

Shrinkage Forum Minutes
Thursday 22 June 2006
Elxon, 350 Euston Road, London

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Brian Stoneman	(BS)	Northern Gas Networks
Clive Whitehand	(CW)	Advantica
David Gower	(DG)	Advantica
Graham Wood	(GW)	BGT
Helen Cuin	(HC)	Joint Office
John Bradley	(JB)	Joint Office
Jonathan Dennett	(JD)	National Grid UK Distribution
Julian Skinner	(JS)	Scotia Gas Networks
Lewis Hodgart	(LH)	Ofgem
Liz Spierling	(LS)	Wales & West Utilities
Marie Clark	(MC)	Scottish Power
Mark Jones	(MJ)	Scottish & Southern Energy
Mike Young	(MY)	BGT
Neil Dalley	(ND)	Wales & West Utilities
Peter Dickinson	(PD)	Ofgem
Paul Garde-Hansen	(PG)	National Grid UK Distribution
Bob Hetherington	(RH)	Scotia Gas Networks
Simon Howe	(SH)	RWE Npower
Stephanie Wong	(SW)	Ofgem

1. Introduction and Status Review**1.1 Introduction**

TD welcomed attendees to the meeting and explained that the main purpose was to review the shrinkage factors proposals which the DNs had to finalise by 30 June.

1.2 Minutes of Last Meeting

The minutes from the LDZ Shrinkage Forum held on 23 March 2006 were accepted without amendment.

1.3 Review of Actions Outstanding

TD reviewed actions from the previous meeting (see Action Log).

SF 004 - Theft of Gas - statistics for capped off meters - Northern Gas Networks (BS) to discuss this topic with xoserve to ascertain whether they have undertaken any work in this field, and also whether any data is available that can be shared.

BS gave a presentation on this. He had spoken to xoserve and found that a full data survey on capped meters would be manually intensive. NGN

was, however, able to present statistics of unregistered meters under three categories. M Number Creations, Connections and Disconnections and Code 12.

MY, whilst recognising that this was not strictly theft, still considered this as unaccounted for gas, which would flow into the RbD calculations. He asked how this should be accounted for and how the relevant industry parties should be incentivised to control the issue. He believed that Transporters were the only party that had visibility of the situation, through xoserve. JD emphasised the small number of supply points involved. SH believed the numbers had been much higher and this might indicate action had been undertaken by the Transporters.

SH raised the prospect of unknown sites. JD suggested that these were by definition unknowable and DNs were, therefore, limited in their ability to carry out assessments of the impact such sites would have on shrinkage. MY responded that Networks should be concerned for Health and Safety reasons if gas was being taken illegally. BS stated that xoserve had done an exercise on an admittedly small sample of potentially anomalous properties (addresses without a registered supply in streets where other addresses were registered), but had not found any instances of unknown gas supplies. MY suggested an investigation of a larger sample would be beneficial for all parties including Transporters. JD asked whether Shippers would be prepared to fund such a survey. He estimated that there would be potentially hundreds of thousands of properties that would need to be visited, and for which magistrates would be at best reluctant to issue a warrant. JD stated that mains renewal would reveal any previously unregistered supply points.

SH summarised the project Delta investigation, which had originally looked at a few million potential supply points but had narrowed this down to 50,000. The sample of 50 unregistered addressees in North London was taken from this 50,000.

Action SF011 - SH to circulate his notes of Project Delta to Shrinkage Forum Members through the Joint Office circulation list.

SF 006 - Gas Safety Regulations (GSR) Cut Off Information - Wales & West Utilities to check (with xoserve) how many meters expected to be disconnected under GSR are subsequently found to be flowing gas.

LS stated that xoserve did not have this information but could collate it on behalf of the Networks. BS stated that NGN's information had been collated by xoserve.

Action SF012 - Transporters to collate available GSR Cut Off information for forum later this year.

SF 008 - Own Use Gas Project – Transporters to begin to collect meter readings from all pre-heater sites that are metered and visited.

BS gave a presentation on NGN's position and stated that the process had commenced. LS stated that WWU were collecting the same information but needed to revalidate some meters. SGN were unable to

report on this. JD stated that NGUKD were carrying out an investigation but that all meters were old and would need revalidating if readings were to be relied on. Until they were validated, NGUKD would not be taking meter readings.

Post Meeting Note:

Action SF008

Scotia Gas Networks have started to collect meter readings from pre-heater sites that are metered and visited.

SF 009 - Own Use Gas Project – Transporters to provide more detailed information on each pre-heater site (size and composition), to be available for discussion at the next meeting

BS presented the Northern Gas Networks position on pre-heaters. LS reported WWU had 197 installations of which 90% were metered. SGN were unable to give any data. JD presented a summary of the pre-heater population within NGUKD.

Post Meeting Note:

Action SF009

The type, number and capacity of SGN's pre-heaters are as follows;

Type of Gas Fired Heater	Number	Total Capacity (MW)
<i>Electric</i>	12	0.27
<i>Modular</i>	272	39
<i>Water Bath</i>	134	72
Total	418	111

SF010 - Joint Office to add iGT Shrinkage to Agenda for next meeting

This had been placed on the agenda

Action Closed

2. Topics

2.1 Own Use Gas Project Update

DG gave this presentation. The pre-heater report has been sent out to the DNS. He gave a summary of previous Advantica reports on this subject. He then outlined the recently conducted sensitivity studies. In terms of the influencing parameters, flow had no influence and inlet temperature had a small influence. Inlet and outlet pressure were not likely to change as these were parameters set by the networks. The Advantica conclusion was, therefore, that ground temperature and thermal efficiency had the greatest influence. JD pointed out that, as this was a theoretical model, it was applicable to all Networks even though the work had been based solely on SW installations.

2.2 Initial Proposals

2.2.1 Northern Gas Networks

BS stated that NGN had expended considerable efforts in checking the mains and service data and thus had increased confidence in its data. NGN had replaced more low-pressure main than in the previous year. Changes in the analysis process and training for personnel had led to increases in the MEG concentration levels. MY asked whether the difference in the AGI losses were due to the exclusion of National Grid metering sites. BS responded that this was a factor. Whilst NGN was considering the impact of the Advantica report, its inclination was to retain 0.035% as the factor for own-use gas. NGN's factors were based on consumptions derived from 17 years of weather data. However, NGN will be revising its consumption estimates to align it with the National Grid NTS forecast.

2.2.2 Wales and West Utilities

ND gave this presentation. WWU had continued to use the old Transco methodology. ND mentioned that 2005 figures for WN and WS represented the assessed assets whereas previously the split had been based on throughput. WWU had also excluded National Grid metering sites and was proposing to retain the existing own-use gas percentage. WWU was reviewing its pressure control systems in WN in order to reduce leakage. WWU also used consumptions based upon 17 years of weather data but will be revising its consumption estimates to align with the National Grid NTS forecast.

2.2.3 National Grid UK Distribution

JD gave this presentation. National Grid now included the length that had already been renewed. This was a change from previous years where an older data set had been used. The working losses had not been excluded from AGI installations and venting incidents had been identified separately. National Grid UKD was proposing to take advantage of Advantica work on own-use gas and had applied a figure of 0.012%. For annual consumption, National Grid UKD was using forecast data provided by National Grid NTS.

2.2.4 Scotia Gas Networks

SGN did not have a presentation. The Shrinkage factor for Scotland showed an increase from 0.537 to 0.553, South Eastern had increased from 0.666 to 0.72 and Southern had reduced from 0.782 to 0.74. The reduction in Southern was due to a reduction in operating pressure. SGN had increased the allowance for venting from 84 to 206 tonnes to reflect operational experience, not least the Inverkeithing incident discussed at a previous meeting. SGN had also applied 17 years of weather data. Own Use Gas had been retained at 0.035 but they were looking at the Advantica data.

PD asked about the National Grid metering sites. WWU and NGN had not included them. NGUKD suggested that these sites had never been

included. MY expressed concern that these losses would be borne by RbD even though he acknowledged it was valid to exclude them from DN calculations. TD suggested that the proposals from each DN should clarify this issue.

2.3 Independent Gas Transporters (IGTs) and Shrinkage MY emphasised the increase in the scale of IGT networks and was concerned that no allowance was made for shrinkage within these systems. JD reiterated the concern and pointed out that IGTs were gaining a revenue benefit under their formula and therefore should contribute to shrinkage. MC had raised a UNC Modification Proposal to oblige IGTs to enforce the NExA requirement to submit shrinkage volumes so that an appropriate allowance could be made. JD acknowledged this but preferred that IGTs should do the same exercise as the DNs, rather than expect the DNs to enforce the NExA. MC reminded the meeting that IGTs were committed to producing a uniform IGT network code and discussions on this were proceeding. PD offered to ensure that shrinkage aspects would be considered within Ofgem's review of IGTs. **Action SF013 - PD to ensure that shrinkage is included within the list of IGT issues being reviewed by Ofgem and provide an update to the next meeting.**

3. Any Other Business

The next Shrinkage Forum meeting has been arranged for 14.00hrs on 10 August 2006 at the Elexon Offices, 350 Euston Road, London to discuss the Transporters Shrinkage Proposals. TD stated that if no concerns were raised, this would be cancelled.

Action Log – Shrinkage Forum – 22 June 2006

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
SF004	14/12/05	2.2	Theft of Gas - statistics for capped off meters - Northern Gas Networks (BS) to discuss this topic with xoserve to ascertain whether they have undertaken any work in this field, and also whether any data is available that can be shared.	Northern Gas Networks (BS)	Information shared on 22/06/06. Action Closed.
SF006	23/03/06	2.1	Gas Safety Regulations (GSR) Cut Off Information - Wales & West Utilities to check (with xoserve) how many meters expected to be disconnected under GSR are subsequently found to be flowing gas.	Wales & West Utilities (LS)	Information shared on 22/06/06. Action Closed.
SF008	23/03/06	2.3	Own Use Gas Project – Transporters to begin to collect meter readings from all pre-heater sites that are metered and visited.	All Transporters	Information shared on 22/06/06. Action Closed.
SF009	23/03/06	2.3	Own Use Gas Project – Transporters to provide more detailed information on each pre-heater site (size and composition), to be available for discussion at the next meeting.	All Transporters	Information shared on 22/06/06. Action Closed.
SF010	23/03/06	3.1	Joint Office to add iGT Shrinkage to Agenda for next meeting.	Joint Office (LD)	Included on agenda. Action Closed.
SF011	22/06/06	1.3	Circulate notes of Project Delta to Shrinkage Forum Members through the Joint Office circulation list.	RWE (SH)	
SF012	22/06/06	1.3	Collate GSR Cut Off information for forum later this year.	All Transporters	
SF013	22/06/06	2.3	Ensure that shrinkage is included within the list of IGT issues being reviewed by Ofgem and provide an update	Ofgem (PD)	

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			to the next meeting.		