

UNC Offtake Arrangements Workgroup Minutes

Tuesday 30 January 2024

via Microsoft Teams

Attendees		
Eric Fowler (Chair)	(EF)	Joint Office
Tanaka Tizirai (Secretary)	(TT)	Joint Office
Ben Hanley	(BH)	Northern Gas Network
Darren Dunkley	(DD)	Cadent
David Mitchell	(DM)	SGN
Edward Allard (exited 14:42)	(EA)	Cadent
Fiona Cottam	(FC)	Xoserve
Mark Jones	(MJ)	SSE
Shiv Singh	(SS)	Cadent
Stephen Ruane	(SR)	National Gas Transmission

This Workgroup meeting will be considered quorate provided at least two Transporter and two Shipper User representatives are present.

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/OA/300124>.

1. Introduction

Eric Fowler (EF) welcomed all parties to the meeting and noted the meeting was quorate. EF provided an overview of the agenda for the meeting.

1.1. Approval of Minutes (27 October 2023)

The minutes from the previous meeting held on 27 October 2023 were approved by the Workgroup.

Darren Dunkley (DD), however, raised a query that the Joint Office was meant to look at what Modifications had been undertaken to Annex D1 (of the OAD Measurements Document). He noted that the discussions around this were captured in the minutes but it does not appear to have been registered as an action. He explained until they understand how that section came to change, it is causing compliance issues and impacting upon the implementation of migration exercises required under Modification 0683S - *Offtake Arrangements Document (OAD) Review Updates – Phase 1*.

DD further mentioned that as a consequence, they have had to stop all of their migrations otherwise they may have to do extra work to bring items, in line with the supplemental agreements, to the correct status. He also highlighted that engagement with National Gas Transmission (NGT) will be required in relation to knowing what they should be doing i.e. whether they should be following the updated requirements or whether some of the legacy supplemental agreements need to be updated to reflect the new information in the OAD document.

DD asked EF whether that can be placed as an action for the Joint Office.

EF acknowledged DD's points and noted that whilst it may prove a difficult and time-intensive exercise to try to identify the trail of Modifications which led to the changes, it is not an impossible task. The Workgroup agreed to note the above as an action.

New Action 0101: Joint Office (ER/BH) to look into the background and identify the Modification(s) which led to the changes made to Annex D1 of the OAD Measurements Document (namely, the Measure Data and Permitted Ranges table).

1.2. Approval of Late Papers

No late papers were received.

1.3. Review of Outstanding Actions

Action 1001: *Measurement Error Notification Guidelines* – Workgroup Participants to consider changing the threshold to 30 GWH and come back to the next workgroup with comments.

Update: EF provided an overview of the previous discussions which led to the creation of this action and explained that they arose in view of gas prices being much higher now than historically. He stated that the discussions then went into whether it should be *volume* or *value* that ought to be the trigger for an investigation into a measuring error. He summarised that the views were as follows: the amount of money (value) would be more important from a Shipper's perspective, but however, from a technical aspect, it is the quantity which is important. EF also noted that people were then required to consider what it would mean to change the threshold from 50GWH to 30GWH.

Mark Jones (MJ) agreed with the views that from a Shipper's point of view, it is materiality which is key. He further stated the point regarding the metering error as a good one, however, noted that a metering error could be 50GWH over a week or 50GWH over five years.

EF asked the Committee for their views regarding changing the threshold.

David Mitchell (DM) asked if gas prices decreased whether the volume threshold need to be increased again; and whether it could become a constantly moving phenomenon.

EF highlighted the previous discussion suggestion that it could be periodically or annually selected prospectively in anticipation of the likely gas prices. MJ mentioned that a problem with that idea is that you may find an error that goes back a number of years where the threshold has varied and might have triggered an investigation in one period and not another.

Edward Allard (EA) added that he could see from the previous minutes that David Ransome and Ben Oldham were present, and it appears that they had some views. He noted that David Ransome suggested an annual review might be sensible. EA mentioned that Shiv Singh and himself can consult with David and Ben after this meeting and arrange for them to send bullet points to the Joint Office.

Ben Hanley (BH) noted that he does not have any issues with reducing GWH from 50 to 30 and that this corresponds roughly with 1 million therms.

EF acknowledged the views received from the Workgroup and noted the appetite to raise a change. Fiona Cottam (FC) asked whether the changes to the GWH would require a UNC Modification. The Workgroup confirmed that the change would not require a Modification.

Closed.

1002: *Measurement Error Notification Guidelines* – Parties to consider a change to the guidelines such that the scope of appointment for a second ITE is open for amendment, i.e. that the rules allow that a second ITE is appointed unless the committee agrees otherwise.

Update: EF provided a contextual overview of this action and requested the views of the Workgroup.

MJ raised a concern as a Shipper is that this Workgroup does not have a formal voting structure (e.g. a certain number of votes prescribed for Shippers, GDNs etc.), so as a Shipper he could find himself out voted.

EA agreed with MJ's comments regarding the governance arrangement of the Offtake Arrangement Workgroup.

EF asked Fiona Cottam (FC) what is done with Measurement errors i.e. where do they get formally approved as having had sufficient scrutiny.

FC confirmed that Offtake Workgroup is the appropriate forum for the decision-making regarding errors. She also acknowledged MJ's points as being very good, as it has been evident that the Workgroup is thin on Shipper representation.

EF acknowledged the views received from the Workgroup and noted the proposal to raise a change. EA mentioned that the proposal would need industry to support it and suggested that the person who was most vocal or supportive of the proposal could sponsor it.

EF acknowledged that and noted that the person could have been Steve Mulinganie, and he will get in touch with him. **Closed.**

1003: GDN participants to report to the next Offtake Workgroup meeting on any new initiatives identified as a result of the ME2 external audit exercise.

Update: EF highlighted that this action item is essentially covered under the agenda and can be discussed under item 2 regarding the auditor's report update.

The Workgroup confirmed that they are happy to discuss it under agenda item 2. **Closed.**

2. ME2 External Auditors Report Update

Shiv Singh (SS) provided an update on behalf of Cadent and explained that there was a thorough process that the auditors together with Cadent had undertaken to share best practice and areas which may need improving. He highlighted there were a few instances of human error which were identified during the process. There is now a program in place to replace orifice plates with ultrasonic meters. Cadent are looking for ways to accelerate that but they are spread out between the current RIIO period and RIIO3.

Edward Allard (EA) presented an overview of the high-level points presented at PAC. He explained that the presentation split the audit findings into 3 categories: short-term, medium-term, and long-term. EA elaborated that this entailed what from the audit could be implemented quickly; what may take some time into the medium term; and what is more complex requiring a long-term approach. He explained that the audit presented 15 short-term findings that generated next steps, which are either completed or on-track; 6 medium term findings of which 3 were completed or on track; 3 long-term findings, of which they are all on track. EA further stated that an example of short-term actions includes training or review of documents; medium-term includes looking at competency and how STCs are reviewed / planned, and also some technical risk assessments / audits.

David Mitchell (DM) noted that they recently posted an ME2 audit report alongside with the Joint Office, and it is something they regularly review. They are confident that they are on top of the process. He noted that the materials and learnings are useful.

Ben Hanley (BH) noted that there is not much to add, however, he did mention that it is useful to see what other Networks are doing and see what they could be doing differently, but they have not implemented anything drastic off the back of it. Information is shared at the Networks' Metering Technical Forum.

Post Meeting Note: EA has confirmed that other forums (such as technical forums) are being used as the principal channel for sharing findings and best practices, the GDN attendees may differ between the OAW and technical forums.

To avoid duplication, it is suggested that OAW attendees liaise with their colleagues who attend the technical forums for the purpose of receiving findings and best practices.

Please refer to the published papers for further details.

3. Offtake Communications Document Update (UNC 0844)

EF explained the background for this agenda item and updated the Committee that this related to the Demand Side Response Modifications. An amendment was proposed to the Offtake Communications document to formalise the transfer of information from NGT to Networks when demand response was called. The change was implemented as of 14 December 2023.

He notified the Workgroup of a subsequent Modification Proposal (UNC0867) recently launched which would introduce the role of a new entity called an 'aggregator', which become another party in the 'daisy chain' of communications. Consideration of such communications will form part of the development of that Modification.

4. Measurement Error Notification Guidelines

The Workgroup was happy that agenda item covered by the discussions had within the outstanding actions agenda items.

5. Next Steps

None to consider.

6. Any Other Business

Darren Dunkley (DD) presented to the Workgroup a presentation on the [Proposed Changes for OAD Maintenance Requirements](#).

For full details please refer to the presentation published at: <https://www.gasgovernance.co.uk/OA/300124>.

He summarised:

- The OAD maintenance requirements have not been modified since they were first implemented in 2005. Change is necessary to ensure these are fit for purposes going forward and for consistent application between network operators.
- The key drivers for the changes identified include:
 - Maintenance requirements do not support how operators, plan, schedule and deliver maintenance in line with industry and engineering governance requirements;
 - Some arrangements create inefficient and non-value adding requirements for operators to comply with;
 - It is unclear, unambiguous and inconsistent as to what maintenance must be notified between operators
 - Clear delineation between maintenance requirement and OAD notification process is needed to ensure activities are reviewed;
- The operator have already initially reviewed the potential Modification OAD Section G as part of the work undertake via the 0646R Workgroup that was established in 2018. The key out comes from this Workgroup have been incorporated into this.
- The proposed amendments which effect the following clauses:
 - Section G1.2.1 – Relevant Maintenance definitions.
 - Section G2.2.1 – Planning Cycle.
 - Section G2.2.7.
 - Section B2.2.5.
 - Section G2.4 – Revision of Maintenance Programmes.
 - Section G3.4 – Urgent Maintenance.

- Annex G-1 – The reporting template.

Stephen Ruane (SR) asked whether they would want SMEs to attend the prospective meetings should this become a standing agenda item.

DD recommended that the representation for this Workgroup should be kept as is and should the maintenance experts needed to be involved this can be done offline, and any outcomes can be feedback into the Workgroup.

Ben Hanley (BH), upon being asked for feedback, noted a concern as to why this being undertaken as he highlighted that he can only think of a handful of incidents since 2005 where they were issues on NGN sites. His concern is that this appears unnecessary for the vast majority of things. He acknowledged the point that the communication could be better but Section G defines that this should be done anyway but it is not actually being done. He noted that from an NGN point of view he is not aware of any significant issues or concerns around maintenance activities on Offtakes. He is happy that the guidance is very robust and clear. However, if all other networks

David Mitchell (DM), upon being asked for feedback, noted that he would need to speak to the subject matter experts on this before he can comment.

EF asked DD regarding timescale horizons.

DD suggesting following the same process as for the 2024 submission.

7. Diary Planning

Offtake Arrangement Workgroup meetings are listed at: <https://www.gasgovernance.co.uk/OA>

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

Time/Date	Meeting Paper Deadline	Venue	Programme
10:00 Monday 25 March 2024	5pm Friday 15 March 2024	Microsoft Teams	On-Site process evaluation.

Offtake Arrangements Table of Actions						
Action Ref	Meeting Date	Min Ref	Action	Owner	Reporting Month	Status Update
1001	27/10/23	1.3	Workgroup Participants to consider changing the threshold to 30 GWH and refer to the committee with comments unless the committee agrees otherwise.	Workgroup participants	January 2024	Closed
1002	27/10/23	1.3	<i>Measurement Error Notification Guidelines</i> - Parties to consider a change to the guidelines such that the scope of appointment for a second ITE is open for amendment, i.e. that the rules allow that a second ITE is appointed unless the committee agrees otherwise.	Workgroup participants	January 2024	Closed
0101	30/01/24	1.1	Joint Office to look into the background and identify the Modification(s) which led to the changes made to Annex D1 of the OAD Measurements Document (namely, the Measure Data and Permitted Ranges table).	Joint Office (EF/BH)	March 2024	Pending