

## UNC Shrinkage Forum Minutes Wednesday 25 November 2020 Via Teleconference

### Attendees

|                                |       |                               |
|--------------------------------|-------|-------------------------------|
| Lorraine O'Shaughnessy (Chair) | (LOS) | Joint Office                  |
| Helen Cuin (Secretary)         | (HC)  | Joint Office                  |
| Colin Wainwright               | (CW)  | SGN                           |
| Fiona Cottam                   | (FC)  | Xoserve                       |
| Fraser Williams                | (FW)  | SGN                           |
| Gregory Edwards                | (GE)  | Centrica                      |
| John Trounson                  | (JT)  | BU UK                         |
| Julie Chou                     | (JC)  | Wales & West Utilities        |
| Matt Marshall                  | (MM)  | Cadent                        |
| Nina Polsinelli                | (NP)  | Northern Gas Networks         |
| Shahin Ali                     | (SA)  | Wales & West Utilities        |
| Simon Holden                   | (SH)  | Lloyds Register UK (Observer) |

### Apologies

|              |      |                       |
|--------------|------|-----------------------|
| Emma Buckton | (EB) | Northern Gas Networks |
|--------------|------|-----------------------|

Copies of all papers are available at: <https://www.gasgovernance.co.uk/sf/251120>

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

### 1. Introduction and Status Review

Lorraine O'Shaughnessy (LO) welcomed all parties to the meeting and explained that as there was only one Shipper in attendance the meeting was not quorate.

In wishing to further explore the issues surrounding quoracy LOS noted that the Shrinkage Forum had been experiencing quoracy issues for some time with only 1 meeting being quorate since March 2018.

LOS confirmed that Rebecca Hailes had updated Panel Members in September with regards to Shipper attendance at the Shrinkage Forum becoming problematic as at the last meeting there were no Shippers in attendance. Panel Members did discuss the purpose of the Shrinkage Forum in discharging Distribution Networks (DN) licence obligations. Panel Members deliberated whether the material could be circulated, and a meeting held only if there is feedback from the documents provided. LOS confirmed that the DNs at UNC Panel agreed to discuss the matter and come to a suitable conclusion.

LOS invited views from the DNs on the suggested approach and asked DNs to take an action to consider the way forward for Shrinkage Meetings.

The DNs agreed to consider convening Shrinkage Forum meetings with limited or no Shipper attendance.

**New Action 1101:** DNs to consider circulating material ahead of future Shrinkage Forums and consider whether the Shrinkage Forum should continue to be held with limited or no Shipper attendance.

John Trounson (JT) representing the Independent Network Association (INA), enquired about the decision-making process within meetings and taking agreements forward with limited Shipper input.

LOS clarified that the Shrinkage Forum is organised to support the DNs providing Shippers with information in support of the Shrinkage and Leakage Consultation process.

Attendees confirmed that they were happy to proceed with today's meeting.

#### 1.1. Approval of Minutes (26 August 2020)

The minutes of the previous meeting were approved.

### 2. AIGT Shrinkage Analysis Update

John Trounson (JT) confirmed that Mark Chapman had left ESP and he was standing in on behalf of the Independent Networks Association (INA). JT explained that the AiGT have been moved into a reformed board called the Independent Networks Association, which represented the UK's independent utility networks for Gas and Electricity.

JT confirmed that DNVGL have been undertaking a piece of work on leakage rates, and the INA have now received a draft report. The NIA will be reviewing the report and the intention will be to send back comments at the end of next week. Dependent on DNVGL addressing the comments, JT hoped to provide an update to the Shrinkage Forum in the New Year. Unfortunately, due to the timing of the INA meetings he would not be able to provide an update on 16 December Shrinkage Forum meeting. JT confirmed he will be liaising with DNVGL to ascertain what information can be shared with the industry.

The forum considered the option of holding an additional meeting in January to those currently scheduled in 2021 for 24 March, 25 August, 24 November and 15 December 2021. It was noted that additional meetings can be organised when deemed necessary.

**New Action 1102:** NIA (JT) to provide an update on the DNVGL leakage rate report and send any communication to the Joint Office .

### 3. Theft of Gas Methodology Review

Shahin Ali (SA), confirmed that Wales & West Utilities are leading the Theft of Gas Methodology review on behalf of the Networks with Ofgem to agree the GD2 incentives. SA explained that at the moment there is no update however an update will be provided in the new year.

### 4. Review of outstanding actions

**0301:** AIGT NIA (JT) provide an update on the estimated shrinkage rates for IGTs.

**Update:** See item 2.0 and new action 1102. **Closed.**

**0801:** Joint Office (RH) to raise a concern with the UNC Panel about the benefit of continuing Shrinkage Forum meetings without Shipper Attendance.

**Update:** See item 1.0 and new action 1101. **Closed.**

### 5. Any Other Business

#### 5.1. Shrinkage & Leakage Model Review Consultation

Nina Polsinelli (NP) welcomed feedback/responses on the published consultation document published at: <https://www.gasgovernance.co.uk/Shrinkage/Consultations> no later than by 15 December to allow the outcome of this consultation to be provided to Ofgem by 31 December 2020

LOS confirmed that the meeting scheduled on the 16 December would be used to review the consultation responses.

## 5.2. Mains Remediate on Large Diameter Iron Mains

Colin Wainwright (CW) confirmed that the DNs are looking at pulling together a modification document for consultation on the Impact of Mains Remediate on Large Diameter Iron Mains.

CW hoped that the modification document would be ready before the end of the year with a view to issuing this to consultation before Christmas. However, this may be delayed until the new year to aid the consultation process.

## 5.3. Terms of Reference

LOS suggested in consideration of the quoracy issues the DNs may wish to review and change the Terms of Reference (published at <https://www.gasgovernance.co.uk/SF>) depending on the outcome of Action 1101 and the DN review.

## 6. Diary Planning

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

| Time/Date                            | Venue          | Programme  |
|--------------------------------------|----------------|--|
| 09:30, Wednesday<br>16 December 2020 | Teleconference | <ul style="list-style-type: none"> <li>Shrinkage and Leakage Model Review 2020 Update (EB)</li> <li>NIA Shrinkage Analysis Update (JT)</li> <li>Theft of Gas Methodology Update (SA)</li> <li>Mains Remediate on Large Diameter Iron Mains (CW)</li> </ul> |
| 09:30, Wednesday<br>24 March 2021    | Teleconference | <ul style="list-style-type: none"> <li>TBC</li> </ul>  |
| 09:30, Wednesday<br>25 August 2021   | Teleconference | <ul style="list-style-type: none"> <li>TBC</li> </ul>  |
| 09:30, Wednesday<br>24 November 2021 | Teleconference | <ul style="list-style-type: none"> <li>TBC</li> </ul>  |
| 09:30, Wednesday<br>15 December 2021 | Teleconference | <ul style="list-style-type: none"> <li>TBC</li> </ul>  |

### Action Table (as at 25 November 2020)

| Action Ref  | Meeting Date | Minute Ref | Action   | Owner             | Status Update  |
|-------------|--------------|------------|--|-------------------|----------------|
| <b>0301</b> | 24/03/20     | 2.0        | NIA (JT) provide an update on the estimated shrinkage rates for IGTs.  | NIA (JT)          | <b>Closed</b>  |
| <b>0801</b> | 26/08/20     | 6.0        | Joint Office (RH) to raise a concern with the UNC Panel about the benefit of continuing Shrinkage Forum meetings without Shipper Attendance.                                     | Joint Office (RH) | <b>Closed</b>  |
| <b>1101</b> | 25/11/20     | 1.0        | DNs to consider circulating material ahead of future Shrinkage Forums and consider whether the Shrinkage Forum should continue to be held with limited or no Shipper attendance. | All DNs           | <b>Pending</b> |

|             |          |     |  |          |                |
|-------------|----------|-----|--|----------|----------------|
| <b>1102</b> | 25/11/20 | 2.0 | NIA (JT) to provide an update on the DNVGL leakage rate report and send any communication to the Joint Office. | NIA (JT) | <b>Pending</b> |
|-------------|----------|-----|--|----------|----------------|