

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

Wednesday 21 November 2018

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

Attendees

Rebecca Hailes (Chair)	(RHa)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Alex O'Connell*	(AO)	Northern Gas Networks
Arran Poad*	(AP)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
Dave Ring*	(DR)	Northern Gas Networks
David Mitchell	(DM)	SGN
Edd Fyfe*	(EF)	Scotia Gas Networks
Louise McGoldrick	(LM)	National Grid
Shiv Singh	(SS)	Cadent
Stevie Docherty*	(SD)	Northern Gas Networks

Apologies

Eddie Blackburn	(EB)	National Grid
Richard Pomroy	(RP)	Wales & West Utilities
Stephen Ruane	(SR)	National Grid

**via teleconference*

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/221118>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 March 2019.

1. Introduction and Status Review

1.1. Approval of Minutes (24 October 2018)

The minutes from the previous meeting were approved.

2. Removal of Assets

DD provided an updated version of the Offtake Arrangement Document (OAD) Process flow diagram and the updated proposal for the Removal of Assets. DD referred to Page 6 within the procedure which provided an illustration of the two-step flow diagram. DD referred to Action 1002 and confirmed that National Grid will be providing the content for the cost steps.

DR enquired about the ownership of assets and the sharing of costs. DD explained the considerations to be taken for removing assets and the clauses in OAD that a site user can retain their asset once installed and there are no clauses to force or request removal. LM clarified that there are clauses to enable assets to be moved but there needs to be a consideration for the removal. LM explained the considerations and the mutual benefit of removing an asset. DD clarified where the asset is an operational asset there will be no cost sharing.

DR challenged that the site user (the user of the apparatus) will have lease agreements and this change could override the lease, he questioned if the owner would have to change the lease and release the area.

DD explained that some DNs have lease agreements whereas Cadent do not use lease agreements and rely on the UNC OAD. LM clarified that there are property rights that allow National Grid equipment to be put onto Cadent land.

AO wanted to understand the driver for the change. DR enquired about the practical issues of leaving equipment on site. DD explained that there is one specific site where there is an issue with land/space being a premium and the user may have a redundant rack/cupboard or equipment and it would be ideal to have the asset removed where it is not used.

DD recognised legacy arrangements from the sale of the Networks are still in place and redundant assets have been left in situ because of the expense associated with removing equipment. This was about freeing up the space taken by a piece of equipment.

DR confirmed that there is a term under the lease agreements that any equipment must be maintained to ensure it remains safe, he also highlighted that within the lease there is also a surrender clause.

DD explained that the particular clause causing Cadent a problem is OAD, Section B, paragraph 3.1.1 and the right to install and retain connection facilities.

LM was aware there are a number of leases in place to supplement the OAD, and when National Grid go on site any impact on a lease would be reviewed.

LM highlighted the industry would need to consider the impacts on lease agreements when making changes to OAD. The Workgroup agreed that the implications of changing OAD on current leases would need to be considered.

DD confirmed that there was a decision at the point of sale that Cadent would not require leases, however he recognised that it may be necessary for Cadent to reconsider the use of lease agreements. LM highlighted that most of the provisions in a typical lease will not be in OAD.

New Action 1101: Cadent to review the use of Lease Agreements
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AO suggested there would be a need to review the surrender of sites, including partial surrender. He highlighted that within the lease, there is a clause for the relocation of connection facilities, to allow the repositioning of plant/equipment, and for the wholesale surrender of a site. He believed DN leases should all be exactly the same (if not very similar) as a result of Blackwater (DN sale).

DD believed that repositioning is covered in OAD, however the lease would not cover the **removal**. He referred to OAD Section B3.3.3 and wanted to understand what was in the lease agreements for the **removal** of redundant assets.

New Action 1102: All DNs to review the provisions within the current lease, and what the provisions are for removing redundant assets

The Workgroup considered whether it was appropriate to insert the removal of redundant assets within OAD or whether as an alternative solution this could be managed with a change to the many leases.

DD believed that the lease agreements were put in place under Project Blackwater. There was also a general view that the lease agreements should take precedent over the OAD provisions See Action 0803.

AO asked for the 0646R Request proposal to be clearer on its intent for the removal of assets and the obligations on site users, i.e. what is the reason for 0646R. He asked if the 0646R background could also be expanded to make it clearer.

DD explained that as Cadent do not use lease agreements and there is not a provision in OAD, Cadent are looking to address this through a provision within the OAD. DD was also keen to have a process of removing assets safely and disposing of them in a responsible manner. He wanted a defined removal process and for the process to reflect that in some cases the cost of removing the asset may need to be shared.

LM explained that National Grid have gone onto sites with DNs and looked to rationalise sites, there have been instances where it would be beneficial for National Grid to remove assets on the behalf of the site owner and the cost of this has been covered by National Grid.

3. Site Drawings

LM confirmed that an action had been taken to put together a site drawings workshop, she confirmed a number of suggested dates have been communicated to move this forward.

RH enquired about the anticipated outcomes for this workshop. DD explained areas of OAD in particular Section B1.6.1 and that the site owner is responsible for site drawings and users undertaking work on site should ensure updates are being communicated. However, he was aware updates are not always communicated and he was looking to implement a consistent process for updating drawings, taking into account the format of drawings and the different software solutions that can be used.

He confirmed that a process needs to be formulated and consideration given on how to manage this in OAD. LM highlighted that low-level operational processes may not want to be inserted into OAD. DD envisaged that this could be managed by a subsidiary document and a clause would sit within OAD to refer to the document.

DD was looking for a volunteer lead for this piece of work to spread-out the workloads associated with the review of OAD.

It was agreed that an update from the site drawings workshop would be provided to this Workgroup.

4. Supplemental Agreements (including recitals)

LM confirmed an action had been taken to reflect clause changes within Supplemental Agreements for recitals. LM reported this had been undertaken using the existing recitals and adding a clause.

DD believed these documents were at now the final version and explained that the Supplemental Agreement will need final sign off to proceed with the change.

LM suggested that the template may need a review to ensure references are correct, the cross-reference numbering may also need to be changed within the Supplemental Agreement. DD agreed to review all the cross referencing and the DNs would need to consider the changes for final sign off.

The approval of the document was considered however LM explained that there is an option to amend individual supplemental agreements, so the recitals change could be managed between the two parties entering the agreement and that the template needn't hold up bilateral agreements being managed to take into account recitals.

DD highlighted Winkfield and Ross-on-Wye are managed under tri-partite arrangements. LM agreed in principle that the tri-partite arrangements need to be looked at. However, if changes are required in the meantime, any industry changes should not delay required changes to any agreements. LM stressed that there is a need to ensure the integrity of sites and that National Grid are mindful of the requirements for the tri-partite agreements for these sites.

The template for Supplemental Agreements was examined. DD explained the importance of having contacts within the agreement. However, LM questioned the need for contacts to exist within the legal contract itself. LM suggested if contact information is required it would be better to add this within the standard text box format.

5. 'Quick Wins' Spreadsheet

DD provided an updated copy of the Proposed OAD Review Changes (Quick Wins Spreadsheet) and summarised the changes made since its last review. He confirmed that responses received have been incorporated into the spreadsheet from National Grid, Scotia Gas Networks and Wales & West Utilities. DM explained that further consideration is being undertaken within SGN.

DD explained that the spreadsheet has been categorised to highlight changes which have received all positive comments. Where quick wins did not have all positive comments these were highlighted separately. Where there was a favourable response items were highlighted in green with a view to moving these elements forward.

He suggested that the Workgroup reviewed which items will need a change to OAD or a change to supplemental agreements. The Workgroup agreed to review each suggested quick win and how to move some of these changes into implementation.

There were mixed views expressed for the need to amend OAD where the changes could be agreed to operational procedures.

DD believed that there would be a need to update some of the definitions in OAD. However, LM challenged this approach highlighting that this could have a ripple effect throughout OAD. She stressed the importance of being mindful about changing a definition and the importance of understanding where in OAD these definitions are referenced to ensure there are no consequential impacts with expanding a definition. DD explained that some clarity maybe required to the definitions listed as these have caused problems for Cadent.

The Workgroup reviewed the following clauses:

A2.1.4 (rows 5&6) Shared Sites. DD confirmed that the definition of shared sites needed amendment to ensure the inclusion of LDZ to LDZ offtakes and other different types of offtakes. DD explained that the draft modification from Cadent addresses the definitions. It was agreed Shared sites would be considered a quick win.

B1.8.3 (row 22) OAD Notices. DD confirmed that the trigger for an OAD notice is being considered to better understand the test, if a notice is required and what the OAD update would be. LM suggested there is a free text field that can be used, to provide any additional information deemed necessary. LM suggested as much information can be provided in the "details section". DD explained the criticality of the impacts. DM believed it would be sensible to extend the scope of the clause to ensure the impacts are better understood for OAD notices. DD explained that the aim of the OAD notice is to enter into a dialogue, to plan required works, and negotiate the best time to undertake the work. LM wished to take this potential change away for further offline consideration. It was agreed there was some validation for this change. LM confirmed National Grid will, going forward, provide as much information as possible in the "details section" and a response will be provided from National Grid on widening the scope of the information they are obligated to provide, and how the template will be impacted. It was agreed OAD Notices needed further consideration and would not be pushed through as a quick win at this stage.

B5.3.1 (row 41) Annex B2. DD explained the two parts for this change and that mandatory site services may need to be expanded to include electrical site services. He also highlighted that for other site services it does not mention telemetry systems. DD believed telemetry needed to be included in Part 1 and Part 2. DD explained that Annex B2 may need to be removed with the changes being proposed to the Supplemental Agreement Template. LM highlighted that it would need to be clear about completing the site services elements, to ensure this section is completed. LM understood some sections were not compulsory. It was suggested that guidance notes could be incorporated into the template to guide users on which sections are compulsory. The Workgroup considered Part 1 and Part 2 further. DD explained that elements are included within the Supplemental Agreement. DD explained that OAD stipulates what is mandatory and what is not mandatory. He proposed Annex B2 could be removed if telemetry moved. It was agreed that parties needed to further consider the options for B5.3.1 and the option to remove Annex B2.

LM explained that some quick win elements overlap each other and suggested that some changes may need to proceed together because of the interlinking.

New Action 1103: Parties to consider the options for B5.3.1 and changes to Annex B1 and B2 - Option 1 include telemetry in annex B2 electrical and remove Annex B2 as covered in Supplemental Agreement template.

C.5.1.2b (row 47) amendment to the text for General Site Safety Requirements (GSSR). There were mixed views on the change being made, LM was unsure if what was being proposed was correct. DM tended to agree with the proposed changes but wanted more time to understand the operational impacts. It was agreed there was a potential for this to be separated and was therefore put on hold for further consideration.

G1.2.1 (row 49) definition update for the effective party, referred to in clause 2.2.3. DD highlighted that the "Effective Party" is not currently a defined term. It was agreed that the impacts for an effective party needed to be better understood. It was recognised that this may have an impact on the connection template and required further consideration.

New Clause (row 62) relating to maintenance. It was agreed this was ongoing and required further considerations.

N.3.3.1 (row 70) Process for suggested changes to supplemental agreements. The Workgroup discussed how this could be managed as a process change and not necessarily a change to OAD. DD explained there are four steps in OAD currently, but he is looking for a more efficient method. DM confirmed he is currently seeking a view from the SGN legal team. LM explained the current process and use of PDF documents due to the importance of control for changing contracts and the inherent problems with word documents which may not track changes or changes which could be overlooked. DD believed the process needs to be documented for consistency. DD was looking for a common process for consistency to ensure DNs are operating consistently. He suggested a process document is captured. LM explained she would like to review the communications document and information flows outlined in OAD and how this dovetails together. It was agreed this change needed further consideration. LM clarified that National Grid works with each customer on an individual basis and is as flexible as possible with the approach taken.

New Action 1104: Cadent (DD) to consider a process for suggested changes to Supplemental Agreements and the need to formulate a high-level process to outline the process steps for consistency.

N9.1.1 (row 75) changes and outages to telemetry. DD confirmed that this section should refer back to Section B, and needs to be changed. However, the connections and impacts needed further considerations. LM explained the current engagement of Networks, and that dialogue is already taking place and this is being managed as a project. LM was unsure if the OAD notice was the correct solution and this needed to be considered further. It was recognised any system changes not on site may still have an impact and an OAD notice may need to be issued. It was clarified that OAD notices are also for connection facilities on site. DD explained that there may be instances where a soft system change may have a consequential impact. LM believed that the current documentation should be reviewed.

New Action 1105: National Grid and Cadent to consider the consequential impacts and whether they are material from Section B (telemetry and SCADA impacts) Section N and Section B.

It was suggested that the Quick Wins spreadsheet may benefit with some additional information being added following today's discussions to provide a status update and the ability to sort the spreadsheet into topic areas.

6. Proposed Modifications

SS provided a draft modification with the intention of submitting this to December's UNC Panel meeting, dependant on discussions today.

SS provided the background and purpose of the modification, which covered:

- Tripartite arrangements;
- Shared sites (including the definitions: for bi-directional/reverse flow; closed sites NTS/LDZ; and shared sites);
- Asset removal process;
- Supplemental Agreement template;

The elements contained within the modification were all deemed to be suitable for self-governance.

It was noted that all acronyms should be explained in full to ensure the modification can be easily understood. For example SCO - Safe Control Operations and GA - General Arrangements.

The Workgroup considered the amendments for Supplemental Agreements and tri-partite agreements, and which parties are required to sign the agreements and the custodians of these agreements.

LM enquired about the current liabilities for Shared Sites and if these could be impacted by the suggested change. DD explained that the arrangements for the liabilities are within Section L and he believed this was a "knock-for-knock" principle. LM wanted to consider any consequential impacts for the suggested change.

New Action 1106: National Grid (LM) to consider the definition for the Closed NTS/LDZ offtake and any consequential impacts associated with the suggested change, i.e. Section L Liabilities

A number of enhancements were considered to the draft modification. The Removal Assets modification was considered and whether the appendix would exist as a UNC Related Document (ancillary document) or be incorporated into OAD. The intention was that the Guidelines and Template would be a subsidiary document and not hard coded into OAD. It was agreed that the impacts on lease agreements would also need to be considered. The consequential changes to lease agreements was briefly re-considered and if any impact on these would prevent this element of the modification being managed by self-governance procedures.

The Workgroup considered the new clause for tri-partite sites, the obligations on the different parties and the clauses that would need to be amended or inserted to cater for tri-partite sites.

The Workgroup considered the site services and the information for sites that span over LDZ boundaries (i.e. two offtakes at a given location). The Workgroup considered the integrity of the site, and the responsibilities of both DNs and whether this should be removed. It was suggested that N3.3.1 could be removed and this would be covered by the new tri-partite agreement.

Supplemental Agreements and how to capture all the useful documentation and not just the template was considered. It was suggested the guidelines and light touch example could be incorporated into a pack. It was also agreed that existing agreements do not need to be

transposed to the new template. Transition would be managed by ensuring the new template is used when there is a need for a change.

SS agreed to update the draft modification for further discussion on 05 December.

7. Development of Draft Modifications

Phase 2 Modifications were expected in the New Year 2019.

8. Outstanding Actions

0802: Reference Site Drawing Workshop – All DNOs to provide contact details to SR in order to facilitate action 0801.

Update: Meeting dates have been communicated. See item 3.0. **Carried forward**

Post Meeting Update: A Site Drawing Workshop has been scheduled for 07 February 2019.

0803: Reference Redundant Assets – All DNOs to check their respective lease agreements with their company lawyers and look to provide a view on whether in their opinion the lease agreements take precedent over OAD provisions (or vice versa).

Update: The general view was that the lease agreements take precedent to the OAD, however NGN and WWU are reviewing this with their lawyers and hoped to provide an update on their view in due course. **Carried forward**

0806: Reference Issues Spreadsheet – All parties to review the spreadsheet and provide suitable feedback for consideration at the next Workgroup meeting.

Update: Update expected on 05 December. Awaiting confirmation from SGN and NGN. **Carried forward**

1001: Cadent (DD) to liaise with other DNs and National Grid to further develop the OAD Process Flow Diagram for the Removal of Assets and present at next meeting.

Update: DD had provided an updated Process flow diagram for the meeting. **Closed**

1002: National Grid (EB) to formulate guidance notes for the Removal of Assets including; the cost split and two-step agreement process

Update: See item 2.0 and publication “7.0 Action 1002 update (provided by National Grid)”.

LM confirmed in instances where an operator has requested the removal of an asset and it has been agreed that the asset is redundant, and its removal is appropriate, an agreement needs to be made between the parties as to how the cost of the work will be split. LM provided the steps for agreeing the cost contribution. The following basic example was provided:

Total Cost for Asset Decommissioning	£500,000
On-going Maintenance Cost for Asset Owner	£10,000 per year for 5 years
Asset Owner Proposal for Contribution to Decommissioning	£10,000 x 5 years = £50,000

Closed

1003: Cadent (CW) to consider the ability to transpose the Removal of Assets process directly into OAD.

Update: Further consideration required during the modification assessment. See item 6.0. **Carried Forward**

1004: Cadent (CW/DD) to produce a draft modification for the Removal of Assets.

Update: See item 6.0. **Closed**

1005: National Grid (LM) to rework the recital clause that terminates any previous Supplemental Agreement.

Update: See item 4.0. **Closed**

1006: Joint Office / Cadent to consider re-instating the Offtake Arrangement Workgroup.

Update: It was anticipated that the Offtake Arrangements Workgroup would need to be re-instated to allow the progression of OAD Modifications and any other OAD related considerations.

Carried Forward

9. Next Steps

RH confirmed that the 0646R Request Group had been extended until March 2019 to allow time to consider the anticipated Modifications.

10. Any Other Business

DD provided an update on the Critical National Infrastructure (CNI) Information Security Systems (ISS) and Physical Security Update Programme (PSUP). DD explained that four scenarios are being reviewed and Cadent are looking at the pros and cons. He reported that there are differing views however a common way forward is needed.

DD confirmed that the Roles & Responsibilities need to be agreed between operators and needed to be drafted up and included in OAD under site security. He also confirmed there is a need to consider if the mis-use of access cards and the management of rescinding mis-used access cards may impact access obligation issues.

DD explained that the focus of the CNI group is currently the regulatory funding.

It was agreed that the obligations for access to a site and security needed to be considered along with the changes required to OAD. The remedial action for mis-use of access cards needed to be considered further.

DD believed there needed to be a clause in OAD to rescind cards. DD explained that if a card is de-activated the party responsible for OAD would be in breach of the OAD in terms of providing access.

DD believed that the roles and responsibilities need to be considered further and a view provided on how to manage access cards.

New Action 1107: Cadent (DD) to brief the CNI forum of the current issues/concerns with roles and responsibilities and identify which elements need to be codified.

11. 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
11:00 Wednesday 05 December 2018	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<ul style="list-style-type: none"> • Site Drawings • 'Quick Wins' Spreadsheet Review • Development of Draft Modifications • Drafting of Request Workgroup Report • CNI (ISS/PSUP) Update • Review of Outstanding Actions
10:00 Tuesday 22 January 2019	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	<p>Offtake Arrangements Workgroup 0646R</p> <ul style="list-style-type: none"> • Site Drawings • Metering Section • Maintenance • OAD Notices

		<ul style="list-style-type: none"> Point of Offtake
10:00 Thursday 14 February 2019 Provisional date TBC	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Offtake Arrangements Workgroup
10:00 Thursday 14 March 2019 Provisional date TBC	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Offtake Arrangements Workgroup
10:00 Thursday 11 April 2019 Provisional date TBC	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Offtake Arrangements Workgroup
10:00 Thursday 09 May 2019 Provisional date TBC	Radcliffe House, Blenheim Court Warwick Road Solihull B91 2AA	Offtake Arrangements Workgroup

Action Table (as at 21 November 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0802	21/08/18	2.	Reference Site Drawing Workshop – All DNOs to provide contact details to SR in order to facilitate action 0801.	All DNs	Carried forward
0803	21/08/18	3.	Reference Redundant Assets – All DNOs to check their respective lease agreements with their company lawyers and look to provide a view on whether in their opinion the lease agreements take precedent over OAD provisions (or vice versa).	All DNs	Carried forward
0806	21/08/18	5.	Reference Issues Spreadsheet – All parties to review the spreadsheet and provide suitable feedback for consideration at the next Workgroup meeting.	All parties	Carried forward Update from SGN and NGN expected 21/11/18
1001	24/10/18	3.0	Cadent (DD) to liaise with other DNs and National Grid to further develop the OAD Process Flow Diagram for the Removal of Assets and present at next meeting.	Cadent (DD)	Closed

1002	24/10/18	3.0	National Grid (EB) to formulate guidance notes for the Removal of Assets including; the cost split and two-step agreement process	National Grid (EB)	Closed
1003	24/10/18	3.0	Cadent (CW) to consider the ability to transpose the Removal of Assets process directly into OAD.	Cadent (CW)	Carried Forward
1004	24/10/18	3.0	Cadent (CW/DD) to produce a draft modification for the Removal of Assets.	Cadent (CW/DD)	Closed
1005	24/10/18	4.0	National Grid (LM) to rework the recital clause that terminates any previous Supplemental Agreement.	National Grid (LM)	Closed
1006	24/10/18	5.0	Joint Office / Cadent to consider re-instating the Offtake Arrangement Workgroup.	Joint Office (RH) Cadent (CW)	Carried Forward
1101	22/11/18	2.0	Cadent to review the use of Lease Agreements.	Cadent (DD)	Pending
1102	22/11/18	2.0	All DNs to review the provisions within the current lease, and what the provisions are for removing redundant assets	All DNs	Pending
1103	22/11/18	5.0	Parties to consider the options for B5.3.1 and changes to Annex B1 and B2 - Option 1 include telemetry in annex B2 electrical and remove Annex B2 as covered in Supplemental Agreement template.	All	Pending
1104	22/11/18	5.0	Cadent (DD) to consider a process for suggested changes to Supplemental Agreements and the need to formulate a high-level process to outline the process steps for consistency.	Cadent (DD)	Pending
1105	22/11/18	5.0	National Grid and Cadent to consider the consequential impacts and whether they are material from Section B (telemetry and SCADA impacts) Section N and Section B.	National Grid (LM) Cadent (DD)	Pending
1106	22/11/18	6.0	National Grid (LM) to consider the definition for the Closed NTS/LDZ offtake and any consequential impacts associated with the suggested change, i.e. Section L Liabilities	National Grid (LM)	Pending
1107	22/11/18	10.0	Cadent (DD) to brief the CNI forum of the current issues/concerns with roles and responsibilities and identify which elements need to be codified.	Cadent (DD)	Pending