

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

Wednesday 06 May 2020

Via Microsoft Teams

### Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuiin (Secretary)	(HC)	Joint Office
Arran Poad	(AP)	Northern Gas Networks
Ben Hanley	(BH)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
India Koller	(IK)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LMc)	National Grid NTS
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/0646/060520>

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.

BF wished to note following conclusion of the UNC 0683S Workgroup Report, the Modification had been issued to consultation which was due to close on 07 May 2020.

#### 1.1. Approval of Minutes (01 April 2020)

The minutes from the previous meeting were approved.

#### 1.2. Review of Outstanding Actions

None.

### 2. Draft Modifications / Pre-Modification Discussions

Darren Dunkley (DD) confirmed he had reviewed the issue log and provided a proposal document for further consideration by the Workgroup and for moving elements forward. DD explained that the key elements had been categorised into Definition, Process and Code enhancements.

The Workgroup considered each topic provided in the Appendix and discussed the requirements:

#### Offtake and Offtake Site Definitions – B1.2

DD believed that the definition for an offtake site was ambiguous and not fit for purpose especially where offtakes or other network operated equipment are situated within a larger land parcel. He explained that this impacts the correct application of the subsequent obligations and requirements under OAD, for example site access, security services and other safety requirements within OAD Section C.

DD highlighted that Offtake Sites are defined within OAD Section A and then again in Section B1.2. He believed that the definition needed to provide better clarity around the boundary for a site and that this could include a land parcel within the overall site boundary.

DD provided an example of a site on a larger piece of land which had a perimeter fence, with an asset inside and outside of the installation fence line. DD went on to explain within a boundary fence there can be a gas installation and within the land foot-print there can be a more secure perimeter fence. He challenged if the facility encapsulated within the security fence is the offtake or the whole land parcel outside the secure offtake site fence. He wished to seek clarity within OAD that if an offtake has an asset outside the operators security fence the offtake should include the area up to the edge of the land parcel.

Louise McGoldrick (LMc) wished to understand what issue had been identified with the current definition and what difficulty Cadent had experienced and how many sites this involved.

It was questioned that if there is a unique situation for a site if this should be captured within the Supplemental Agreement. Stephen Ruane (SR) enquired what would be captured within the Supplemental Agreement for the scenario provided.

Ben Hanley (BH) questioned why land parcels without an offtake asset would need to be included in OAD, giving an example such as an access road. DD explained this could impact access rights, if a party needed to access a part of the land, buildings or structures within the land parcel but not within the secured fence.

SR suggested that the Supplemental Agreement should capture what constitutes the facilities.

DD continued to challenge what is the boundary, referring to another example with a site which had terminal equipment. He believed there were two boundaries, the land parcel, and the site security fence. DD wished to understand if there was a compressor station within a land parcel and a governor present if this was part of the offtake.

BH believed there were certain elements within a footprint such as a District Governor which should be considered as not being an offtake by definition and not in the land parcel as these should not be managed under OAD, these are covered by Lease Agreements where applicable. BH clarified the lease should cover land issues where the equipment is not part of an offtake as defined by OAD.

DD believed this was still an issue to understand what is in and what is outside the land parcel and overall site boundary.

BF believed there was a similar issue discussed previously where there was a different approach to not having Lease Agreements and trying to adjust OAD to bridge the gap which wouldn't be suitable for parties that used Lease Agreements.

It was suggested that an alternative approach to the issue a further update to the Supplemental Agreement to enable this to be captured for Cadent.

It was suggested this topic should be considered further and Cadent should consider how this example could be managed for elements that do not sit within OAD and where there is no Lease Agreement for the site.

BF suggested that due to the uniqueness of sites that the definition in OAD may need to be kept at a high level and it may not be possible for the definition to capture every possible scenario.

Dave Mitchell (DM) believed from experience that the UNC should not drill down to finite details as it is not the place for 'a how to' guide. It was suggested that operational procedures would be better for providing this level of detail.

LMc expressed that National Grid would be happy to have some conversations offline with Cadent to establish if this issue can be addressed operationally.

DD expressed he was keen to have a consistent approach. BH understood the issues being faced by Cadent but believed the definition to be correct and should not have the level of detail Cadent was looking for. It was suggested that Cadent should provide a proposed definition change along with evidential support for the change to allow further consideration.

**New Action 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.

### **Updating/Entering into Supplemental Agreements – B1.5.2 (a) & (b)**

DD suggested some further minor amendments to the Supplemental Agreement Template are required to remove the specific referencing of Appendices and make the requirement more generic. He believed by doing so, his would future proof the clauses.

Leteria Beccano (LB) suggested that B1.5.1 may also need to be checked to ensure that going down the generic route wouldn't have unintended consequences. LB suggested a search should be undertaken to ensure all appendices have been considered.

### **Revising a Supplemental Agreement B1.5.3**

DD explained that this topic referred to the updating process for revising Supplemental Agreements. He believed there were difficulties agreeing and processing Supplemental Agreements on or before operational acceptance of assets on site. He suggested a review of the process around this subject area was needed.

LMc wished for clarity when a Supplemental Agreement should be in place for a new, altered, or decommissioned site. DD explained B1.5.3 covers the timing of Supplemental Agreements and that it should be agreed available at the time the revised asset goes live.

DD believed this needed a hook into the OAD notification process.

LMc understood the logistical difficulty, however it was believed that agreements are required upfront. SR suggested that this appeared to be another process issue and questioned if OAD was the right place to have such details documented. He suggested that a view should be sought on the legal obligations and for all parties to understand the balance of risk, the problems with the process and ensure that there is a balance in the approach.

DD wished to note that the date of the Supplemental Agreement should be the date the assets went live, not the date the Agreement is signed-off. He believed there was some retrospectivity as information caught up but this should not be detrimental to the process.

LMc understood that the availability of operational diagrams may not be possible before the site is operational as there maybe difficulties obtaining all the relevant detailed information.

BH concurred that at go-live some drawings and details may not be available. BH explained that certain information would be available such as the measurement information, measurement points and what the flow rates are but the actual final drawings from the completed construction (as actually built) may not be available on the day the site could go live. He clarified the drawings of the final build may not be available for 3 months after, however the initial planned drawings would be available. BH went on to explain there are occasions when the original build plan may be different from the final build, however certain key elements such as the meter being ultrasonic, and flow rates would not change, some information is not available until after. DD suggested there could be an initial draft and final version of drawings. BH clarified that a complete final document would not possible ahead of operational acceptance.

LMc suggested a full breakdown of what would be available may assist. However, DD explained due to complexities this would differ.

DD suggested the Workgroup would need to review each clause and provide feedback / agreement or non-agreement, and a view of how this could be resolved.

DD asked for views on what a reasonable timeframe would be. BH explained that completion records and drawings can be difficult to obtain at the time of go-live but should not be unduly delayed. DD asked if a month would be reasonable. LB suggested that reasonable endeavours obligations might need to be considered as timings would not always allow for Supplemental Agreements to be complete and signed for on the go live date.

BF suggested reasonable endeavours may need to be considered to avoid failing an obligation and to allow appropriate documentation to be approved.

It was agreed that the topics relating to B1.5.2 and B1.53 should be grouped together and required further consideration.

#### **Requirement to provide 12-month OAD notices – B2.2.4**

DD explained the difficulties to comply with the 12 months' notice requirement in Section B2.2.4. He suggested that the clause needs to be reviewed between the operators to agree an alternative approach that is more practical to comply with but works in the spirit of providing as much notice as possible.

SR was nervous about reducing the 12 months' notice, noting that there is capability for this to be reduced as it can be agreed by the parties involved.

BH and LB believed there are many variants to be considered along with the need for flexibility and cooperation. LB explained that the 12 month notice fits in with investment plans, she acknowledged there are projects that be managed on a reduced notice and some circumstances where it is not possible to provide 12 months' notice.

It was suggested the requirement could be softened to allow less than 12 months but this was already possible with the current provisions in OAD.

DD referred to the G17 process and that OAD notices are raised in advance.

LMc wished to better understand what the defect Cadent had observed and was preventing compliance, as the current wording already allowed less than 12 months' notice where it is agreed by the parties.

BF highlighted that if customary practise suggests that the 12 month's notice is rarely adhered to, the current obligation should be reviewed and lessened to less than 12 months unless it ties in with the planning processes, and the individual aspects of works being undertaken could make it difficult in every case to adhere to 12 months. BF suggested that differing from 12 months shouldn't be the norm it should be considered an exception to the rule.

DD suggested there should be some relaxation to the 12 months requirement.

BF suggested the Workgroup should consider why the 12 month obligation can't be complied with, and what the alternative is.

BH was unclear what further change to OAD would be required to soften the rule when there is already a caveat to allow parties to agree a lesser period. BH explained that each case is considered on its own merits with supporting information available to justify and demonstrate agreements are in place.

BF suggested OAD should not have a target for what is not typically achievable and if a lesser notice period is possible there would be value reducing the minimum period if it meant that compliance was typical.

LMc explained that National Grid would need sufficient time to fully consider the risks and impacts of reducing the notice period.

[It was agreed to not proceed with this change.](#)

#### **Considerations for Site Users upon raising OAD Notices – B3.4.4**

DD proposed that this clause should be enhanced not just to cover the relocation of site users' assets to their own land but also to review the separation of shared assets to remove the complexity that exists at some sites.

DD provided an example of required work, removing a controllable asset from one operator to another and the potential for shared telemetry. DD believed there was no financial sense for additional telemetry for P1 sites.

DD explained a typical separation issue for an electricity distribution board, with 6 fuses, 3 NTS assets, 3 DNO assets, and if making a like for like placement there may be a need to consider changing the shared board and if there should be a caveat for the site owner to offload requirements onto their own board.

LMc was unclear of the benefit to changing the current clause and wished to better understand the issue. SR suggested a paper should be produced to outline and consider the options, and the different factors including costs. SR particularly wished to understand if this would need a change to OAD change or if this could be managed through the current sanction / operational process.

LMc believed it was acceptable to enter into a dialogue about shared boards, but she was not sure this needed to be an obligation in OAD. BH was also unsure if this needed to be an obligation.

It was agreed to not proceed with this change.

### **Access Rights & Site Access - B6**

DD explained that the current requirements do not cover the deployment of restricted areas under the Construction (Design and Management) Regulations 2015 (CDM) that can and do impact the other operator either accessing a site or in some cases their own assets. He believed the CDM needed to be covered appropriately and the clauses needed to link back to the "Affected Party" in B2.2.3.

DD provided a potential scenario where site access could be restricted due to the blocking of an access road or encapsulating other owner assets. DD wished to ensure there was consistency in operations for restricting access, but he was not sure if this needed to be hard coded into OAD.

The Workgroup considered the scope of access restrictions and co-ordination.

DM believed this was a local level agreement and suggested the detail would not be required in OAD. LMc also believed this was a local issue that requires detailed dialogue with the affected parties. BH believed this was not an OAD issue, this was a system operational issue.

DD suggested he provided further detail to better articulate the issue and to assist the Workgroup making a judgement.

<b>New Action 0502:</b> Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.
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### **Cost Recovery L2.3.1**

DD explained that Cost Recovery seems to be retrospective in its application and should be identified and agreed as part of the OAD notification process and not after work has been delivered. The only exception to this rule is for Emergency purposes or where one operator has "interfered", without permission, with another's assets. DD believed there ought to be a purchase order in place before work is undertaken.

LMc clarified that any operator can only recover actual costs and that there are very clear scenarios when costs can be recovered.

DD explained how he believed the process should be working, this involved the provision on an estimate, based on the likely work needed to be undertaken, and that an invoice for this or a lower value should follow. He believed the invoice should not come in higher than the original estimate for planned works. DD clarified that there should be emphasis on agreeing cost recovery before work commences to avoid disputes arising.

LMc was concerned about the process becoming onerous but was open to look at an estimate process, and what needs to be documented. LMc keen to be provided with more information of how this would work.

SR expressed concern about using OAD to capture this process and looked for a pragmatic solution to understand and reflect on how estimates are built up and the associated costs.

DM believed it was a sensible approach to have estimates that are delivered against. LB believed a process for notifying of cost recovery may already be in place as she recalled previous communications to this effect.

LMc noted that OAD does not preclude this as a process.

BN suggested that there may be circumstances not envisaged and challenged the benefit of using the OAD notice, he believed this was a commercial arrangement to agree and would be dependent on each project on a case by case basis.

DD clarified this would not hang-off the OAD Notice but the OAD notice may trigger a request to undertake work which needs an estimate for cost recovery works.

DD was concerned that currently the process has retrospective recovery.

LMc was keen to ensure clarity in that Cadent are not asking for payment upfront and cost recovery will be made after the works. LMc referred to additional elements within OAD for cost recovery, which were dependent on the impact caused to the affected party when changing connected facilities.

DD agreed to consider the wider elements of cost recovery and to clearly articulate where there is potential gap in OAD.

It was agreed to consider this topic further in context with commercial arrangements.

### **Definition of “Parties” N2.1.2**

DD explained that the original requirement may have been resolved however he wished to review the clause to ensure it had been updated to reflect shared sites. LMc believed this had been covered by changes to text within OAD Section D for Modification 0683S.

DD agreed to review the text and provide a proposed update to the definition if necessary.

### **Process for Amending Supplemental Agreements N3.2.2**

DD wished to understand the requirements that needed to be covered for developing and agreeing a process for updating Supplemental Agreements between the operators, with the intent that this becomes an OAD subsidiary document. He wished to capture what the process was for updating Supplemental Agreements.

SR suggested documenting the proposed process, which will need to align with OAD Section N3.3, and then assess if N3.3 is still needed or replaced with a new subsidiary document.

DD agreed develop and to circulate a document. He clarified he was not proposing to change OAD, but wished to consider if a new subsidiary documents needed to be listed with OAD Section N.

### **Transmission System Operator to Distribution System Operator Agreement Guidelines N9.1.1**



DD suggested that following the separation of Cadent / National Grid SCADA systems in 2020, the Workgroup needs to review whether these requirements are needed for anything else and if not if they could be removed from OAD.

LMc was unsure if the guidelines were restricted to the SCADA. Shiv Singh (SS) believed the guidelines are currently under review.

It was agreed this topic needed further consideration.

### **Dispute Process**

DD believed that the Workgroup needed to review the disputes process in support of the OAD framework going forward, especially with the enhancements potentially being made through the Modification process. DD believed OAD may need to be updated to reflect the correct escalations.

LB noted that the UNC General Terms refers to a dispute process and further consideration was required on whether a separate process was required for managing OAD disputes.

BF explained the current UNC dispute process and what it entailed. BF wished to better understand what was required from an OAD dispute process and whether this was an escalation process or legal dispute process.

LMc wished to understand if Cadent were suggesting a change to current arrangements and hoped where parties have a concern, they would initiate contact and engage operationally.

[It was agreed to not proceed with this change.](#)

### **3. Site Owner Drawings**

BF asked for a view on what was required on the remaining agenda items (items 3-7).

DD noted the remaining agenda items were potential Modifications and believed there may be some overlaps with topics already discussed.

DD confirmed these were areas that needed to be picked up, in particular site drawings which he hoped to progress at the next meeting. DD was keen to have a Modification for progression by the end of the year.

BF requested the submission of a draft UNC Modification to capture the changes and discussions of the meeting and to aid discussions at the next meeting.

### **4. OAD Security Provisions**

No further discussion.

### **5. Removal of Redundant Asset Process**

No further discussion.

### **6. OAD Maintenance Arrangements**

No further discussion.

### **7. Issues Log - Outstanding Issues**

See item 2.0 above. No further discussion.

### **8. Next Steps**

The Workgroup considered the extent of the papers required for the next planned meeting and the ability to obtain feedback from colleagues to aid progression on the key identified topics/issues. It was agreed to cancel the June meeting to allow time for Cadent to produce the required meeting material and to provide this is good time for all parties to review/ share internally

and obtain feedback on all the proposals and have a more informed view of taking changes forward.

BF asked Cadent to provide further clarity on topics where required from earlier discussions and to provide any appropriate draft Modifications ahead of the July meeting.

**9. Any Other Business**

None raised.

**10. Diary Planning**

**Cancel June.**

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

Time / Date	Venue	Workgroup Programme
10:00 Wednesday 01 July 2020	Microsoft Teams	Review of Draft Modifications Consideration of outstanding Issues from Issues Log
10:00 Wednesday 05 August 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Modification Assessment Consideration of outstanding Issues from Issues Log
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 06 May 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)	<b>Pending</b>
0502	06/06/20	2.0	Cadent (DD) to provide further detail on Site Access issues and rights of access to sites.	Cadent (DD)	<b>Pending</b>