – Mod 046

National Grid NTS (DA/PR) ran through a presentation that set out the context i.e. Proposal 046 and previous associated consultations, and went on to identify and outline the revised areas of its IExCR, namely definition of incremental exit capacity, and principles of associated ARCA governance, commitment and dispute. Representations were invited to arrive no later than Friday 23-Dec-05. This is the same date as close out for Ofgem's consultation on incentives, and PR indicated intention to issue an ARCA consultation soon that would also close out on 23-Dec-05.

In discussion:-

- i. PR emphasised that ARCAs for IExCR would seek to underpin just the National Grid NTS investment that was specific to one triggering incremental offtake capacity request.
- ii. it was acknowledged that the process for determining IExCR ARCA commitment would reflect the complexity of the relevant part of the NTS.
- iii. it was not clear at this time how ARCA commitments would be treated that ran over from the transitional to the enduring exit regime
- iv. PR confirmed that NG NTS envisaged specific reinforcements would not be zero rated in its regulatory asset base.
- v. SF expressed concern that IExCR ARCAs amounted to a take or pay arrangement and PR responded that Ofgem had raised concerns about risks of demand destruction leaving stranded assets. PR also pointed out that the IExCR proposals allowed ARCA commitment reduction by other capacity requests.
- vi. it was confirmed that it was envisaged that DN general load growth would be included in NTS ARCA commitment
- vii. RCH observed that proposed ARCAs were offtake specific whereas Ofgem's proposed incentives appeared to be by Exit Zone and this may need careful analysis for consultation responses
- viii. PR clarified that there was no specific intention to vary ARCA commitment in the event of variation of investment cost and there was no intention to seek payment for Feasibility Studies or Preliminary Works triggered by IExCR.

3. Schedule of Future Meetings

Date: Wednesday 4 January 2006

Venue: Solihull – detail to be confirmed

RCH indicated intention to raise a topic concerning UNC provisions and their application relating to inter-transporters sharing of invoice adjustment costs.

Action Log – **UNC Offtake Arrangements 2nd December 2005**

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)	Carry forward to Feb 06 and include within Topic 007OF
OF 1005	2/11/05	2.1 Topic 001OF	consider discussion points and launch re-consultation on IExCR noting that some parties would prefer more than 14 days and consider inclusion of the principles of ARCAs and capacity triggers	National Grid NTS (PR)	Closed. Re-consultation issued with reps close out 23-Dec-05
OF 1006	2/11/05	2.3 Topic 008OF	develop a paper or proposal to define and progress resolution of the Topic on Assured Offtake Pressure	National Grid NTS (PR)	Carry forward to Feb 06