

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

Wednesday 01 April 2020

Via Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuiin (Secretary)	(HC)	Joint Office
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	National Grid NTS
Stephen Ruane	(SR)	National Grid NTS
Stevie Docherty	(SD)	Northern Gas Networks

Apologies

Shiv Singh	(SS)	Cadent
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Copies of all papers are available at: <http://www.gasgovernance.co.uk/0646/010420>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 October 2020.

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (04 March 2020)

It was agreed to remove an incorrect reference to Section N3.6.7 within section 2.0 of the previous minutes which had originated from Action 1206 (0683). This was originally raised in Workgroup 0683S at the December 2019 meeting. Action 1206 (0683) had been transferred to Workgroup 0646R in January and subsequently closed. It was suggested the reference related to draft legal text which had been removed from Modification 0683S.

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

0301: Cadent (DD) to update and circulate the OAD Issues Log.

Update: Darren Dunkley (DD) confirmed this had been circulated and published for this meeting.
Closed.

0302: Joint Office (AR) to consider the appropriate arrangements for reviewing the Flow Weighted Average Calorific Value (FWACV) with Shippers.

Update: BF confirmed that this had been tabled and discussed at Workgroup 0719R - Calculation of Energy Value of Gas for inclusion as an issue at the Offtake Arrangements Workgroup, therefore this action could be closed. **Closed.**

2. Pre-Modification Discussion / Issues Log

BF referred to the documents published for this meeting which included an updated Issues Log, a Maintenance Workgroup Update, a Proposal for Updating the Site Owner Drawings, a Proposal for Updating the OAD Security Provisions; and an OAD Subsidiary Document for the Removal of Redundant Asset Process.

The Workgroup discussed the progression of the outstanding elements and potential Modifications during the pandemic and whether to proceed with development of Modification 0683S - Offtake Arrangements Document (OAD) Review Updates – Phase 1 and this Workgroup. It was agreed to conclude the 0683S Workgroup Report and allow Panel to decide whether it should proceed to consultation or not.

The Workgroup reviewed the published Issues Log. Louise McGoldrick (LM) wished to understand the work involved, priorities and the significance of each issue which Cadent wished to address and progress.

BF believed it would be reasonable to raise Modifications in due course to support connected issues or activity areas.

DD provided an overview of the priority streams:

OAD Maintenance Arrangements Workshop

LM referred to the 2018 workshop and expressed that following these workshops she had not envisaged a significant change to OAD for maintenance related activities. DD confirmed this had a low priority in terms of the outstanding issues.

It was agreed this was not an immediate priority and could be put on hold.

Site Owner Drawings

Steph Ruane (SR) confirmed that following two workshops a draft proposal had been created. It was believed this was worth pursuing. DD was keen to prioritise this stream and encouraged re-engagement.

SR agreed to provide some further teleconference workshop dates to progress development and consider a pilot period.

It was anticipated a Modification would be needed to provide a clause within OAD supported by a subsidiary process guidance document. SR was open minded on the approach, suggesting some formal documentation would be required.

BF asked parties to consider how they want to approach the governance of the process, with the option of having offline commercial processes that do not need to be incorporated into OAD.

It was agreed that National Grid (SR) would co-ordinate a further meeting to discuss the process further and progress changes required.

DD suggested this had a high priority in terms of these associated workstreams.

OAD Security Provisions

DD confirmed Cadent's plan to arrange a workshop to review and agree a way forward, including consideration of site security provisions impacts on OAD.

DD suggested this had a medium priority as progress was not in the control of this workgroup but would need to be progressed when information was made available.

Removal of Redundant Asset Process

The Workgroup considered the next steps for the removal of redundant asset process with the option of offline discussions to continue to take place. SR believed this required further engagement either with an offline workshop or a co-ordinated Workgroup meeting supported by the Joint Office for key staff involved in the decision making.

DD suggested this is still a key issue and was a high priority for Cadent.

Dave Mitchell (DM) suggested other options may wish to be considered such as Cadent entering into Lease Agreements which could incorporate a redundant asset process.

The Workgroup considered the current Lease Agreements, and how these would operate with changing requirements in OAD. It was recognised this was still a contentious issue in particular the potential concern for clauses in OAD appearing to conflict Lease Agreements – it was noted that it was still the intention is for lease agreements to take precedence over OAD where they were in place and if there was a conflict

SR believed the Transporters needed to consider the process with key parties. It was recognised that there was interest in considering various opinions allowing wider consideration with stakeholders.

SR stressed the need for all relevant stakeholders to be engaged and how this could be moved forward. It was anticipated with the current climate this may have to be within a few months' time so that parties could invite the relevant representatives to a meeting.

DD believed the HSE would have a keen interest in redundant assets due to a previous incident at a site where a redundant asset was at the root cause of the incident.

LM suggested there is a distinction between licence safety obligations and the need to ensure unsafe assets are removed and requesting the removal of redundant assets that are deemed safe but were being requested to be removed for other reasons such as access to land.

It was agreed that a redundant assess process still needed further consideration.

Issues Log

DD referring to the outstanding issues log wanted to take a view from the Workgroup on what items should be pursued.

DD made a particular reference to row 6 in relation to the 12 month OAD Notice. LM challenged that there are already provisions in OAD to manage notice periods. DD expressed that Cadent wanted to improve consistency in the approach, outlining the potential risk that projects cannot proceed if where the notice period is elongated as each Networks governance process might not be able to provide funding approval to be able to provide such notice.

LM wished to understand the significance of this issue. DD suggested parties are not adhering to a 12 month notice currently. It was suggested that Cadent should provide some analysis to support the need for changing the current provisions so parties can understand the frequency of the risk materialising and if this is for one site or several sites.

DM was keen to find a pragmatic approach to ensure works were not unduly delayed when financial sanction was provided. The Workgroup considered the use of sanctions and in normal circumstances how major projects proceed, particularly how the commission process may reduce the notice period down to 9 months.

LM recognised if shorter notice periods are given to a counterparty to change connection facilities, there is a risk support or approval cannot be provided. The basis for having a 12 month notice period needed to be taken into account.

BF suggested that Cadent consider what Modifications need to be raised for the outstanding issues to provide clarity on the effect and justification for making the change to allow better assessment by the Workgroup, suggesting Cadent take the higher priority issues and articulate these into draft Modifications.

BF also suggested that some issues may be able to be grouped into one Modification where they impact the same area of OAD or overlap each other. He suggested Cadent avoid having one Modification with all issues as this may hold up some of the simpler quicker wins.

DM agreed it would be a good time to progress some of the issues and test the materiality of the concerns. BF suggested the starting point is for Cadent to articulate the priority changes to allow further assessment.

DD agreed to review all the outstanding issues and capture what further action is required to provide a refreshed list, grouping related/associated subjects.

LM asked for Cadent to provide more information on the materiality of the issues and a clear explanation on the benefit of making a change.

BF also asked Cadent to consider their approach and justification for progressing changes during the pandemic.

3. Next Steps

It was agreed that the May-August meetings progress:

- Draft Modifications / Pre-Modification Discussions
- Site Owner Drawings
- OAD Security Provisions
- Removal of Redundant Asset Process
- OAD Maintenance Arrangements
- Issues Log - Outstanding Issues

Development of Request Workgroup Report (September)

Finalise the Request Workgroup Report (October)

4. Any Other Business

None raised.

5. Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:00 Wednesday 06 May 2020	Teleconference	Draft Modifications / Pre-Modification Discussions Site Owner Drawings OAD Security Provisions Removal of Redundant Asset Process OAD Maintenance Arrangements Issues Log - Outstanding Issues
10:00 Wednesday 03 June 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Modification Discussions
10:00 Wednesday 01 July 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Modification Discussions
10:00 Wednesday 05 August 2020	Radcliffe House, Blenheim Court,	Modification Discussions

	Warwick Road, Solihull B91 2AA	
10:00 Wednesday 02 September 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Development of Request Workgroup Report
October 2020 TBC	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Finalise the Request Workgroup Report

Action Table (as at 01 April 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0301	04/03/20	3.0	Cadent (DD) to update and circulate the OAD Issues Log.	Cadent (DD)	Closed
0302	04/03/20	7.0	Joint Office (AR) to consider the appropriate arrangements for reviewing the Flow Weighted Average Calorific Value (FWACV) with Shippers.	Joint Office (AR)	Closed