

UNC Offtake Arrangements Workgroup Minutes
Wednesday 26 October 2022
via Microsoft Teams

Attendees

Eric Fowler (Chair)	(EF)	Joint Office
Karen Visgarda (Secretary)	(KV)	Joint Office
Catherine Litster	(CL)	Wales & West Utilities
Christopher Syrett	(CS)	E.ON
Daniel Wilkinson	(DW)	EDF Energy
Darren Dunkley	(DD)	Cadent
David Ransome	(DR)	Cadent
Fiona Cottam	(FC)	Xoserve
Hilary Chapman	(HC)	SGN
Kirsty Dudley	(KD)	E.ON
Mark Jones	(MJ)	SSE
Phillipa Burton (part)	(PB)	Scottish Power
Richard Pomroy	(RP)	Wales & West Utilities
Shiv Singh	(SS)	Cadent
Simon Howard	(SH)	Cadent
Stephen Ruane	(SR)	National Grid
Steve Mulinganie	(SM)	SEFE Energy Ltd
Tom Stuart	(TS)	Wales & West Utilities
Vera Li	(VL)	Joint Office
Zoe Thorpe	(ZT)	National Grid

Please note these minutes do not replicate the detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: <https://www.gasgovernance.co.uk/OA/261022>

1. Introduction and Status Review

Eric Fowler (EF) welcomed all parties to the meeting.

1.1 Approval of Minutes (24 August 2022)

The minutes from the previous meeting were approved.

EF explained the September meeting had been previously cancelled.

1.2 Approval of Later Papers

EF confirmed there was one late paper in relation to the EA018 - Royston Significant Measurement Error (SMER).

1.3 Review of Outstanding Actions

Action 0302: E.ON Energy (CS) to provide further analysis, if possible, on the potential impact of gas price fluctuations for Measurement Errors.

Update CS has a colleague in mind to pick this up as a project so suggested carrying forward to report possibly in new year. **Carried Forward**

0502: *Reference End-to-End Communication Process / Timeline* – DNs to consider E.ON proposals and provide a view at the July meeting.

Update: GDNs had provided comments to the Joint Office suggesting that this would be better considered in the light of conclusions from current investigations. RD confirmed that Cadent has commissioned an external audit of its arrangements for offtake metering. SM suggested that 0502 be closed and replaced with a reworded action to review the outcome of the external audit and take forward any recommendations for changes to the Reporting Guidelines. **Closed**

New Action 1001: Workgroup Participants to review and consider the outcome of the external audit (when available) and take forward any recommendations for changes to the Reporting Guidelines.

0701: Joint Office (AR) to clarify the accounting arrangements for non-NTS to LDZ inputs (LDZ direct inputs).

Update: EF confirmed that AR had investigated the accounting arrangements for non-NTS to LDZ inputs and these were outlined as follows:

Meter Errors at LDZ Direct Inputs:

- Corrected Quantities will be recovered / distributed to shippers on the relevant LDZ as UIG
- Counter-party will be the Inputting Shipper(s) at the LDZ Entry Point.
- Failure to collect from LDZ Shipper(s) processed as per NTS / LDZ Input Errors
- Failure to collect from Inputting Shipper(s) processed through neutrality
- Possibly could be made clearer by amending TPD E7.3 to reflect above

There were no further questions from Workgroup Participants and it was agreed the action be closed. **Closed.**

Action 0108: Cadent (DR) to provide an update on the improvements that are being made for early identification of Meter Errors. Update expected October 2022.

Update: DR explained that work had taken place on understanding and reviewing the ME2 data sets and improvements had been made to the standard operating procedures, including setting a lower threshold for investigation of errors and validation of data for the control centre. DR noted that the next step was in relation to the UIG data to align it with forecast data.

DR stated that there had been a need to commission the Control Room as the Control Centre had been moved from Hinckley to Coventry and that this had successfully gone live on Tuesday 25 October 2022. This exercise had left little availability recently for the ECC to follow up on ME2 but that work will now pick up.

EF said that he presumed the main area of concentration so far had been regarding Orifice Plates and that the Workgroup previously had suggested that the scope be widened to include the overall data validation to identify other types of meter errors. DR confirmed that Cadent were looking at this and other metering variations, for example, the impact of temperature or changes in large user consumption has on the flow through a particular offtake.

Zoe Thorpe (ZT) explained that National Grid had done a rough estimate on Thornton Curtis and the UIG was still high during the summer months even with the Thornton Curtis quantity excluded – April to September, which she thought was suggesting was a meter error. ZT asked if Xoserve had any calculations regarding the meter errors to rule some out. Fiona Cottam (FC) stated that the UIG was being monitored and the unusual levels may be due to enforced conservation as the AQ's are historic and don't reflect current different behaviour

. EF asked if the discrepancy in UIG is comparable across all LDZs, FC stated nothing specific was standing out in this regard.

Steve Mulinganie (SM) asked if Xoserve had spotted the Royston Significant Meter Error (SMER) or had it been picked up by the Networks. FC stated that Xoserve had not been aware of it and that Cadent had found it. FC advised she was going to speak to the Demand Team in Cadent to understand how they found it. ZT noted that the Royston issue had subsequently increased the level of UIG, but it had not previously stood out.

EF suggested that the specific action be closed but that the Workgroup may welcome a periodic update from Networks on any improvement initiatives or actions that are identified. This would give some assurance that continuous improvements are being sought. DR said that he was happy to keep this topic on the agenda as a 'watching brief' with a quarterly update and so any new initiatives or improvements could also be shared. Action **Closed**.

New Action 1002: Joint Office (EF) to add agenda item for January Meeting 'Update of actions to identify Meter Errors' due – Jan. '23

Action 0208: Distribution Network Operators to confirm their preference of the solution options as per below to Darren Dunkley, Darren.Dunkley@cadentgas.com by 08 September 2022:

Option 1 - As OAD will require legal text amendments to support the new process and subsidiary document, a new clause can be included within Section N3.3 (Execution and Amendment of Supplemental Agreements) that will formally close, supersede or terminate the previous SA; or

Option 2- the recitals for all four Supplemental Agreement templates can be revised so that they contain the appropriate provision(s).

Update: Shiv Singh (SS) noted that this action was from the August meeting and requested an update on the Supplemental Agreement and if the Modification could now be raised.

DD said that it was the aspiration of Cadent to now raise the Modification and submit it to the Panel in November 2022. This action was then closed. **Closed**

Action 0308: Cadent (DR) to make the small amendments identified to the Terms of Reference, issue the revised version to Workgroup participants and request comments back by close of play Friday 26 August 2022 to Simon Howard and Guv Dosanjh.

Update: Workgroup Participants confirmed that this had occurred ex-committee. **Closed**

2. Pre-Modification Discussions

None.

3. Significant Measurement Error Update EM009 – Alrewas EM MTD

3.1 Update on application of correction

EF confirmed that this SMER was finalised at the August meeting and FC concurred with this comment and confirmed it was now closed and would be appearing on the September amendment invoice.

SM thanked Xoserve for the additional notification of the correction.

4. Significant Measurement Error Update EM011 – Thorton Curtis

4.1 Update on appointment of ITEs

David Ransome (DR) confirmed 1 ITE had already been appointed and the contract was signed 3 weeks ago and the process was about to commence.

DR explained the other ITE was now being processed through the internal contractual procedure. DR added that discussions would take place regarding the integration of the work carried out by both ITE's.

DR noted that the delay in securing the ITE appointment means there was likely to be a month delay on the issue of the report, however it would be delivered prior to the end of the financial year end, which would be more towards the end of February 2023.

5. Significant Measurement Error Update EA018 -Royston Measurement Error

5.1 New significant Measurement Error

DR explained this issue was regarding a small offtake in the East Anglia Network and had been discovered during a pre works check, which highlighted an incorrect data point in the flow computer. DR advised, an incorrect figure of 10 had been entered into the atmospheric pressure data point instead of the correct value of 1.01325, which is the standard value of atmospheric pressure at sea level.

DR noted that the initial estimate is in the region of 30% of error reported in volumes. DR added that this could have been caused by human error or by a process change within the flow computer itself. The site has an Omniflow computer which is a legacy model of old flow computers. DR confirmed that the majority of these were now being upgraded over the next 18 months. Christopher Syrett (CS) asked if this issue was just concerning a single meter stream at Royston and DR confirmed that it affects the flow computer so is in relation to the two turbine installations.

CS said that he understood that the Shippers had overpaid by 30% which was a substantial sum of approximately £3.9million. Kirsty Dudley (KD) asked if there were any other typos in the data affecting the portfolio. DR stated that flow computers hold thousands of parameters and all the other sites were being checked regarding this specific parameter in the flow computers.

KD said in this instance the figure was a 30% credit to the Shippers, but it could easily have been a debit and she found this very concerning indeed, especially in relation to the correct fitting of the Orifice plates and issues with the technical data process. DR reiterated that Cadent were re-checking site parameters in flight and analysing the configurations.

Simon Howard (SH) concurred with DR and said that Cadent were satisfied with the configurations and site areas. KD proposed that this all needed to be independently verified and DR confirmed that the investigation is going to be undertaken by Kelton, as they are familiar with the Cadent processes and data.

SM stated that if a Shipper had overbilled a customer by 30% then there would be some very stern and awkward conversations being undertaken, especially overpaying by 165gigawatts. DR stated that an audit was taking place on all the interactions of the metering system, and the pre and post works overviewed, as to what could go wrong, with the appropriate mitigation and resolution plan. SM asked if the audit was listed in the Terms of Reference (ToR) for the ITE and if the ToR also listed the lifecycle of the process.

DR stated there were various improvements and changes that were required to the ToR and SM stated that a clear resolution plan, updated ToR and a comprehensive audit plan was essential to ensure Shippers were not overcharged again by 30% due to errors. KD concurred with these comments and added that these types of errors were happening way too often and that it was unacceptable.

New Action 1003: Cadent (DR) to provide feedback on how the Cadent Audit process will be shared and communicated with all the Networks.

A brief general discussion took place, and it was agreed that a fundamental overview of every point in the metering process should be undertaken across all the Networks.

New Action 1004: All Networks to conduct an audit of the meter point process and share findings.

ZT said that National Grid had received validation reports for all the DN's, and it was the DN's obligations to review the reports and look out for tolerance issues and meter bias. ZT explained that discussions could only take place when the validation reports had been received in order to assess the data, configuration flows and what meters had been removed and replaced. ZT noted that some of the reports were more in-depth than others, and that discussions would be undertaken with all asset owners, which would provide an extra layer of validation.

Catherine Lister (CL) noted that nothing specific was in place from a Wales & West Utilities perspective, but that areas were monitored for SMERs and she was happy to look at this in the future.

DR advised that Cadent were more than happy and willing to engage in discussion with their Network peers and share their Lessons Learnt documentation. SM proposed that the Cadent audit should be shared with other Networks external to Cadent to seek views and collaborate in one overall exercise.

DR reiterated the procedure with regards to the threshold for a Significant Meter Error (SME) being > 50, and he noted that it was not clear in the generic guidelines. DR confirmed that Kelton would be investigating the Royston SMER and KD noted this was a sensible approach. DR said that Kelton would be appointed quickly, and he was hopeful for a report prior to the end of the financial year in April 2023.

FC advised the timelines were tight for the experts report and she overviewed the required governance process. DR stated that no site visits were required as it was a data issue and that he was confident it could be achieved by the end of March 2023, even though it would miss the end of the 2022 financial year.

New Action 1005: Cadent (DR) to provide the scope for the auditing exercise to be discussed with the Networks.

Christopher Syrett (CS) queried if Thorton Curtis and Royston would get separate reconciliation data reports and hence 2 separate invoices, and FC confirmed that this was correct.

6. Measurement Error Notification Guidelines Review

6.1 Requirement for Two Independent Technical Experts (ITEs)

EF noted the previous discussions at the August meeting and added that the Performance Assurance Committee (PAC) had not identified any specific driver to alter the trigger values for the appointment of two ITEs. EF proposed that a broader discussion was required at the next meeting regarding a review of the guidelines document.

7. Any Other Business

7.1 Draft Modification DNOs

Shiv Singh discussed the status of the draft Cadent Modification, as referred to above in (*Action 0208*)

8. Diary Planning

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

EF suggested there was now a requirement for subsequent meetings as the new Modification was being submitted to November 2022 UNC Modification Panel, the dates below were discussed and approved by the Workgroup.

Time/Date	Paper Publication Deadline	Venue	Programme
10:00 Thursday 08 December 2022	17:00hrs 30 November 2022	Microsoft Teams	<ul style="list-style-type: none"> Review of Audit processes ITE investigation progress/update

1:00pm Monday 16 January 2023	17:00hrs 06 January 2023	Microsoft Teams	TBC
10:00 Thursday 09 February 2023	17:00hrs 01 February 2023	Microsoft Team	TBC

Action Table (as of 26 October 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
0302	23/03/22	3.0	E.ON Energy (CS) to provide further analysis, <u>if possible</u> , on the potential impact of gas price fluctuations for Measurement Errors.	E.ON Energy (CS)	October 2022	Carried Forward
0502	25/05/22	4.4	<i>Reference End-to-End Communication Process / Timeline</i> – DNOs to consider E.ON proposals and provide a view at the July meeting.	DNOs	July 2022 October 2022	Closed
0701	27/07/22	1.3	Joint Office (AR) to clarify the accounting arrangements for non-NTS to LDZ inputs (LDZ direct inputs).	Joint Office (AR)	August 2022 September 2022	Closed
0108	24/08/22	1.4	Cadent (DR) to provide an update on the improvements that are being made for early identification of Meter Errors. Update expected October 2022.	Cadent (DR)	October 2022	Closed
0208	24/08/22	2.1	Distribution Network Operators to confirm their preference of the solution options as per below to Darren Dunkley, Darren.Dunkley@cadentgas.com by 08 September 2022: Option 1 - As OAD will require legal text amendments to support the new process and subsidiary document, a new clause can be included within Section N3.3 (Execution and Amendment of Supplemental Agreements) that will formally close, supersede or terminate the previous SA; or Option 2- the recitals for all four Supplemental Agreement templates can be revised so that they contain the appropriate provision(s).	DNOs	October 2022	Closed
0308	24/08/22	4.1	Cadent (DR) to make the small amendments identified to the Terms of Reference, issue the revised version to Workgroup participants and request comments back by close of play Friday	Cadent (DR)	October 2022	Closed

Action Table (as of 26 October 2022)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Target Date	Status Update
			26 August 2022 to Simon Howard and Guv Dosanjh.			
1001	26/10/22	1.3	Workgroup Participants to review and consider the outcome of the external audit (when available) and take forward any recommendations for changes to the Reporting Guidelines.	Workgroup Participants	November 2022	Pending
1002	26/10/22	1.3	Joint Office (EF) to add agenda item for January Meeting 'Update of actions to identify Meter Errors' due – Jan. '23	Joint Office (EF)	November 2022	Pending
1003	26/10/22	5.1	Cadent (DR) to provide feedback on how the Cadent Audit process will be shared and communicated with all the Networks.	Cadent (DR)	November 2022	Pending
1004	26/10/22	5.1	All Networks to conduct an audit of the meter point process and share findings.	All Networks	November 2022	Pending
1005	26/10/22	5.1	Cadent (DR) to provide the scope for the auditing exercise to be discussed with the Networks.	Cadent (DR)	November 2022	Pending