

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

Wednesday 05 August 2020

Via Teleconference

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Cuin / Bennett (Secretary)	(HC)	Joint Office
Arran Poad	(AP)	Northern Gas Networks
Ben Hanley	(BH)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Grid NTS
Stevie Docherty	(SD)	Northern Gas Networks

Copies of all papers are available at: <http://www.gasgovernance.co.uk/0646/050820>

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

1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

1.1. Approval of Minutes (06 May 2020)

Louise McGoldrick wished to note a requested change to the May minutes to record that it was agreed not to proceed with changes for the Requirement to provide 12-month OAD notices (B2.2.4) and the Dispute Process.

Darren Dunkley (DD) agreed that the item recorded on the 0646R Issue Log relating to the Dispute Process did not need to be pursued. However, DD believed further clarity maybe required on disputes.

Leteria Beccano (LB) confirmed that the UNC Offtake Arrangements Document (OAD) Section N 1.1.1(e) refers to dispute resolution, set out within the UNC General Terms (UNC GTA). It was generally understood by the Workgroup that by referring to dispute resolution this was in accordance with UNC GTA.

DD provided other references within OAD D6 Measurement Disputes, and Section L 3.7 Disputed Payments which also refers to disputes. DD believed there was a need to review all the OAD references to disputes to ensure/understand if in each case the reference relates to disputes under UNC GTA.

It was agreed that it would be worth looking at other instances within the UNC on how disputes are referred to and if there are any differences before considering if a change is necessary.

New Action 0801: Joint Office (AR) to consider UNC references to disputes to assess any potential differences.

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

0501: Cadent (DD) to consider the Offtake Site Definition and provide an alternative definition and clear justification to support the proposed change where this would include equipment that is not considered to be part of an offtake.

Update: DD provided a paper outlining the asset boundaries and what constitutes as an offtake site, highlighting 3 examples.

Stephen Ruane (SR) confirmed broadly speaking he agreed with the diagrams.

DD explained that Diagram 1 shows what assets sit outside the Gas Installation Fence; Site User Marker; Site Owner and the Electrical intake kiosk and advised that the definitions in OAD are vague on this area, although clarified that the definitions should not require changing in this area. Ben Hanley (BH) clarified that if DD is not proposing any changes then there should not be any cause for concern. SR advised he had held an internal meeting on this subject and reached the same conclusion.

AR confirmed that a consensus had been reached to go with the outer boundary. BH clarified that if there is an impact on the fence, whether it is inside the fence or outside the fence, it falls on OAD. BH confirmed he has no concerns if there is no amendment to the OAD definitions.

DD showed Appendix section A of the revised template and confirmed this was approved within the Modification 0683S - Offtake Arrangements Document (OAD) Review Updates – Phase 1, Workgroup, the diagram shown underneath the template showed how the land boundaries can be articulated.

SR asked if this would require an update to all of the drawings. DD clarified this does not affect the drawings, this was taken from the land registry which everyone should have access to.

LB expressed a concern that adding the diagram into the template was not discussed when the template was approved. DD advised the diagram is purely a schematic outlining the boundary of what the Site Owner owns and pointed the Workgroup to section B where it states a diagram of the land mass has to be provided. OAD B1.2.6 or B1.2.7 paragraphs from the Offtake Document were shown onscreen.

AR asked the DNs to review the proposal/interpretation presented for further consideration next month.

BH advised he does not agree with the Supplemental Agreement comments that DD mentioned adding that the Supplemental Agreement is the agreement for the Offtake point and not the entire site. DD and BH agreed to discuss this further offline.

DM enquired what the legal text would look like on this and questioned the benefit case of making a change. DD clarified no changes were being proposed and that this discussion was just about getting a consistent understanding across all Operators. **Closed**

New Action 0802: DNs 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.

0502: Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.

Update: DD provided a document/paper clarifying on Site Access Restrictions, referring to OAD Section B, which explains Access Rights.

DD identified different types of scenarios that exist when an Operator needs to restrict access:

1. Full Site restriction (e.g. rebuilding an offtake)
2. Maintenance: if the Operator is venting and requires another Operator not to attend site;
3. Partial site restriction: this is normally inside the site where the Operator is restricting part of the Offtake, for this scenario, the other Operator would need to take into account the type of Offtake, the configuration; where the assets are and the layout of the Site.

It was agreed that Site access conversations should be done locally and not necessarily via an OAD notice. AR advised that these arrangements seem to rely on dialogue rather than the issue notifications and ensuring parties advise each other when siteworks are occurring.

DD asked the DNs to review the proposal and agree upon the conditions that impact “restriction” at a given site and when OAD notices must be raised. **Carried Forward**

2. Draft Modifications / Pre-Modification Discussions

Deferred

3. Consideration of Outstanding Issues from Issues Log

Darren Dunkley (DD) confirmed he had 4 documents to consider today for Cost Recovery, OAD Appendix References, Removal of Redundant Assets, and a proposal for Updating Supplemental Agreements:

Cost Recovery L2.3.1

DD confirmed it had been previously agreed to consider this topic in context with commercial arrangements. DD explained that under the OAD framework there are several key clauses that enables or allows one operator to recover cost from another, especially where an “impact” occurs or “affects” another site party.

DD provided a table containing the key clauses that apply whereby an operator can “recover” or “reimburse” another. This included a column that explained the Cadent interpretation of the relevant clauses.

DD asked the DNs to review the contents of the table and provide feedback at the next meeting on whether they agree to the interpretations or not.

New Action 0803: DNs to consider references to cost recovery and reimbursement as set out in OAD and respond back to Workgroup at the next meeting in September 2020, for further discussion and debate.

When considering B2.3.2 Decommissioning Offtakes, SR advised the definition of decommissioning in OAD refers to the downstream party and asked if there is an impact on the upstream party in terms of cost recovery. DD confirmed that the upstream party may need to decommission their asset as a result and may need to recover the cost from the downstream party. SR advised he will email through his list of omissions to DD for him to advise why they have been taken out. When asked, DD clarified B2.6.5 is for capital costs only.

DD confirmed the table in the document has been provided for the purposes of clarity in order to reach a common understanding and consistency across Operators.

New Action 0804: DNs 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.

LB sought clarification regarding the reference to Planned Maintenance in B3.5.1 Decommissioning of Site. DD confirmed this would be the case and needs to be considered in conjunction with Section G3.6.4.

OAD Appendix References

DD provided a table of the OAD Appendix References and explained the recommendations as shown in the document. DD highlighted the clauses where there was a recommendation for a change in the phrase or wording (clauses: B1.5.1, B1.5.2, B2.1.1 and F2.3.3).

DD clarified he was looking for an agreement that when metering is mentioned, this refers to Fiscal metering.

The workgroup agreed to review the value of changing the references and consider this further at the next meeting.

New Action 0805: DNs to consider the recommended OAD Appendix Reference changes and the value of changing the references for further consideration in September.

UNC OAD Subsidiary Document - Removal of Redundant Assets Process

DD provided the proposed UNC Related Document for the Removal of Redundant Assets and confirmed the need to pick this topic back up. DD provided some background/history to the issue and explained it was originally anticipated this would only be a change for Cadent and National Grid as it was understood other DNs would be covered by Lease Agreements.

DD wanted a process that allowed parties to remove or relocate redundant assets as it was understood that Lease Agreements only allow relocation. DD believed a common ground needed to be reached.

SR understood the need for uniformity and suggested bringing in some subject matter experts to future meetings to consider the required changes. The Workgroup considered the best way to move this change forward and the need for additional meetings to allow an assessment of the required changes.

DD summarised the background to the requirement for removing redundant assets and the need to have a process within the UNC to enable this. DD explained that the cost implications and cost sharing needed further consideration.

SR understood that initially the cost breakdown was proposed as a 50:50 split but National Grid could not support this, and there was a counter suggestion for a 50:50 split up to £50k with a more rigorous process for costs over £50k. There was also consideration given to a potential aggregate of all the requests for these not exceed a certain amount and timebound to the T2 period. SR explained that National Grid could not agree to a 'blank cheque' approach. DD confirmed that Cadent were not satisfied with a timebound approach and that the arrangements should be reviewed at the end of T2.

Dave Mitchell (DM) was concerned about any overlaps or duplication on the approach and having dual approaches for parties with Lease Agreements.

AR enquired if the current Lease Agreements work, could the arrangements be lifted into OAD and, in terms of attributing costs, if this could be done under a mechanistic approach.

DD explained that OAD and the Lease Agreements are similar for the relocation of assets but neither OAD nor the Lease Agreements covered asset removal. DD went on to explain at the time of network sales all the suitable provisions were in OAD and Lease Agreements were not deemed necessary for Cadent.

Referring back to the point on financial modelling, SR confirmed this had been considered, but it was difficult to land on an approach in relation to the value of removing the asset, as the cost consideration was not simply about the cost of removing the asset. SR also expressed that there should not be different arrangements for one party.

DD explained the intention in OAD to refer to Lease Agreements where these are in place and revert to OAD where certain arrangements do not exist within Lease Agreements but wish to be utilised. Some concern was expressed about this principle. SR believed there would be some difficulties 'opening up' Lease Agreements where the Lease does not cover certain elements.

LB believed this still needed further consideration and suggested the Workgroup review previous discussions/considerations to ensure previous views articulated are not overlooked. LB agreed to pull together the considerations previously made to assist next month's meeting.

DD asked for views from the DNs,

New Action 0806: DNs to review previous discussions within Workgroup 0646R and 0683S meetings in relation to Redundant Assets and provide a view on company positions.

DD explained this is still an issue for Cadent and would consider having an arrangement with National Grid, should this is not required by other DNs.

Proposal for Updating Supplemental Agreements (B1.5.2 (a) & (b), B1.5.3 and N3.2.2)

DD provided a paper outlining the proposed Business Rules, outstanding issues and a set of process flow diagrams to capture the requirements for updating Supplemental Agreements between DNs.

DD explained the bi-lateral arrangement needed to be amended to allow tri-partite agreements to be included. DD confirmed the proposed process is to allow any party within the agreement to initiate and propose draft changes for review.

DD was keen to review the proposed document, process flow diagrams and how this can be developed into a working document. DD confirmed some arrangements are in OAD and this may wish to be captured in more detail as a subsidiary document.

SR provided feedback on the proposed process flow and suggested some areas which needed updating relating to adding clarity to the diagram.

DD wished to bottom out the process and consider what changes are required to OAD once the operational process is understood. DD agreed to align the process flow diagram with a references to the Sections in OAD to identify which steps are specified in the Code, and which are not.

Other Considerations – Site Drawings

Before concluding discussions on the topics requiring further action DD, wished to note that further work was also required by the Workgroup in relation to Critical National Infrastructure, (CNI), Maintenance and Drawings. From these 3 streams DD noted the most important consideration would be drawings.

SR confirmed consideration has been undertaken on the topic of drawings and there is an agreed process. However, he recognised the need to undertake stakeholder engagement to ensure standards are met. DD reported in principle a high-level process has been agreed but some further considerations are required

SR believed the principles were agreed and needed to be tested/monitored to ensure these principals work in practise before signing off on the process.

DD believed there were still some issues within the process with records being booked out and follow up actions without the corresponding red-line mark ups, and this needed further consideration.

It was agreed there was no process in OAD for updating drawings, and the next steps would be to consider what OAD text and subsidiary documentation would be required.

It was agreed Drawings would be considered next month following a testing/development phase before formalising the approach.

4. Consideration of Outstanding Issues from Issues Log

No further discussion

5. Next Steps

DD was mindful that some elements in the issue log still needed consideration. DD anticipated that the changes required for Site Drawings and Redundant Assets were likely to extend until March 2021.

DD confirmed his intention to bundle simple changes together in one UNC Modification. AR suggested Cadent avoid combining commercially complex changes, such as Redundant Assets, with the simple / straightforward changes in the same modification since, if the Modification was rejected, all the aspects of the proposal would not be implemented.

The Workgroup believed a further 6 months would be required to allow further consideration of all the elements still requiring Modifications.

AR invited DD to provide the Joint Office with a workplan and the required monthly agenda items to lead discussions and to ensure agendas are informative.

6. Any Other Business

6.1. Transmission System Operator to Distribution System Operator Agreement Guidelines N9.1.1

SR referred to a previous consideration following the separation of Cadent / National Grid SCADA systems and whether the Guidelines may no longer be relevant in light of upcoming changes. DD confirmed the Guidelines may still need to exist for certain elements and this needs further consideration. SR confirmed that National Grid’s view was, these Guidelines need to stay in place.

The Workgroup briefly considered the change Governance for the document, it was believed as the Guidelines were an Offtake Subsidiary Document within OAD any revision to the Guidelines (under OAD N9.3.1) would need to be approved by the Offtake Committee pursuant to OAD Section N1.2.

7. 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 02 September 2020	Teleconference	Modification Assessments
10:00 Wednesday 07 October 2020 TBC	Teleconference	Modification Assessments
10:00 Wednesday 04 November 2020	Teleconference	Modification Assessments
10:00 Wednesday 02 December 2020	Teleconference	Modification Assessments
10:00 Wednesday 06 January 2020	TBC	Modification Assessments Consideration of outstanding Issues from Issues Log
10:00 Wednesday 03 February 2020	TBC	Modification Assessments Consideration of outstanding Issues from Issues Log Development of Request Workgroup Report
10:00 Wednesday 03 March 2020	TBC	Finalise Request Workgroup Report

Action Table (as at 05 August 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0501	06/06/20	2.0	Cadent (DD) to consider the Offtake Site Definition and provide an alternative definition and clear justification to support the proposed change where this would include equipment that is not considered to be part of an offtake.	Cadent (DD)	Closed
0502	06/06/20	2.0	Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.	Cadent (DD)	Carried Forward
0801	05/08/20	1.1	Joint Office (AR) to consider UNC references to disputes to assess any potential differences.	Joint Office (AR)	Pending
0802	05/08/20	1.2	DNs 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 DNs	Pending
0803	05/08/20	3.0	DNs to consider references to cost recovery and reimbursement as set out in OAD and respond back to Workgroup at the next meeting in September 2020, for further discussion and debate.	All DNs	Pending
0804	05/08/20	3.0	DNs 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 DNs	Pending
0805	05/08/20	3.0	DNs to consider the recommended OAD Appendix Reference changes and the value of changing the references for further consideration in September.	All DNs	Pending
0806	05/08/20	3.0	DNs to review previous discussions within Workgroup 0646R and 0683S meetings in relation to Redundant Assets and provide a view on company positions.	All DNs	Pending