UNC Shrinkage Forum Minutes
Monday 22 January 2024
via Microsoft Teams

Attendees

Yvonne Reid-Healy (Chair)	(YRH)	Joint Office
Niamh Holden (Secretary)	(NH)	Joint Office
Andy Clasper	(AC)	Cadent
Charlotte Gilbert	(CG)	BU-UK
Colin Wainwright	(CW)	SGN
Edward Allard	(EA)	Cadent
Gregory Edwards	(GE)	Centrica
Julie Chou	(JC)	WWU
Matt Marshall	(MM)	Cadent
Paige Leigh Wilkes	(PW)	Cadent
Stephen Mulinganie	(SM)	SEFE

Shrinkage Forum meetings will be quorate where all four Distribution Networks and at least two Shippers are in attendance.

Please note these minutes do not replicate detailed content provided within the presentation slides, therefore it is recommended that the published presentation material is reviewed in conjunction with these minutes. Copies of papers are available at: https://www.gasgovernance.co.uk/sf/220124

1.0 Introduction and Status Review

Yvonne Reid-Healy (YRH) welcomed all parties to the meeting.

1.1. Apologies for Absence & Note of Alternate

No apologies were received.

1.2. Quoracy Status

Only three of the four Distribution Networks were in attendance. The meeting was not quorate.

YRH confirmed with all attendees to continue the meeting, on the premise that it would be a briefing only.

1.3. Approval of Minutes (22 November 2023)

The previous minutes were not approved as the meeting was not quorate.

1.4. Review of Outstanding Actions

No outstanding actions were reviewed as the meeting was not quorate.

2.0 Specific Topics / Project Updates

2.1 Digital Platform for Leakage Analytics (DPLA) Update

Matt Marshall (MM) provided an overview of Shrinkage Profiling and how this could be captured and reviewed as part of the DPLA project regulatory considerations workstream.

MM took the attendees through the Shrinkage Procurement Process, its' definition within the Uniform Network Code, the Historic Procurement Approach, Modification 203 and how technology could be used to produce a Realistic Shrinkage Profile.

MM explained that Shrinkage is forecasted annually and procured at a flat daily rate, with the difference between forecast and actual volumes being reconciled at year end. MM advised that the Shrinkage Leakage Model (SLM) and the expected operational performance helps generate a Forecast of Shrinkage for the forthcoming year. This provides DNs with an insight of what they may expect to see within a demand situation.

A consultation document is then published, and based on representations received, the proposal is then refined. MM noted that proposals typically remain the same unless any necessary changes are identified. DNs will then start to procure gas and the volume of gas proposed to be lost is divided by the amount of days in the formula year in order to calculate the percentage of demand. DNs will then reconcile any gas lost and determine the difference between Shrinkage losses and procurement volumes. MM stated that there are usually only a few percent between what is forecasted and what is actually lost.

Historically DNs would take the Shrinkage solution profile and compare this against the typical demand curve.

MM explained that Modification 203 was implemented by the regulator (Ofgem) on two main premises; to update Shrinkage factors to Shrinkage volumes and to make appropriate amendments to industry notification processes. MM explained that they had been looking into how to move this forward and not reverse the Modification without rational.

MM advised that DPLA technology trails could be used to provide demonstrable outputs that will identify any day-by-day Shrinkage fluctuations. MM explained that by doing this at periodic points of the year, a profile could be created, and insight may be provided on how to handle seasonal demand.

In light of this, Cadent had spent some time with the DPLA and regulatory team and discussed how Shrinkage Profiling work could be included within the DPLA project.

MM then discussed examples of SLM components, including Own Use Gas, Third Party Damages and Low-Pressure Mains, and their expected demand profiles.

Please see the published slides for further information.

Steve Mulinganie (SM) expressed concerns in respect of associating Third Party Damages with low demands, asserting that it is mainly weather driven.

MM explained that Third Party Damages are a small element, materiality wise, and the examples used are underestimated. However, if the DPLA project is taken forward then there will be evidence to support a seasonal demand and therefore build something that is fit for purpose moving forward. Shrinkage profiling would be captured in one place and provide more visibility.

MM explained that should this be implemented into the DPLA project, and it fits within their programme scope, they could attend the Shrinkage Forums and provide DPLA updates on trials they are about to start.

Gregory Edwards (GE) questioned why the focus was being placed on throughput, as there was often a relationship between pressure and Shrinkage which didn't appear to have been considered. GE also queried why the exercise had been linked to the DPLA project and they hadn't opted to propose a new Modification.

MM explained that pressure formed one part of the Shrinkage but suggested that they could model pressures which had a MEG benefit with the average leakage rates to form a profile for low pressure mains. MM explained that they want to be installing equipment this year, so that DNs are able to see what is happening on a pipe-by-pipe level and what the reality of this profile may look like.

MM further explained that should DNs have created a completely separate Modification, they would have to create a proposal, which may then have to be changed after implementation. MM advised that they were better off waiting for the DPLA to infer what was happening in real

time, noting that DNs do not want to end up with a weak solution which isn't accurate.

DNs were currently working on the assumption that Shrinkage Volumes are a flat rate but may find that there is a seasonal profile of what leakage looks like, but the current SLM process doesn't allow them to model this.

MM advised that they were deliberately talking about throughput as when discussing Shrinkage, it is usually quantified as a throughput volume.

Colin Wainwright (CW) advised that it was very hard to predict where pressures figures were going to be, suggesting that the previous years' pressures could be used.

MM explained that they used to apply the Shrinkage factor to a 17–20-year profile.

Edward Allard (EA) noted that he hoped this work underlines their drive to improve Shrinkage.

GE stated that he was unclear as to why they could not move any quicker. GE explained that as he understood there was no clear path for implementation of DPLA.

EA queried what GE needed in terms of forecasting milestones and timelines, in order to alleviate any concerns.

GE explained that when the DPLA project was last discussed, it was at the Alfa phrase and there has been no update since then.

SM stated that he would also like to be updated, agreeing that they had not received any update in respect of the path of this project.

MM believed an update had been provided on the DPLA within the last meeting, but he could not confirm as he had not been in attendance. MM provided an update on the DPLA, stating that the Alfa stage had closed, and they were currently trying to reallocate funds in order to complete additional trials.

MM understood the concerns raised but noted that they were going to see trials of some of this equipment. The DPLA project would not need to be completed before they are able to get results, and therefore allows them to form a view of whether the data is credible. MM reassured attendees that they are not suggesting they wait until DPLA is finished, noting that they expect to place sensors into fields within the next few months. It is believed to be a short-term way of getting some technology out there.

SM questioned whether there was a clear plan within the terms of reference, noting that it wasn't clear that the learning would be adopted in real time.

MM explained that they expect to see data coming in through trials, particularly within emissions test on pipes in summer compared to winter, which would give them an idea of what the difference is between those two points in time. The internal ambition is to use this data to predict future demand. If they sensor poll once a day, they would be able to see a profile forming.

SM questioned whether there was high-level project plan for DPLA.

MM advised that they had scheduled a deep drive into DPLA in March, in which they will provide a detailed view on its progress. MM explained that they want to also set up 1 to 1s as part of the comms channel, but they would go into deliverables in March and expected a challenging review of DPLA at this time.

SM stated that it would be helpful to see incremental improvement opportunities within this deep dive, and where these points are and woven into the plan. MM agreed to take this away.

GE asked this this would work in practice, would data from the incremental stage validate assumptions in the SLA. MM advised that they were specifically referring to Shrinkage Profiling.

GE questioned what is stopping them from raising a Modification.

MM expressed his concern regarding making changes to the way DNs work without a credible data set. MM explained that they need to get to the right point and utilise the data they received from technology trials, then in April they can see whether or not the SLM is reflective.

EA added that when raising a Modification, the solution is usually well developed at the proposal stage. EA explained it was down to selecting the right point in time, noting that they require sufficient data to propose that Modification and it can't be built out with caveats.

GE questioned what would happen if the trials what if no data, if they are not working off pressures, arguable a Modification could be developed to change how the SLM works based on high level factors.

EA stated this is a potential option and a Modification could be enacted earlier if there is a high enough level to do so but they had worked on the basis that the data provided through technology trials supports line models.

SM suggested that they could start it under a review group, if data is received, it could form part of the ROM, he noted that there was no value in waiting if no data comes of it.

EA reiterated that there would be a deep dive in March regarding the milestones for DPLA, following that they then can further advise attendees.

SM queried whether there was an idea of what they can expect to see as part of the deep dive IN March, suggesting that it might be useful to include this information if there is intent to form a review group.

EA advised that they would provide a detailed overview of the structure and governance surrounding DPLA. EA stated that DNs would have a quick discussion surrounding what is to be included within the March meeting, which will give confidence that the meeting will be meaningful.

YRH confirmed that today had solely been a briefing session and that the Joint office would write out to those who have actions and ask them for a progress update, which then can be closed down in March.

SM stated that the quoracy issue needs to be addressed.

YRH confirmed she would pick this up.

GE queried the action on the DNs to provide updates every so often, as far as he could tell that has never happened.

YRH advised that MM had confirmed that updates will be provided going forward.

GE noted that it worth recording a year down the line there had still been no updates.

3.0 Any Other Business (AOB)

None raised.

4.0 Diary Planning

Shrinkage meetings are listed at: https://www.gasgovernance.co.uk/SF

All other Joint Office events are available via: www.gasgovernance.co.uk/events-calendar/month

Time / Date	Paper Publication Deadline	Venue	Workgroup Programme
10:00 Monday 19 March 2024	17:00 Friday 15 March 2024	Microsoft Teams	Standard Workgroup Agenda

10:00 Monday 23 September 2024	17:00 Friday 13 September 2024	Microsoft Teams	Standard Workgroup Agenda
10:00 Monday 25 November 2024	17:00 Friday 15 November 2024	Microsoft Teams	Standard Workgroup Agenda

Shrinkage Forum Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Due Date	Status Update
1102	23/11/22	2.3	GDNs to consider introducing Profiling into the current Shrinkage and Leakage Model and whether this is a feasible report in the January 2023 Meeting.	All GDNs	**Jan 2024**	**Carried Forward**
1103	12/10/23	1.4	Catch up with MM around bi-monthly update that GDNs committed to in order to get this back in play.	YRH	**Jan 2024**	**Carried Forward**
1104	12/10/23	2.1	*DPLA* - MM to share strawman presentation with Joint Office for distribution and, to allow members (and non-members) to add comments/suggestions.	Cadent	**Jan 2024**	**Carried Forward**
1105	22/11/24	1.4	YRH to speak to MM and GE in relation to the bi-monthly updates and strawman presentation.	YRH	**Jan 2024**	**Carried Forward**