

**UNC Request Workgroup 0646R Minutes  
Review of the Offtake Arrangements Document  
Wednesday 02 December 2020  
Via Teleconference**

**Attendees**

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Ben Hanley	(BH)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LMc)	National Grid NTS
Sonniya Fagan	(SF)	Joint Office
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/021220>

The Workgroup Report is due to be presented at the UNC Modification Panel by 15 April 2021.

**1. Introduction and Status Review**

Bob Fletcher (BF) welcomed everyone to the meeting.

**1.1. Approval of Minutes (30 September 2020)**

The minutes from the previous meeting were approved.

**1.2. Review of Outstanding Actions**

**0802:** DNOs to consider the Cadent interpretation of the Offtake Site Definition presented for Action 0501 and respond back to Workgroup at the next meeting in September 2020.

**Update:** Shiv Singh (SS) and Darren Dunkley (DD) confirmed that no further comments had been received. Louise McGoldrick (LMc) confirmed that National Grid are comfortable with the definition currently in the Offtake Arrangement Document (OAD). Leteria Beccano (LB) confirmed WWU was also okay with the current definition. DD believed he was awaiting NGN's view, and explained that there were some concerns with key assets being found outside the installation fence such as the electrical kiosk. DD wanted to reach a consensus that the land-mass was included in the definition and not restricted solely to the gas installation, as some major assets can sit outside of the fencing. Ben Hanley (BH) confirmed he had provided some comments and believed the land-mass being referred to was within the current definition. LB enquired if the current definition needed amending to specifically include the land-mass. DD confirmed there would be no change to the definition as there was a general understanding this refers to the land-mass of the site. BH clarified that there may be some exceptions and it may be necessary to consider sites on a case by case basis in the Supplemental Agreement. **Closed**

**0804:** DNOs to review and provide feedback on the Decommissioning Offtake definition and respond back to Workgroup at the next meeting in September 2020, to agree consensus.

**Update:** DD believed this action referred to Section L. LMc believed this related to the Redundant Asset Process. Stephen Ruane (SR) referred to the Decommissioning Offtake definition and references to downstream parties. The Workgroup briefly discussed OAD Section B, the Decommissioning clauses and specific scenarios. It was agreed to close this action. **Closed**

**0901:** All to review the Site Access Restrictions proposal presented by Cadent and agree upon the conditions that impact "restriction" at a given site and when OAD notices must be raised.

**Update:** DD explained that this action was about coming to a common understanding for site restrictions and what these may entail. DD explained there was no intention to update OAD but there was a need for a common understanding for the purposes of OAD Notices in certain situations. LMc explained that an OAD notice is only required if altering a site. BH concurred that an OAD Notice only applies if modifying or altering a site, as there is no need for a formal notification for every situation. BH referred to not needing to go through the OAD process for operational procedures for example needing to have a crane on site. DD referring to venting and heavy plant equipment, confirmed problems have been encountered for Cadent. BH challenged what in OAD was preventing Cadent gaining access to a site and challenged the need for a None Routine Operation (NRO) process, he believed there was basic operational procedures, good management and effective communication which should prevent difficulties accessing a site. The Workgroup further considered scenarios where Cadent have experienced access issues. LMc offered to work offline with Cadent to better understand the problems being encountered to see if there was something that could be undertaken at an Operational Planning Level that would help to resolve the issue. DD explained consideration had been given to using the NRO process but there was concerns with the risk and the flexibility with only giving 5-days' notice. BH understood the risks with utilising the NRO process and the possibility of rejected planned work with only 5-days' notice, he believed this can be managed by following the existing process and working at better communication. DD acknowledged that some site restrictions are not a full site restrictions and if there was a general undertaking on this he could work with this approach. **Closed**

**Action 0905:** Cadent (DD) to revise the Updating Supplemental Agreements process flow diagram and list the National Grid execution element separately, producing two process flows

**Update:** DD confirmed the process flow had been updated and circulated. He reported that the diagram had been split into two for capturing the review and execution processes. DD explained that there were no timescales for the review element, but he suggested it would be worthwhile considering a timeline for the execution process. LMc referring to the separate Review and Execution Cycles, noted that National Grid did not show as part of the execution process and asked how this would be captured for the NTS to LDZ aspects. See item 2.2 for more depth discussions. **Closed**

**Action 0906:** National Grid (SR) to update the OAD Notice template for discussion at the next meeting on 04 November 2020.

**Update:** SR provided an update on the OAD Notice Template, confirming there had been a proposed change 12 months ago based on feedback from the Workgroup. SR provided a list of suggested questions to be added to the template and asked if these needed to be included for consistency for all parties. DD expressed some concern about using tick boxes and that more detail maybe required. SR referred to the preceding text which encouraged further detail. This change was considered to be a basic template change and did not need a change to OAD. There was a consensus to include in the questions within the standard template. **Closed**

**Action 0907:** Cadent (DD) to update the Issues Log and re-issue by 26 October 2020 in readiness for the 04 November 2020 meeting.

**Update:** DD confirmed Version 13 of the issues log had been issued. **Closed**

**Action 0908:** SGN (DM) to provide feedback on views in relation to redundant assets options within the proposed draft Modification.

**Update:** See item 4.0. David Mitchell (DM) confirmed having reviewed the draft Modification SGN were comfortable with the solution provided. LMc enquired about the two Options outlined within the Modification. Shiv Singh (SS) outlined the two Options, confirming Option A refers to the use of Lease Agreements. DNO representatives confirmed Option A was the preferred option. **Closed**

**Action 0909:** All to provide feedback on preferences set out in the proposed drat Modification solution between Option A and Option B

**Update:** All DNOs and National Grid confirmed that Option A was preferred. **Closed**

## 2. Development of Second OAD Modification(s)

### 2.1. Site Drawings

SR confirmed it had been problematic to agree a date for a teleconference, however a meeting had been organised for Friday 18 December. SR advised that National Grid will be seeking feedback on the draft document which will be circulated in advance of the meeting. SR anticipated providing a more detailed update at the next meeting in January.

### 2.2. Proposal for Updating Supplemental Agreements

Further to providing an update for Action 0905, DD presented the process flow diagram.

LMc noting her earlier observation, enquired if National Grid needed to be referenced within the execution flow for NTS to LDZ elements. DD suggested there might be a need to illustrate a process flow for LDZ to LDZ offtakes and also for NTS to LDZ sites.

SR wished to better understand the structure and if Operator A was the executing or amending party, and when this should relate to National Grid. LMc referred to OAD and confirmed that the executing party is the upstream party.

SS enquired if the current flow diagram could be adapted and at the appropriate point or if a reference/footnote could be added to clarify who the executing party is. SR asked, if at the point of box 18, there should be an 'add on' with a separate process flow. DD noted that inter LDZ, small footprint sites, hardly ever change, but Cadent expect this to come up in the next RIIO period as cost pressures will require parties to clearly identify responsibilities. The Workgroup considered whether the process flow needed a small adaption to capture 'by agreement' to allow for different scenarios.

The Workgroup recognised there was agreement with the process for typical scenarios, and this was about illustrating the process in the best way possible.

LB enquired about the review process at levels 6 and 7, the timescales at the execution point, and supported having a timescale for Supplemental Agreements. DD suggested 10 days for the Supplemental Agreement sign off.

LMc referred to OAD and the ability to step outside of 10 business days if this is agreed by all parties, LMc believed that the first stage, the reviewing element, was likely to be more problematic due to the collation of information. Once the first draft is formed the aim would be to sign off documents within 10 days. LMc wished to understand following documentation of the process if there was any perceived OAD changes. DD expected a change to the subsidiary document, which may need an additional clause in OAD to tie in the need to have a draft version for sign off.

DD asked if the steps were okay as outlined. SR confirmed National Grid had previously provided feedback about the decision trees, perhaps needing a 'Yes or No' within the diagram but other comments had been resolved.

The Workgroup welcomed the illustration provided, agreed it needed to be easy to follow, and all steps appeared to be included. The Workgroup considered the numbering technique and if the box numbers would refer to more detailed process steps.

The Workgroup considered the review process, site complexities and potential disagreements on asset ownership and how these may need to be managed on a case-by-case basis. The trigger for the reviewing elements was considered, and whether this started when drafting the requirements, or once the migration to the new process is done.

LMc noted that during the drafting process the draft documentation may go through a number of iterations. The Workgroup recognised the difficulties particularly with flow rates (appendix D) which have to be agreed before go-live and other elements which need to be reconciled once the assets are live.

DD outlined the suggested drafting requirements in time for when assets go-live recognising that Supplemental Agreements are a mandatory obligation these should be signed after the assets are live. DD explained some of the difficulties with drafting changes within a reasonable timeframe. DD asked for input on when the review should commence. LMc explained that commercial changes need to be operational as outlined in OAD. LMc suggested there may be an interim sign off, rather than a draft, to capture a stepped process, with a view this will be updated and re-signed. LMc recognised some projects will need a phased approach with agreements/requirements set in place as the project develops.

LMc suggested this needs further consideration as to the point in which connection facilities are described. The Workgroup agreed to undertake further consideration of the critical items when updating Supplemental Agreements and when the review process is triggered for certain activities.

**New Action 1201:** All parties to consider the critical items required when updating Supplemental Agreements and when the review process should start in terms completing/amending the Supplemental Agreements.

**New Action 1202:** Cadent (DD) to review the timing elements in OAD for updating Supplemental Agreements and if they are appropriate for the process.

### 2.3. OAD Appendix References

DD believed at the last meeting the documents were agreed in principle and there had been no further changes. DD recognised this would need to be captured when drafting the legal text for the next phase of the Modification.

LMc noted the need to consider operations referred to within 1.5.3, capturing timing issues and the review process. DD confirmed these elements will be updated when decisions have been landed on.

It was agreed to remove this as a regular agenda item with a view to considering this at a later date.

### 2.4. Item to process from Issues Log

DD gave an overview of the outstanding items, in Version 13 of the Issues Log, confirming there were 8 items left to consider:

**B1.5.2 (b) OAD Appendix References** (see item 2.3).

**B2.2.4 OAD Notices.** DD referred to Action 0906 and that the standard template will be updated. It was agreed that this issue can be removed from the outstanding log.

**B6** DD suggested this can now be removed from the outstanding log.

**L2.3.1 Cost Recovery.** DD recapped that the cost recovery where possible should not be retrospective. There was agreement that costs should be notified and agreed upfront to avoid disputes. However, it was noted that regulatory and licence constraints would need to be considered where cost recovery is an issue to the nature of the activities involved.

DM asked what the process would be if the works are done before the costs are agreed and there are potential disagreements resulting in costs being unrecoverable. LMc explained that there is a dispute process which could be utilised within UNC General Terms Section A (GTA), recognising that this process has never been utilised for this activity. It was advised that disputes should be managed between organisations before enacting the Dispute Process under UNC GTA, noting that the costs being recovered can only be actual costs.

The Workgroup considered how to capture best practise in terms of identifying and costing estimates, perhaps through a cost recovery guidance document, the Workgroup also considered whether an update to OAD is required.

DD believed OAD Section L2 may already cover the principles around cost recovery. The Workgroup briefly considered the right to recover costs under the Transporter License conditions. DD recognised there is a negotiation process and options to review the scope of projects before landing on final values. DM believed hard wiring this in into OAD may be easier. DNOs were happy to consider an amendment to OAD and the value of having this easily available to refer to.

**New Action 1203:** Cadent (DD) to provide proposals for OAD Section L2 in relation to upfront Cost Recovery to be incorporated into the next Modification.

**B1.5.3. Definition of an Offtake Site/Process.** DD confirmed this had been covered under the review of actions 0802 and 0804. It was agreed to leave this on the issue log.

**N3.2.2. Supplemental Agreements.** Further to item 2.2 it was agreed to leave this on the issue log.

**B1.2 Offtake Definition.** Further item B1.5.3 above and earlier dialogue, it was agreed to close this item on the issue log.

**Clarity on Disputes Process.** DD confirmed he had added this to the main issue log and he had amended the general terms in relation to disputes through Network Operators. Further to earlier discussion it was noted that the resolution should be attempted before utilising the Dispute Process under UNC GTA.

### 3. Clarification, Application & Understanding of OAD

#### 3.1. Site Access

No further discussion.

#### 3.2. Disputes UNC GTA / OAD N1.1.1

No further discussion.

#### 3.3. Offtake Site Definitions

No further discussion.

#### 3.4. Cost Recovery / Reimbursement

No further discussion.

### 4. Removal of Redundant Assets

Further to the updates for Action 0908 and 0909, confirming Option A should be followed, SS asked the Workgroup if they were happy to proceed with the Modification on this basis.

LMc challenged some elements within the Modification and enquired if the solution and legal text needed further consideration, particularly concerning cost recovery and redundant assets. SR suggested some further work is required between National Grid and Cadent to consider some feedback previously provided. SS suggested holding a separate meeting to discuss any remaining issues with National Grid and to consider any further adjustments.

It was agreed to organise an offline meeting for further dialogue to work through the solution to ensure it works for both National Grid and Cadent. It was agreed that the attendees should include Darren Lond, National Grid and Guv Dosanjh, Cadent.

LMc wished to add the need to consider the OAD changes, solution, legal text and cost recovery.

It was anticipated that an update will be provided to the January Workgroup on how to proceed with the change, with a view to providing an updated draft Modification for further pre-modification discussions. It was anticipated the formal Modification would be presented to the February UNC Modification Panel.

### 5. Identification of any new OAD items or issues

#### 5.1. Site Owner Consent OAD B.3.4.1

DD wished to raise a concern about Site Owner Consent under OAD B3.4.1 for specific works to be undertaken. DD explained that an issue has arisen where Site Owner consent had been held up, and there appears to be a grey area within OAD, with regards to reaching consent. He asked the Workgroup to consider Section B3.4.1 which refers to site owner agreement not being unreasonably withheld. DD explained that the Site Owner has not responded to correspondence and questioned if by not responding within 60 days if the Site User can go ahead with the site alterations.

The Workgroup discussed the need to come to an agreement and considered if the Site Owner would be in breach of OAD. It was suggested that this should have been escalated with the Site Owner and within both organisations if required. DM suggested that there should be a pragmatic escalation process to resolve the matter.

LMc asked if National Grid could offer some assistance with the matter offline. LMc confirmed she would need to read through other areas of OAD Section B before offering a view on this and the wider obligations to respond to the request.

The Workgroup considered general communication problems and the possibility of using an obsolete email address. DD wished to understand if the rules under B3.4.1 would allow works to be undertaken without agreement and if there was a prevailing clause which prevents agreements being withheld.

DM believed the work should not go-ahead until agreement is reached and parties should escalate the issue/concerns within their respective organisations.

## 6. Next Steps

BF suggested that the next meeting on 06 January 2021 will include a:

- Review of the Removal of Redundant Assets Pre-Modification
- Site Drawings Update
- Discussion on Updating Supplemental Agreements
- Cost Recovery Legal Text Update

## 7. Any Other Business

### 7.1. Transmission System Operator to Distribution System Operator Agreement Guidelines

SS explained that the guidelines have been reviewed and comments from Cadent, SGN, WWU and National Grid have been received, however he wished to understand who was co-ordinating the changes required.

BF displayed the document for Transporters to review and asked if there were any further amendments required, before submitting to the Offtake Committee for approval. NGN agreed to review the document but having looked at the contact details displayed, these appeared up to date.

## 8. 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 January 2020	Teleconference	Removal of Redundant Assets Pre-Modification Review Site Drawings Update Updating Supplemental Agreements Update Cost Recovery / Reimbursement Legal Text Update

		Outstanding Items from Issues log
10:00 Wednesday 03 February 2020	Teleconference	Modification Assessments Consideration of outstanding Issues from Issues Log Development of Request Workgroup Report
10:00 Wednesday 03 March 2020	Teleconference	Finalise Request Workgroup Report

**Action Table (as at 02 December 2020)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0802	05/08/20	1.2	DNOs to consider the Cadent interpretation of the Offtake Site Definition presented for Action 0501 and respond back to Workgroup at the next meeting in September 2020.	All DNOs	<b>Closed</b>
0804	05/08/20	3.0	DNOs to review and provide feedback on the Decommissioning Offtake definition and respond back to Workgroup at the next meeting in September 2020, to agree consensus.	All DNOs	<b>Closed</b>
0901	02/09/20	1.1	All to review the Site Access Restrictions proposal presented by Cadent and agree upon the conditions that impact “restriction” at a given site and when OAD notices must be raised.	All	<b>Closed</b>
0905	30/09/20	2.2	Cadent (DD) to revise the Updating Supplemental Agreements process flow diagram and list the National Grid execution element separately, producing two process flows	Cadent (DD)	<b>Closed</b>
0906	30/09/20	2.0	National Grid (SR) to update the OAD Notice template for discussion at the next meeting on 04 November 2020.	National Grid (SR)	<b>Closed</b>
0907	30/09/20	2.0	Cadent (DD) to update the Issues Log and re-issue by 26 October 2020 in readiness for the 04 November 2020 meeting.	Cadent (DD)	<b>Closed</b>
0908	30/09/20	4.0	SGN (DM) to provide feedback on views in relation to redundant assets options within the proposed draft Modification.	SGN (DM)	<b>Closed</b>
0909	30/09/20	4.0	All to provide feedback on preferences set out in the proposed draft Modification solution between Option A and Option B	ALL	<b>Closed</b>
1201	02/12/20	2.2	All parties to consider the critical items required when updating Supplemental Agreements and when the review process should start in terms	ALL	<b>Pending</b>

			completing/amending the Supplemental Agreements.		
1202	02/12/20	2.2	Cadent (DD) to review the timing elements in OAD for updating Supplemental Agreements and if they are appropriate for the process.	Cadent (DD)	<b>Pending</b>
1203	02/12/20	2.4	Cadent (DD) to provide proposals for OAD Section L2 in relation to upfront Cost Recovery to be incorporated into the next Modification.	Cadent (DD/SS)	<b>Pending</b>