

## UNC Request Workgroup 0646R Minutes Review of the Offtake Arrangements Document

Thursday 14 June 2018

Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Arran Poad*	(AP)	Northern Gas Networks
Chris Warner	(CW)	Cadent
Darren Dunkley	(DD)	Cadent
Dave Mitchell	(DM)	SGN
Eddie Blackburn	(EB)	National Grid NTS
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	National Grid NTS
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS
Stevie Docherty*	(SD)	Northern Gas Networks

*\*via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/140618>

### 1. Introduction and Status Review

#### 1.1. Approval of Minutes (10 May 2018)

The minutes from the previous meeting were approved.

### 2. Proposed OAD Review

BF noted that there was no material specifically provided for review at today's meeting and expressed concern about the progression of a review without appropriate material for the Workgroup to consider.

DD confirmed that the following sub-heading/agenda items would be discussion points for consideration by the Workgroup as these were related to ongoing actions:

- Draft Supplemental Strawman and Tripartite Agreement differences
- Supplemental Agreement and other document changes via the Offtake Committee
- Site Security Issues
- Asset Removal, Relocation and Redundant Assets
- Status and review on Maintenance Planning Meeting
- Site Users updating Site Owners drawings

The Workgroup discussed the work that needed to be undertaken to enable a conclusion of the Request and the production of a Modification(s).

BF suggested that the Modification(s) could be drafted to form a basis of the changes required and to attach these to the Request Workgroup Report and subsequently issued to consultation.

DM suggested a Workplan is discussed/agreed for the Workgroup to have some headers to work with. DD asked if each party would be prepared to take on a stream to help balance the workload required.

The main streams suggested were: Asset Records, Maintenance and Notices, Site Security (including CNI), UNC refresh, Supplemental Agreements (including Tri-party), and the Change Process.

The Workgroup considered the separation/amalgamation of Modifications and how best to group elements. There were numerous suggestions of how this could be tackled for example considering a Modifications for quick wins, or raising Modifications depending on the priority, grouping areas where there is an agreed or consensus for a way forward and having separation where there was no agreement, or putting topics that require more input into separate Modifications.

The Workgroup also considered if all the Modifications could be Self-Governance. It was recognised that the topic around asset removal depending on materiality may be the one area that might affect Shippers, but the other topics should only impact Transporters and be managed through the Self-Governance Modification process.

CW's view at the present time would be all Modifications could be managed under the Self-Governance process.

## **2.1. Review Draft Supplemental Strawman and Tripartite Agreement differences**

DD referred to action 0504 for all parties to investigate what would be included in a bi-lateral or tri-partite agreement.

There were at least two offtakes that should be subject to tri-partite agreements for Cadent, SGN, National Grid (Winkfield) and Wales & West Utilities, Cadent, National Grid (Ross-on-Wye). EB believed that the definition of 'parties' would need to be considered, with a defined role set out within the contract. DD explained that the parties would not be in a position to validate agreements but would need to understand them. It was suggested a strawman should be drafted.

DD enquired if National Grid could support the provision of a set of business rules to outline some of the principals.

### **Action 0601: National Grid could support the provision of a set of business rules to outline the main principals for a tripartite agreement.**

The Workgroup considered the use of UNC Related Documents and if the current Supplemental Agreement Template should be taken out of OAD. LM enquired about the work required to take the template out of the UNC, and if the result could be achieved in a less onerous way. LM believed the template could be taken out but a review would be required to ensure that the current wording within the OAD is also amended and that there was a robust process for updates/amendments.

EB suggested that a high-level template with the outlined minimum contents and an agreed format, 'broadly in the form of' to set out and provide to parties with a level of consistency which would provide better flexibility, with the option of additional content when necessary. DD suggested rather than quoting sections and layout, the areas are set as the minimum e.g. site details.

DD suggested that the templates should be taken out and only referred to. LM suggested that OAD already refers to a form of a Supplemental Agreement (rather than a template). LM challenged this does not comply with the existing OAD. DD referred to the 6 appendices which he believed could be reduced to 3 to simplify the process.

LB enquired if SLAs should be considered and added in. The appropriate place for SLAs was discussed and noted for further consideration.

LB referred to Section 3 - Standards (page 8) and the agreed standard of no later than 14 days. It was suggested that the number of days may wish to be extended out to 42 days, under Site Services as this was a more realistic and useful target.

EB asked if was necessary to include this detail and if this could be added to the template.

LM suggested the CNI forum would need to review the suggested changes. LM suggested that the principles around CNI and the Supplemental agreements needs to be considered, and that all the arrangements need to be flushed out.

EB challenged what the Workgroup wanted the OAD to state, what should the Supplemental Agreement include and what should be included within the Template, however duplication should be avoided to ensure the documents do not go out of alignment. He emphasised the need to pitch this with the appropriate level of detail and consistently, to make it less prescriptive but with minimum requirements.

He suggested one option may be to have a prescribed template and change process in the UNC. Another option could be to refer to an ancillary document with its own change process. EB explained a decision needs to be made to enable legal drafting. Having a template that sits outside of the UNC with an agreed process for change, without the need for a Modification, for example by agreement with the Offtake Committee, would be more efficient.

It was agreed that broad terms could be turned into a template document to sit alongside code but for the UNC not to be too prescriptive.

EB outlined the three options:

- Option 1 – broadly in the form of (provide within the UNC the broad-brush principals/minimum requirements without a prescriptive template)
- Option 2 – lift the current structure/reference from within the UNC and replace it with a new agreed template
- Option 3 – lift the current structure/reference from within the UNC and provide a template outside of OAD with the change control managed by the Offtake Committee.

DD enquired if there was an agreement for Option 1, could Cadent still use their suggested strawman for the structure of the template. SR suggested that the DNOs would need to consider and agree what the minimum requirements would be if the UNC is to list them.

DD was keen to have Cadent's strawman as a starting point for the minimum requirements as a template.

There was a consensus that Option 1 would provide more flexibility and the use of any new template/form was considered only necessary for new agreements and that current agreements do not need to be replaced.

DD was keen to stay away from hard-wiring perspective requirements into the UNC.

EB suggested he would outline the options ahead of the next meeting for parties to consider and provide a view on the preferred option. DD asked for the options to explain in more detail the governance for each.

**Action 0602: Parties to consider the three options on the form of Supplemental Agreements and provide a view on the preferred option at the next meeting.**

## **2.2. Site Security Issues**

BF referred to Action 0503 for all parties to investigate site security and who owns what asset on each site.

DD explained that there has been some dialogue around site security and that this is generally with the site owner and not the site user. He explained that there have been some issues, referring to an incident with swipe card access and maintaining the integrity of the sites. It was suggested that some changes are required to better reflect the CNI requirements.

LB identified a scenario where a DNO owns the outer fence, and the inner fence is owned by National Grid, including security cameras and sensors. It was questioned when there are two parties who is responsible for site security, as OAD indicates the site owner but in this case, they would not be able to manage or maintain the inner security and this might also impede maintenance of the outer fence. EB suggested that the site security should fall to the site owner unless there is an agreement otherwise. If the site facilities do not belong to the site owner, the site user should take responsibility. If a party provides site security that party should notify the site owner and/or all other users if there is a breach in security.

LB referred to Section B3.8.1 where National Grid are about to upgrade their security facilities, B3.8.1 refers to the site owner and facilitation of site access.

EB asked if there are any sites where the site user is providing security. LB confirmed that the site user and site owner may provide site security cameras and perimeter fencing.

DD believed the definition of the site may need to be clearer and if this refers to the outside fence, should this also include the inner fence.

EB asked if there is a scenario that exists that is outside the current UNC definition. He suggested if scenarios do exist then the UNC would need to be amended.

The Workgroup reviewed Section B3.7 Right of Access and Section B3.8 Site Security and considered the difference between the general right of access. It was recognised that there is a requirement for a co-ordinated approach particularly for some complex sites, where there was more than a bilateral set-up.

It was also recognised that there is a need to consider the local operational procedures, the supplemental agreements and the UNC where site users are providing site security.

The Workgroup considered Alarmed Response Centres (ARCs) and how each site can link to one ARC. It was acknowledged that the UNC covers the Site Owner providing security, but whether this needs to be expanded for the Site User and Site Owner, needed further consideration.

DD challenged that the definition may need to be redefined and what was meant by site security – is this simply the outer fence, inner fence or combinations, could it extend to bollards that protecting the outer fence gate. EB referred to Section 3.9 Site Schedule of Responsibilities, which should outline the specific detail of a site set up.

DD referred to primary and secondary site security and whether this needed to be considered for ARC requirements, and what should be captured in terms of security breaches.

DD referred to scenarios where site cards have been passed on to a contractor to gain access, and right of access has been denied as this is a misuse of the agreed process. He enquired if access has been denied to an individual who does not have the right to access, would this be considered a breach of OAD. BF felt this should be consider as an issue under SCO and would perhaps be reportable. The scenario of a party getting hold of an access card which is not theirs and subsequently being denied access was deemed reasonable as that individual party did not have the right to access. The management of access cards and how this is controlled was deemed too detailed for inclusion in the UNC. This was deemed a procedural matter around the issuing and control of access cards that underpin in the UNC rule. DD asked where this sort of process/requirement is captured. It was considered that this may want to be considered at the CNI Operational Forum.

DD asked if this particular issue could be captured in some form of an issue log to ensure it is addressed by the appropriate forum.

**Action 0603: Request Group to consider formulating an issue log to be addressed.**

It was considered that the physical arrangements that have been put into place to meet safety requirements of a site should not be hindered by any rules set out in the UNC as these are deemed to be commercial arrangements. It was agreed that the UNC does not override any legislation or safety requirements. Where safety requirements change the UNC should be changed to reflect these.

It was agreed that the CNI Operational Forum would have a number of items to consider and to check the UNC is in line with current practise.

### **2.3. Asset Removal, Relocation and Redundant Assets**

DD referred to Action 0404, for Cadent to prepare some draft criteria behind asset removal requests for further consideration.

He understood the reasons for leaving redundant assets in situ due to the cost of removal. However, he believed there should be an ability / route for the site owner to request the removal of redundant / disused assets. He suggested there would need to be grounds for the removal of redundant assets and suggested the measures would be: for health; for safety; the integrity of the asset; space being a premium; credible impact on operations; and/or any other credible risk that prevails.

He emphasised that the site owner should be able to request the removal of assets by the site user. He believed the current UNC was heavily biased to the asset owner being able to keep an asset on site and he wanted the OAD to have a better balance for the site owner to be able to seek the removal of redundant equipment.

It was recognised the cost of removing the asset could be substantial and there should be suitable reasons or grounds for removal.

EB's initial concern was the cost/funding of the removal and that this ought to take into account who is obtaining benefit from the removal and that this party may have to consider this impact in their overall cost/benefit analysis.

The Workgroup considered further the cost of removing an asset. EB suggested when considering removal options, all of the parties potential costs should be included within the project. EB suggested that all costs need to be considered to understand the benefit. DD explained that the principal objective is to have an option where the site owner can submit a request to facilitate this process.

EB expressed there is a need to make sure it is the right decision to remove assets. There would have to be a demonstration of this being the right thing to do, there should be an economic test and the ability to challenge that economic test.

LB asked for clarification where there is a safety or health concern, for example an asset which contained asbestos may need to be removed. EB clarified that safety is of paramount importance and if there was a safety concern there would be no question about removal.

EB suggested that the triggers need to be clearer, he believed the site owner should have the right to ask for the removal of an asset. However, the costs of undertaking this would need to be understood and what the economic reasons and the obligations are.

BF referred to the cost allocations for domestic customers and how these are treated. For example, if a customer asked for the meter to be removed they would have to pay for the removal but if the meter was left on site and had not consumed gas for a period of time the asset would be removed by the Supplier on grounds of safety with no cost to the customer. It was the party triggering the removal that bore the cost.

CW expressed a concern that DNOs could be adversely affected by the fact that the Site User refuses to remove an asset. The Workgroup considered the licence requirements for the site owner to keep the asset owner's equipment safe and secure.

EB explained a scenario where National Grid could incur costs. DD enquired about cross subsidy. He believed it should not be the site owners burden to keep a redundant asset safe on site. EB explained that there would be a cross subsidy and it would not be economic and efficient for NTS customers to pay for an asset removal when they are not going to benefit from the removal of an asset. If only DNO customers are going to benefit, this is a cross-subsidy.

The Workgroup considered the possibility of a cost split which would be efficient and economical.

It was agreed that parties should review the triggers, and where there is a cost of removal, there should be a cost apportionment with an economical benefit test.

EB believed that there should not be a default position. There must be an economic test, to consider what could go wrong and ensure the industry does not incur costs in particular when projects could be abandoned with the site user and the wider industry incurring cost unnecessarily. It was considered that there would need to be a cost split methodology and a dispute process.

DD suggested to avoid the scenario of abandoned projects, if assets need to be removed, DNOs could assess the cost of removal, the site owner pays, and then claims the costs based on an economic test. The Workgroup also considered the use of an independent expert to assess costs in extreme cases.

LM referred to Section L and the dispute mechanism, she suggested she would like to consider how the whole jigsaw fits together.

**Action 0604: Parties to review the suggested grounds/triggers for asset removal, and where there is a cost of removing an asset, the cost apportionment and economical benefit test.**

*Grounds for the removal: for health; for safety; the integrity of the asset; space being a premium; credible impact on operations; and/or any other credible risk that prevails.*

#### **2.4. Status and review on Maintenance Planning Meeting**

DD referred to Action 0305, and Cadent arranging a joint Maintenance and Resource Management Teams meeting to explore the overall obligations regarding the OAD and Maintenance Plan; should there be a combined process, and investigation of Section G regarding compliance.

DD confirmed nominations for the group have been received from all parties. Before Cadent consider the plans, he wanted to understand the scope of this review.

DD referred to the notification of relevant maintenance and the obligation to provide information to parties where the maintenance plan is going to impact on another's operation, that this needs to be shared. He suggested that this should include; the impact to gas flow through an offtake; the impact to telemetry; the impact to electricals; and the impact to the downstream Distribution Network.

LM enquired why Cadent wanted to review the plans. DD was concerned about the onerous process and wanted to find a better way of undertaking the process to ensure consistency and efficiency. He was looking for a common format.

DD explained that the Maintenance Planners look at the annual maintenance plans and extract information from these plans, however he reported that early submission will have limited details. EB was not sure of the prescription of detail. DD wanted to understand what information was needed by National Grid; is the process valid; and is the information being provided accurate to enable the assessment of conflicts. EB recognised that parties could only provide the best information available at the time and this was sufficient to start consideration and open up a dialogue.

DD suggested drafting a proposal and undertaking a workshop in July / August.

#### **2.5. Site Users updating Site Owners drawings**

DD explained the records process, highlighting there is no defined process within OAD, and this item had been put forward as a dialogue item to progress.

SR advised about the draft drawings process that had been previously suggested, and that the feedback on the process was that this was working well within the trial and that it could be expanded. He wanted to understand if this process should be considered fit for process.

LM explained the process for shared drawings, that if there is update for a GA, a request is made to the DNO. LM explained the 3 drawings that feed into the supplemental document.

It was clarified that the site owner is responsible for the site drawings in OAD. DD explained that there should only be one version of the GA maintained by the site owner.

For the HAS drawings to show all the HAS zones and assets, there may also be drawings that include electrical elements, this also includes instrumental drawings and telemetry drawings. LB explained any changes are notified to National Grid, in addition consideration needs to be given to tri-partite sites.

DD was concerned the right master drawing is not being updated and he expressed concern about copies of drawings. LM suggested that this maybe an educational exercise for parties.

SR acknowledge that apart from having a central system to maintain central records there was a reliance on a manual process.

EB asked what changes need to be made to the OAD. He did not believe the process would want to be inserted into the UNC. However, he suggested this may want to be captured as a subsidiary document.

DD agreed to circulate a process, that had been drafted with Cadent and National Grid. This process outlined the broad steps and may not have been formally applied. SR agreed to circulate the drafted process.

**Action 0605: National Grid (SR) to circulate the Site Owner Drawings process to enable the process to be considered and agreed.**

The Workgroup considered the format of drawings and the varying software being used. It was envisaged that the draft Drawings process to be circulated could be adopted and governed by the Offtake Committee.

### 3. Review Workplan

BF summarised the expected workplan/ next steps;

Operational Group to meet and provide a report to Request Workgroup 0646R.

Supplemental Agreement/Tripartite Agreement (strawman) – National Grid

Site Security (business rules/principals) - Cadent

Asset Removal (business rules/principals) - Cadent

Site Drawings – National Grid

Document business rules into a Draft Modification for considered.

**Action 0606: Parties to review the ‘16 April 2018 Proposed OAD Review Changes spreadsheet produced by Cadent’ available at:**

**<https://www.gasgovernance.co.uk/0646/160418>, and indicate whether in support or not and any further dialogue, for Cadent (DD) to provide a consolidated view at next meeting.**

DD also referred to shared sites (not offtakes) needing a review.

#### 4. Review of Outstanding Actions

**0305:** Cadent (DD) to arrange a joint Maintenance and Resource Management Teams meeting to explore all of the overall obligations regarding the OAD and Maintenance Plan; should there be a combined process, and investigation of Section G regarding compliance.

**Update:** Operational Meetings organised. **Closed**

**0306:** All parties to consider if the maintenance plan was reasonable, and how it highlighted maintenance activities up to 12 months in advance.

**Update:** Operational Meeting organised. **Closed**

**0404:** Cadent (DD) To prepare some draft criteria behind asset removal requests for consideration at the next meeting.

**Update:** New action 0604. **Closed**

**0501:** SGN and Wales and West Utilities to feedback on the proposal to remove the Template from OAD and if this could be undertaken under the remit of the Offtake Committee.

**Update:** Three options to be considered further. See item 2.1 and new action 0602. **Closed.**

**0502:** SGN and Wales and West Utilities to confirm if they own the assets on the Critical National Infrastructure (CNI) sites.

**Update:** See item 2.2. **Closed.**

**0503:** All to investigate site security and who owns what asset on each site.

**Update:** See item 2.2. **Closed.**

**0504:** ALL to investigate what impacts would a bi-lateral or tri-partite agreement have on the content of the OAD and to provide feedback at the next meeting.

**Update:** See item 2.1. **Carried Forward.**

#### 5. Any Other Business

None.

#### 6. Next Steps

Parties to provide their respective action updates.

BF suggested an extension is requested until December 2018 to provide further time for the review. He explained that this does not need to hold up an earlier report to Panel or raising modifications to address some quick wins.

#### 7. Diary Planning

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

Workgroup meetings will take place as follows:

Time / Date	Venue	Workgroup Programme
10:00 Friday 13 July 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<ul style="list-style-type: none"> <li>Supplemental Strawman and Tripartite Agreement</li> <li>Site Security</li> <li>Asset Removal</li> <li>Maintenance Planning Meeting</li> <li>Site Drawings</li> </ul>
10:00 Tuesday 21 August 2018	Radcliffe House, Blenheim Court	<ul style="list-style-type: none"> <li>Agenda items to be agreed</li> </ul>



	Warwick Road Solihull B91 2AA	
10:00 Wednesday 26 September 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<ul style="list-style-type: none"> <li>Agenda items to be agreed</li> </ul>

**Action Table (as at 14 June 2018)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0305	05/03/18	1.0	Cadent to arrange a joint Maintenance and Resource Management Teams meeting to explore all of the overall obligations regarding the OAD and Maintenance Plan; should there be a combined process, and investigation of Section G regarding compliance.	Cadent (DD)	<b>Closed</b>
0306	05/03/18	1.0	ALL to consider if a 12 months notice period driven by the maintenance plan was reasonable, if not, propose what duration would be acceptable.	All	<b>Closed</b>
0404	16/04/18	4.0	To prepare some draft criteria behind asset removal requests for consideration at the next meeting.	Cadent (DD/CW)	<b>Closed</b>
0501	10/05/18	2.1	SGN and Wales and West Utilities to feedback on the proposal to remove the Template from OAD and if this could be undertaken under the remit of the Offtake Committee.	SGN (DM) and Wales & West Utilities (LB)	<b>Closed</b>
0502	10/05/18	2.4	SGN and Wales and West Utilities to confirm if they own the assets on the Critical National Infrastructure (CNI) sites.	SGN (DM) and Wales & West Utilities (LB)	<b>Closed</b>
0503	10/05/18	2.4	All to investigate site security and who owns what asset on each site.	All	<b>Closed</b>
0504	10/05/18	4.0	All to investigate what impacts would a bi-lateral or tri-partite agreement have on the content of the OAD and to provide feedback at the next meeting.	All	<b>Carried Forward</b>
0601	14/06/18	2.1	National Grid could support the provision of a set of business rules to outline some principals on tripartite agreements.	National Grid (LM/SR)	<b>Pending</b>
0602	14/06/18	2.1	Parties to consider the three options on the form of Supplemental Agreements and provide a view on the preferred option at the next meeting.	All	<b>Pending</b>

0603	14/06/18	2.2	Request Group to consider formulating an issue log to be addressed.	All	<b>Pending</b>
0604	14/06/18	2.3	Parties to review the suggested grounds/triggers for asset removal, and where there is a cost of removing an asset, the cost apportionment and economical benefit test.	All	<b>Pending</b>
0605	14/06/18	2.5	National Grid (SR) to circulate the Site Owner Drawings process to enable the process to be considered and agreed.	National Grid (SR)	<b>Pending</b>
0606	14/06/18	3.0	Parties to review the '16 April 2018 Proposed OAD Review Changes spreadsheet produced by Cadent' available at: <a href="https://www.gasgovernance.co.uk/0646/160418">https://www.gasgovernance.co.uk/0646/160418</a> , and indicate whether in support or not and any further dialogue, for Cadent (DD) to provide a consolidated view at next meeting.	All	<b>Pending</b>