

UNC Shrinkage Forum Minutes

Wednesday 12 January 2022

Via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office
Helen Cuin (Secretary)	(HCu)	Joint Office
Colin Wainwright	(CW)	SGN
Clive Whitehand	(CWh)	DNV GL
Duncan Innes	(DI)	Ofgem
Emma Buckton	(EB)	Northern Gas Networks
Fraser Williams	(FW)	SGN
Ian Dunston	(ID)	Wales & West Utilities
Julie Chou	(JC)	Wales & West Utilities
Keith Johnston	(KJ)	GTC UK
Matt Marshall	(MM)	Cadent
Paul O'Toole	(POT)	Northern Gas Networks
Peter Morgan	(PM)	SGN
Simon Holden	(SH)	IADS Co (Observer)

Copies of all papers are available at: <https://www.gasgovernance.co.uk/sf/120122>

Shrinkage meetings will be quorate where there all four Distribution Networks and at least two of the Gas Shippers represented.

1. Introduction and Status Review

Yvonne Reid-Healy (YRH) welcomed all parties to the meeting and gave an overview of the purpose of today's meeting.

1.1. Quoracy Status

Although all four Distribution Networks were represented it was noted with no Shippers in attendance the meeting was not quorate. It was acknowledged that as the only item for today's meeting was to provide an update on Own Use Gas there would be limited Shipper interest, it was therefore agreed to continue with an informal meeting to capture the progress made to date.

1.2. Approval of Minutes (24 November 2021)

The minutes of the previous meeting were approved.

1.3. Approval of Late Papers

No late papers to approve.

2. Own Use Gas Update (GDNs)

Emma Buckton (EB) on behalf of all the Gas Distribution Networks (GDNs) provided an overview of the progress made to date with reviewing the methodology for calculating Own Use Gas. EB advised that the GDNs, DNV GL (Clive Whitehand), IADS Co (Simon Howard) and Ofgem have met to discuss the accuracy of the calculation. Ofgem have concluded that there is a level of uncertainty with the numbers and have requested that the GDNs scope out some work and submit this to Ofgem for review.

EB confirmed a further meeting is planned with DNV GL on 20 January 2022 to review elements which would improve the calculations. EB noted the wish to aim for a low-cost solution that can be implemented quickly, which will target the issue with low costs and maximum return for the

customer. EB advised that DNV GL will circulate information ahead of this meeting to aid discussion and consider any recommendations.

Colin Wainwright (CW) confirmed GDNs are also looking at what additional information could be used such as historical pre-heating information from assets within the networks. To provide a level of granularity, one suggestion, for example, would be to use hourly gas flows from SCADA control systems. It was noted that extracting and validating data from the SCADA system would be a time-consuming exercise but would allow a relatively straight forward and quicker way of comparing data than alternative methods such as metering assets.

EB wished to note that the original challenge was there was a potential decimal place error resulting in the calculations being out by a factor of 10. Simon Holden (SH) recognised there is some uncertainty and noted that a factor of 10 may or may not be accurate however a factor of 7 would still be a large number. SH believed it was initially thought there was a fault with the methodology, however there may not be a fault with the actual methodology. SH believed as there was a sufficient level of uncertainty to warrant an investigation, the aim will be to confirm that there is a level of uncertainty, confirm the disparity, and then look at longer term options.

Clive Whitehand (CWh) provided an overview of the areas to be examined to allow a comparison of the model against actual meter readings. CWh referred to a system called HPMIS which contains gas composition and gas flow data and asked if GDNs could provide meter readings to support the investigation, to get a true view of consumption compared to the model and to look at any variability or potential issues.

Duncan Innes (DI) clarified that there is sufficient uncertainty that needs to be examined, he recognised that it may not be possible to find an exact answer, but there is a need to find a way forward which considers the materiality of the issue.

CWh noted the need to look at data and the modelling work, and that there should be sufficient information available to identify where to focus efforts on improving the model.

EB encouraged equal engagement from all the GDNs to ensure there is a collective approach, an efficient use of time and to avoid the need for separate briefings to keep parties up to date. EB actively encouraged GDNs to ensure they take part in future meetings and confirmed that updates will be shared to keep traction of the issue and to keep the Shrinkage Forum informed.

3. Review of outstanding actions

1101: GDNs (EB) to seek approval from DNV GL to sharing Own Use Gas material (by week ending 24 December 2021).

Update: Emma Buxton (EB) confirmed that DNV GL are actively engaged, and material had been shared. **Closed.**

1102: GDNs (EB) to arrange a meeting with Ofgem (DI) and agree a date for providing a response to the Own Use Gas Calculations email.

Update: See item 2.0. A meeting has been held with ongoing work required to address uncertainty with the model. **Closed.**

1103: GDNs (EB) to provide the Joint Office with a schedule of topics/agenda items for the 2022 meetings

Update: Topics provided. **Closed.**

4. Any Other Business

4.1. Shipper attendance

Ian Dunstan (ID) enquired if the next Shrinkage Forum is likely to be cancelled if there is no confirmed Shipper attendance, wishing to note that the Shrinkage Forum had been established to allow Shippers to engage with the GDNs. ID asked if there would be value establishing from Shippers if they still require this forum as it was noted that the GDNs already meet regularly,

including meetings with Ofgem and additional GDN only meetings supported by the Joint Office were not required by the GDNs.

Action 0101: Joint Office (YRH) to speak to the incumbent Chair about how or what the Joint Office can do to engage Shippers and understand their commitment to future Shrinkage Forum meetings and discussions.

5. Diary Planning

The Forum agreed the 2022 Meeting Dates.

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

Time/Date	Venue	Programme
09:30 Wednesday 23 March 2022	Teleconference	<ul style="list-style-type: none"> Shrinkage and Leakage Report Consultation Update (SLMR)
09:30 Wednesday 21 September 2022	Teleconference	<ul style="list-style-type: none"> TBC
09:30 Wednesday 23 November 2022	Teleconference	<ul style="list-style-type: none"> TBC

Action Table (as of 12 January 2022)						
Action Ref	Meeting Date	Minute Ref	Action	Owner	Reporting Month	Status Update
1101	24/11/21	4.2	GDNs (EB) to seek approval from DNV GL to sharing Own Use Gas material (by week ending 24 December 2021)	GDNs (EB)		Closed
1102	24/11/21	4.2	GDNs (EB) to arrange a meeting with Ofgem (DI) and agree a date for providing a response to the Own Use Gas Calculation email.	GDNs (EB)		Closed
1103	24/11/21	5.0	GDNs (EB) to provide the Joint Office with a schedule of topics/agenda items for the 2022 meeting schedule.	GDNs (EB)		Closed
0101	12/01/22	4.1	Joint Office (YRH) to speak to the incumbent Chair about how or what the Joint Office can do to engage Shippers and understand their commitment to future Shrinkage Forum meetings and discussions.	Joint Office (YRH/L OS)	Feb 2022	Pending