

**UNC Request Workgroup 0646R Minutes
Review of the Offtake Arrangements Document
Wednesday 03 March 2021
Via Teleconference**

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Maitrayee Bhowmick-Jewkes (Secretary)	(MBJ)	Joint Office
Ben Hanley	(BH)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Louise McGoldrick	(LMc)	National Grid NTS
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0646/030321>

The Workgroup Report is due to be presented at the UNC Modification Panel by 21 October 2021.

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (03 February 2021)

Darren Dunkley (DD) identified a minor error in the previous minutes.

DD noted that the sentence 'DD pointed out that none of the Distribution Network Operators had been following this clause' should read Operators instead of Distribution Network Operators. The minutes were amended and republished.

1.2. Review of Outstanding Actions

0201: DD SR to send DM a copy of the updated Site Drawings subsidiary document.

Update: Stephen Ruane (SR) confirmed he had circulated a copy of the Site Drawings subsidiary document to the Workgroup and asked Dave Mitchell (DM) to confirm whether he had received this and advised that he would resend it if required. **Closed.**

0202: DD to review the OAD and Supplemental Agreements to ensure any wording changes are aligned.

Update: DD noted this would be reviewed under Agenda item 4. **Closed.**

0203: DD to collate the discussion around the drafting changes to the Supplemental Agreement document and his explanation for the Workgroup to review at the March Workgroup meeting.

Update: DD noted this would be reviewed under Agenda item 4. **Closed.**

0204: LMc to clarify whether the point of offtake was a critical item in the Supplemental Agreement.

Update: Louise McGoldrick (LMc) suggested that the point of offtake was a critical item and asked for views from other networks. DM agreed with this view and noted it was extremely important to identify the point of offtake as this helps to identify responsibilities. DD noted this would be discussed under agenda item 4. **Closed.**

0205: DD to review the clauses in the Cost Recovery section and identify each instance where a 'notice' is mentioned and clarify the meaning and intent of the wording for the clause i.e. what type of notice is being referred to.

Update: DD noted this would be reviewed under Agenda item 5. **Closed.**

0206: DD to email LMc and LB an overview of the OAD notices and the Loss of Liability criteria.

Update: DD noted this would be reviewed under Agenda item 5. **Closed.**

0207: DD to collate the Workgroup discussions around OAD notices and Cost Recovery and circulate to the Workgroup participants.

Update: DD noted this would be reviewed under Agenda item 5. **Closed.**

0208: SR to collate the position on the principles of Site Drawings and circulate to the Workgroup.

Update: SR confirmed he had circulated a copy of the Site Drawings subsidiary document to the Workgroup and it would be discussed under Agenda item 3.

0209: All DNO participants to consider the permission clause in relation to providing additional works quotations within a 30 day period.

Update: This action will be considered under Agenda item 5.

2. Removal of Redundant Assets

Shiv Singh (SS) explained that he was currently awaiting guidance from their legal team who were still reviewing the documents related to the Network Sale process provided by National Grid.

BF noted that this topic would continue to be monitored with an update expected at the next Workgroup meeting in April.

3. Site Drawings Update

Stephen Ruane (SR) provided an update on site drawings, noting that Cadent had raised the following points for consideration:

1. Instances where a Site Owner cannot provide Site Drawings to the Site User, Cadent has suggested that the Site User should be able to redline edit the Site Drawings, as required. SR and LMc agreed with this suggestion, however, noted an industry wide discussion would be required before the proposal could be approved.
Ben Hanley (BH) asked for more clarity on how any cost recovery associated with this proposal would be assessed. DD explained that his proposal was for a Site Owner to hand the soft files to the Site Operator so they could edit it. Once the redlined drawing was received from the Site Operator, the Site Owner would have to update the drawing. As a result, a small amount of cost would be recovered by the Site Owner. DD clarified this proposal would only apply where Site Drawings were unavailable.
BH noted he was unlikely to agree to the cost recovery proposal which would arise where a Site Owner would seek to recover the costs for updating the Site Drawings, incurred because they did not make the Site Drawings available.
2. SR advised that a review of how shared Site Drawings are managed had been suggested. DD explained that when Site Owners are updating Site Drawings, there should be some oversight of the process from other parties. DD added, where site works were being carried out and additional details were being added to drawings, this process would allow the details to be checked instead of being automatically included in the drawings. He suggested the current process should be reviewed and more granularity added to it.
BH noted that whilst he agreed with the proposal in principle, the details are the responsibility of the party carrying out site works and if they were compliant with IGEM/SR/25 Hazardous Area Classification of Natural Gas Installations, he did not believe the process needed to be changed. He added this process was universally accepted by Distribution Network Operators (DNOs) and any amendments would need their approval. DD agreed that if all DNOs accepted the current process was suitable, then this proposal did not need to be progressed any further. SR noted he would remove the suggestion. DD noted a caveat explaining this should be added.

New Action 0301: DD, SR and BH to add a caveat concerning responsibilities to the Shared Site Drawings process.

4. Updating Supplemental Agreement

DD presented the updated Supplemental Agreement to the Workgroup and highlighted the changes made to Section 2. He noted that the document had been updated following the review at the February Workgroup and it should inform the development of the Modification Proposal.

The Workgroup then reviewed and discussed the amendments made to the Supplemental Agreement document. Some of the key points discussed were:

- LMc suggested that either party (Site Owner or User) should be able to update the Supplemental Agreement as soon as there was a change on site, and an OAD notice was not always necessary. DD highlighted clause 2.13 which allows ad hoc arrangements to do this. However, he noted that generally the OAD notice should be produced. Further to some discussion on this, LMc accepted this explanation.
- DD advised that under clause 2.5, the time period for the drafting process needed to be reviewed and approved. LMc noted the current wording states the process should start promptly and believed it was sufficient and appropriate. There was some discussion around the wording and the Workgroup agreed to keep current wording.
- BH noted clause 2.8.4 was contradictory to 2.8.1. The Workgroup compared both clauses and BH agreed to provide some clarity for the requirements for gas flow.

New Action 0302: BH to provide clarity for requirements for gas flow concerning the update of Supplemental Agreements.

- LMc asked if Appendix D of the Supplemental Agreement needed to be signed off by all parties and noted that she believed that any changes to either Appendix D or E needed to be signed off before a site becomes operational.
There was some discussion on the process of updating the Appendices. DD noted that LMc's view was contradictory to his understanding of the process for meter operations and data flows. LMc explained that National Grid have internally reviewed this process and believed the Appendices could be updated prior to a site going live. DD noted this view was contradictory to his discussions with National Grid in the past.
DD asked LMc to write to Cadent to set out their view of the process and added Cadent would most likely want assurances regarding the process in the future. DD noted he would keep clause 2.8 in the Agreement for the time being, but he would mark it as being under review. DD advised that if the current processes were amended, compliance with them would be challenging and the industry would need to be informed of any changes as soon as possible.
Further to discussions, it was agreed that National Grid would write to the DNOs clarifying the metering processes.

New Action 0303: SR to write to all DNOs clarifying the metering processes for Supplemental Agreements.

- LMc asked if Appendix B had been updated and noted DD had previously stated that Cadent was unable to comply with it. DD clarified that all Site Operators struggled to comply with this clause, but it was not going to be included in the Supplemental Agreement.
LMc explained that the current process is that all Appendices should be updated before a site becoming operations, which would also include Appendix B. DD replied that at present only amendments to Appendix D and E were being considered. Any other amendments to the Appendices would be undertaken 'promptly' after operations going live.
- The Workgroup discussed Site Services under clause 2.10. DD suggested he would discuss this further with LMc before making amendments to this section.

New Action 0304: DD and LMc to discuss Site Services before further amendments are made to clause 2.10 of the Supplemental Agreement.

DD also presented the updated Process Flow diagram and steps. The Workgroup briefly reviewed these, and no concerns were raised. DD confirmed he would finalise these amendments.

5. Cost Recovery

Loss and Liability:

DD presented a paper on the requirements behind the OAD's Loss and Liability provisions, provided under Action 0206. The Workgroup reviewed and discussed these. The key points discussed were as follows:

- DD noted that a potential risk to Cadent had been highlighted recently, the cost for which could be very high. However, as the risk was not associated to Cadent's own network, the OAD did not provide cover for them and were not independently insurable. He suggested the Workgroup should therefore review the current requirements for the Loss and Liability under the OAD to test whether they were robust and fair.
SS suggested that at other Workgroups, discussions with National Grid and other industry bodies had highlighted that there appeared to be a need for a change in view when considering cost recovery and that a holistic system approach may be required in the future. He added this might result in the OAD being rewritten.
BF asked if this was the appropriate forum for this discussion. LMc agreed with this and noted this would need to be reviewed very carefully in respect to all Transporters and the wider Gas industry. BH agreed and added a very good justification would be needed for such an overhaul. DD agreed that this would have wide ranging regulatory implications. The Workgroup participants agreed this was not the appropriate forum to discuss this topic and it needed to be flagged for discussion at a higher level.
- DD noted that in terms of Loss and Liabilities, liabilities currently underpin each party's risk profile under the OAD, which allows them to consequently recover costs incurred. DD noted the advice he had received internally suggested parties could recover costs for activities to support emergencies only at this time.
- There was some debate around the definition of emergency. DD proposed that the definition of 'emergency' needed to be reviewed. The Workgroup participants considered whether the definition should be according to what was set out in the OAD or whether it needed to be expanded.
SR noted that the definition of emergency appeared to be legal terminology and suggested the definition under the Uniform Network Code (UNC) should be adopted.
- DD noted that he had not reviewed the definition of emergency under the OAD yet.
BH noted that the definition of an emergency would be losing supply at an offtake and would be managed using the emergency procedures, either locally or nationally coordinated.
DD and BH discussed scenarios where an emergency might occur. Both agreed however that the principles for cost recovery in these situations would need to be agreed upfront.
- SS suggested the DNOs discuss this topic further at the DNO Forum.

Amendments to Cost Recovery:

DD presented a paper on the proposed amendments to section L2 to reflect the discussions held by the Workgroup in February.

- DD noted some information had been added to the definition of emergency in this section but advised this may need further amendment in light of the discussions at this meeting.

- LMc asked if there would be flexibility to change a quotation when an estimate for cost recovery was provided. DD explained this would depend on how a quotation was built. He noted if an Operator had provided a higher estimate than the actual costs incurred, they would be able to recover their actual costs. LMc noted this principle should also be applicable when an estimate was lower than actual costs. DD responded that it would be applicable but added that if an invoice was higher than the estimate, the Operator seeking to recover costs needed to agree the higher cost with the other party before submitting the invoice. LMc accepted this view.

Give notice review:

DD presented a paper on the requirements to give notice under the OAD, provided under Action 0205. The Workgroup reviewed this paper and discussed the following:

- Compatibility clauses were discussed and it was agreed that if a party did not allow an impacted party to assess their compliance with the modifications being proposed, then the impacted party could recover their costs to ensure compliance or request the site is reverted back.
- The costs associated with OAD notices should be recoverable and this practice should be adopted by all parties.
- Due to the way OAD notices are raised, at the time of giving notice (30 days), all the details of costs to be incurred may not be available. If a cost recovery item came to light after the 30 day period, it should be submitted as soon as possible. The Workgroup discussed extending the time within which this could be submitted as they agreed 30 days was not long enough. DD suggested 60 days. LMc noted she would need to get a view from her team before she could commit to approving this.
- LMc asked if the discussions the Workgroup had in regards to Site Drawings would be incorporated and DD confirmed the document would be updated to incorporate these.
- DD noted a review of Section C which is the Safety and Emergency section was necessary and noted he would carry out this review.
- SR noted that according to the UNC Transportation Principal Document (TPD) Q1.2.1, the definition of an emergency is a gas supply emergency. DD asked where the process for mitigating this was included and noted he would review this. BH noted he was happy to accept the definition in the TPD. DD advised he would check this with his Policy team and would not make any amendments until all parties understood the position.

New Action 0305: DD to review the definition of emergency under UNC General Terms Definitions, OAD Section C and the TPD and seek guidance internally before liaising with the Workgroup to agree the accepted definition.

6. Outstanding items from Issues Log

DD informed the Workgroup that there were no updates on the Issues Log.

7. Identification of any new OAD items or issues

No new issues were raised.

8. Next Steps

BF informed the Workgroup participants of a Significant Measurement Error (SMER) notification received by the Joint Office and that consequently an Offtake Arrangements Workgroup had been set up to review it on 15 March. BF clarified that it will be reviewing the notified Offtake Metering error and might select one or two Independent Technical Experts to assess the SMER depending on the materiality of the error.

BF suggested that the next meeting for this Workgroup will include the following:

- Review of the Removal of Redundant Assets Draft Modification (if legal review and advise is provided)
- Site Drawings Update
- Discussion on Updating Supplemental Agreements
- Cost Recovery Legal Text Update

The proposed meeting dates as set out below were also agreed.

9. Any Other Business

No other business was raised.

10. 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 Thursday 30 April 2021	Teleconference	Standard Agenda Items
10:00 Wednesday 26 May 2021	Teleconference	Standard Agenda Items
10:00 Wednesday 23 June 2021	Teleconference	Standard Agenda Items
10:00 Wednesday 28 July 2021	Teleconference	Standard Agenda Items
10:00 Wednesday 25 August 2021	Teleconference	Standard Agenda Items
10:00 Wednesday 22 September 2021	Teleconference	Standard Agenda Items

Action Table (as at 03 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	03/02/21	3	SR to send DM a copy of the updated Site Drawings subsidiary document.	Cadent (DD)	Closed
0202	03/02/21	4	DD to review the OAD and Supplemental Agreements to ensure any wording changes are aligned.	Cadent (DD)	Closed
0203	03/02/21	4	DD to collate the discussion around the drafting changes to the Supplemental Agreement document and his explanation for the Workgroup to review at the March Workgroup meeting.	Cadent (DD)	Closed
0204	03/02/21	4	LMc to clarify whether the point of offtake was a critical item in the Supplemental Agreement.	National Grid (LMc)	Closed

0205	03/02/21	5	DD to review the clauses in the Cost Recovery section and identify each instance where a 'notice' is mentioned and clarify the meaning and intent of the wording for the clause i.e. what type of notice is being referred to.	Cadent (DD)	Closed
0206	03/02/21	5	DD to email LMc and LB an overview of the OAD notices and the Loss of Liability criteria.	Cadent (DD)	Closed
0207	03/02/21	5	DD to collate the Workgroup discussions around OAD notices and Cost Recovery and circulate to the Workgroup participants.	Cadent (DD)	Closed
0208	03/02/21	5	SR to collate the position on the principles of Site Drawings and circulate to the Workgroup.	National Grid (SR)	Closed
0209	03/02/21	5	All DNO participants to consider the permission clause in relation to providing additional works quotations within a 30 day period.	DNOs	Closed
0301	03/03/21	3	DD, SR and BH to add a caveat concerning responsibilities to the Shared Site Drawings process.	DD/SR/ BH	Pending
0302	03/03/21	4	BH to provide clarity for requirements for gas flow concerning the update of Supplemental Agreements.	NGN (BH)	Pending
0303	03/03/21	4	SR to write to all DNOs clarifying the metering processes for Supplemental Agreements.	National Grid (SR)	Pending
0304	03/03/21	4	DD and LMc to discuss Site Services before further amendments are made to clause 2.10 of the Supplemental Agreement.	DD & LMc	Pending
0305	03/03/21	5	DD to review the definition of emergency under UNC General Terms Definitions, OAD Section C and the TPD and seek guidance internally before liaising with the Workgroup to agree the accepted definition.	Cadent (DD)	Pending