

UNC Shrinkage Forum Minutes Tuesday 27 August 2019 Teleconference

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Kully Jones (Secretary)	(KJ)	Joint Office
Colin Wainwright	(CW)	SGN
Gregory Edwards	(GE)	Centrica
Ian Bagworth	(IB)	Ofgem
Ian Dunstan	(ID)	Wales & West Utilities
Mark Jones	(MJ)	SSE
Peter Morgan	(PM)	SGN
Paul O'Toole	(PO'T)	Northern Gas Networks
Shahin Ali	(SA)	Wales & West Utilities
Stuart Williams	(SW)	AiGT

Apologies

Kirsty Dudley	(KD)	E.ON
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/sf/270819>

1. Introduction and Status Review

Alan Raper (AR) welcomed all to the meeting and invited introductions.

1.1. Approval of Minutes (27 March 2019)

The minutes of the previous meeting were approved.

2. AiGT Shrinkage Analysis Update

Stuart Williams (SW) provided an update on the on-going work in relation to estimating leakage rates for IGT networks. He reported that the AUG Expert (DNV-GL) has been engaged to assist with this project. The analysis will be carried out using 2002 data. He added that AiGT members are also being canvassed to provide their own data into the assessment, but this is taking longer than expected as some clean-up work is necessary to ensure data provided is presented consistently to allow accurate comparisons to be made. The work is being managed through the AiGT Technical Group and the findings will jointly be presented with DNV-GL. The analysis is expected to take 3-4 months with a report to be available by the end of 2019 or beginning of 2020.

3. Shrinkage and Leakage Report Consultation Update

Shahin Ali (SA) provided a brief update on the annual Shrinkage and Leakage report which usually closes in December. He reminded Shippers that there is an opportunity to input into the 2019 Shrinkage and Leakage consultation review.

New Action 0801: Shippers to provide any feedback to inform the Shrinkage and Leakage Consultation Review.

4. Theft of Gas Methodology Review

SA provided a brief walkthrough of the presentation titled Theft of Gas Review. He reminded participants that Theft of Gas is calculated within the Shrinkage model and accounts for unidentified theft that occurs upstream of the ECV. He added that it not practical to investigate all meter-points and the current estimate derived in 2005 is 0.02% of throughput.

He said the key challenges were around the difficulty of measuring Theft of Gas and that the current methodology gives an inflated Theft level. He added that, upstream theft is related to throughput, networks can benefit from a mild winter. He showed a slide to illustrate Theft of Gas performance and added that DNs don't have any influence on the Theft of Gas.

In order to remove the direct link between throughput and upstream theft, SA requested Shippers views on the 3 options (slide 5).

- Review current ToG factor with key stakeholders;
- Remove ToG from the Shrinkage incentive;
- Consider influence of large loads, particularly those connected directly to the LTS network

New Action 0802: Shippers to provide comments on Theft of Gas and the three options for consideration presented in slide 5.

Ian Dunstan (ID) suggested that it would be helpful to understand Ofgem's thinking on how incentives will work for GDNs. He added that there is little linkage between the Shrinkage Forum and GDPR2.

Ian Bagworth (IB) confirmed Ofgem were considering Theft of Gas is handled in the shrinkage model.

5. GDPR2 REPEX Update

Ian Dunstan (ID) said that at the last meeting there had been a request from Shippers to have more information in relation to GDPR2. He said that the second version of GDPR2 has been submitted with the final version expected to be ready in December. Detailed workloads are not included at this stage.

He added that a lot of work is being done in relation to HSE and the 3030 programme still stands. GDPR2 includes broadly similar workload assumptions as GDPR. Frontloading the programme to help achieve the 2032 deadline was discussed but agreed as not appropriate at this stage. It is likely most GDNs will plan to replace more steel as this is deteriorating and is on the agenda of the HSE.

He also said that a lot of work is being done with Gas Networks in relation to steel as increased failures are being observed across Networks. HSE will not mandate a programme of work for steel in the same way as they have for iron. Ofgem would need justification via a case by case, cost benefit analysis. He suggested that there is likely to be an increase in cases for steel replacement but it is not clear what Ofgem will set these allowances.

Peter Morgan (PM) reported that the picture is similar for SGN.

6. Review of outstanding actions

1101: GDNs to provide an update on the interference Damage consultation at the December meeting.

Update: AR recommended that this is closed as the consultation for 2018 has now closed.

Closed

0301: GDNs to provide an update on the status of the GDPR2 REPEX discussions for the August meeting.

Update: This was covered as part of agenda item 5.0. **Closed**

0302: Wales & West Utilities (SA) to produce an overview document regarding potential changes to the Theft of Gas Methodology for discussion at the August meeting.

Update: This was covered as part of agenda item 4.0. **Closed**

7. Any Other Business

None

8. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

Post meeting update: Some future dates have been adjusted as shown below:

Time/Date	Venue	Programme
10:00, Friday 29 November 2019	Teleconference	Agenda to be confirmed
09:30, Wednesday 16 December 2019	Teleconference	Agenda to be confirmed

Action Table (as at 27 August 2019)					
Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
SF1101	21/11/18	6.1	GDNs to provide an update on the interference Damage consultation at the December meeting.	GDNs	Closed
SF0301	27/03/19	3.0	GDNs to provide an update on the status of the GDPR2 REPEX discussions for the August meeting.	GDNs	Closed
SF0302	27/03/19	4.0	Wales & West Utilities (SA) to produce an overview document regarding potential changes to the Theft of Gas Methodology for discussion at the August meeting.	Wales & West Utilities	Closed
SF0801	27/08/19	3.0	Shippers to provide any feedback to inform the Shrinkage and Leakage Consultation Review.	Shippers	Pending
SF0802	27/08/19	4.0	Shippers to provide comments on Theft of Gas and the three options for consideration presented in slide 5.	Shippers	Pending