

**UNC Request Workgroup 0683S Minutes
Offtake Arrangements Document (OAD) Review Updates – Phase 1
Wednesday 04 December 2019
at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA**

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Arran Poad *	(AP)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
David Tennant *	(DT)	Dentons (0683S)
David Mitchell	(DM)	SGN
Leteria Beccano	(LB)	Wales & West Utilities
Louise McGoldrick	(LM)	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/0683/041219>

The Workgroup Report is due to be presented at the UNC Modification Panel by 20 February 2020.

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting.

1.1. Approval of Minutes (10 October 2019)

The minutes from the previous meeting were approved.

Darren Dunkley (DD) asked for clarity on closing Action 0702 at the October meeting. The minutes were reviewed and it was agreed that Action 0702 was appropriately closed as the management of Lease Agreements for each Offtake was considered to be business as usual and not within the scope of this Modification.

1.2. Review of Outstanding Actions

Action 0703: SR to confirm the National Grid Redundant Asset process. *Legal Text 3.6.4*

Update: Stephen Ruane (SR) confirmed this is being considered offline and National Grid will be arranging an Asset Strategy Meeting and all DNO representatives are invited to attend. **Closed**

Action 1001: Cadent (DD) to confirm that the use of the new Supplemental Agreement Template, will be an option not an obligation and this is in keeping with his expectations.

Update: See item 2.0. Darren Dunkley (DD) confirmed clarification was provided within the Transitional Section of the Legal Text. It was clarified that agreements should move to the new template when it is reasonably practicable i.e. when a change is being made at the offtake that would normally require an update to the document. **Closed.**

2. Review Supporting Documents and Legal Text

The Workgroup considered the provided Legal Text and supporting documents.

Leteria Beccano (LB) enquired about the definition of a 'Closed Offtake' and whether this should have included the bi-directional flow offtakes (ie NTS to LDZ) to ensure it captured all flows. Darren Dunkley (DD) explained there are exceptional circumstances when an LDZ to NTS bi-directional flow exist and these are for specific maintenance activities, allowing the flow of gas from one operator to another. He clarified that only certain sites are affected and only a few LDZs to NTS offtakes are bi-directional. The reverse flow is enabled to allow gas to be passed back into the NTS which may have been used for maintenance or testing. DD clarified when there is a need for bi-directional flows to be active an OAD notice would be required.

Stephen Ruane (SR) questioned the reference to bi-directional flows within the Modification's Solution on page 8 under the subheading of Shared Sites. DD referred to the current reference with the Offtake Arrangements Document (OAD) B1.4.2, which refers to bi-directional flows, and the definition within Section A2.2.2. The Workgroup also considered Section J3.6.5 regarding maintenance and inline inspections. DD explained that Cadent only need bi-directional flows for 3 sites.

Louise McGoldrick (LM) wished to understand the intent of the Modification. DD clarified that Cadent are not proposing that bi-directional flows should be allowed at all offtakes. It was recognised these are exceptional circumstances and by agreement only. The Workgroup considered how best to capture this and what would be excluded. It was agreed to take these considerations offline to review the Modification and Business Rules further. The Workgroup believed the Legal Text captured this element, but the Modification and Solution would need further clarity.

LB was keen for the UNC to be sufficiently clear especially for new parties. The Workgroup considered the possible scenarios of closed offtakes. LM enquired about temporary connections and how these would be managed, DD confirmed these would need an OAD notice, once the required work has been completed the connection would be removed and put back to its original state.

David Mitchell (DM) expressed he was not clear what the actual issue was and if this was adequately covered by the Modification.

Action 1201: Operators (DNOs and NTS) to establish if bi-directional flows should cover all offtakes or be limited to only sites that currently have the capability of bi-directional flows.

Action 1202: Cadent (SS/DD) to review the Legal Text for bi-directional sites, to ensure the definition is clear and within the intent of the Modification/solution.

The Workgroup considered the Supplemental Agreement and Shared Site Agreement Template Documents referred to within Section N3.1.1. LM enquired about the use of diagrams and stressed the importance of having flexibility to use diagrams when it was felt appropriate. DD expressed concerns about the inherent complications associated with the use of drawings, that they are not always clear and previously there have been delays producing them. DD confirmed, however that there is room for flexibility referring to Section N3.1.2. David Tennant (DT) believed there is flexibility to deviate, but the Supplemental Agreement is binding once it is agreed between parties. DD clarified that once assets have been changed and go live the Supplemental Agreements need to be updated.

LM enquired about the voting rights within OAD Section N, and if the voting arrangements needed to be changed particularly when amending Subsidiary Documents. The Workgroup considered that all interested parties would need to be involved when making changes but that the lack of attendance of one party should not hold up changes being made. It was also considered whether constituencies should be used to prevent one party from being over-ruled. BF confirmed that the Offtake Committee would be the appropriate forum for agreeing changes to the Subsidiary Documents. It was acknowledged that the current voting arrangements could block changes, and this needed further consideration. DT explained the constitution of the Offtake Arrangement Committee within OAD and the voting rights under Section N8.4.3. The Workgroup discussed the presence of National Grid and if decisions needed to be unanimous.

It was believed that the voting rights of the Offtake Arrangement Committee was currently out of scope of this Modification however it still need to be addressed.

Action 1203: National Grid (LM) to formulate some options for changing the voting arrangements within OAD Section N, to ensure appropriate change governance for Subsidiary Documents.

LB suggested there needed to be some consistency checks for the 4 Parts of the Supplemental Agreements and the references within OAD. It was noted not all 4 Parts had been referenced. Shiv Singh (SS) confirmed that the consolidated document would include all 4 Parts once each of them had been finalised. DT asked for clarification about the consolidated version of the 4 Parts as he understood that the 4 Parts would become a combined document with a cover page, title and an outline of how it can be changed. SS explained the 4 Parts are a work in progress and will be formed into an appropriate consolidated document, given an informative title and referenced in the Legal Text and Modification.

The Workgroup considered the changes to Section B1.2.2 and the alignment to tripartite agreements.

LM expressed concern about Section B2.2.3 believing the Legal Text was different to the business rules within the Modification. The Workgroup discussed the key impacts for OAD notifications, what triggers the notice and the definition of connection facilities. DD explained that the triggers remain unchanged and that any changes to connection facilities that impact telemetry systems, or any another party should require an OAD notice. LM enquired about the access rights and how this interacts with this proposal. LM explained the circumstance of needing to raise an OAD notice for changing an offtake site, she expressed concerns about access rights and security provisions. DD clarified when changing any connection facilities parties should be raising an OAD notice.

LM explained the complexities for some sites with regards to perimeter fences and that some parts of an offtake site are embedded within another site. There was a challenge that a site is the entire site within the perimeter fence, even if there was an additional security fence within that perimeter. DD believed in some cases for example Bacton the rules within OAD are not specific enough as the offtake value could reside on the boundary of the site and not be accessible without traversing the surrounding site.

DD provided an example of a site, explaining where the feeder of the site comes in, the offtake point as it enters the site, and the situation of the offtake value which may serve a power station. He confirmed despite the location of the valve, if this needed to be changed, it couldn't be worked on without prior notice as it was deemed a connection facility. DD provided an example where Cadent could not gain access to the offtake at Bacton due to the access rights. It was agreed for the circumstances with Bacton this would be considered offline with the Bacton manager to overcome any site disputes. It was understood that Bacton may be an exception, ordinarily an Offtake Site would have a security fence and the site would be within that security fence. A connection facility is everything within an Offtake site.

It was agreed that the Workgroup should review the definition of connection facilities and Offtake sites, to ensure clarity

Action 1204: All to review the definition of Offtake sites and Connection Facilities to ensure sufficient clarity.

The Workgroup revisited the use of OAD notices, for updates to the Supervisory Control and Data Acquisition (SCADA) system and the governance of these via the None-Routine Operation (NRO) process. There was a concern that the OAD and NRO processes do not align. LM believed that the OAD notice was not the right tool. DD believed the NRO process was not the appropriate process as it only provides 5 days' notice. DD explained that if there is a need for a SCADA outage update, operators need to follow the requirements set out in Section B which requires an OAD notice with as much time as possible.

The workgroup wanted to make sure that the right communications are issued to the right parties to pre-notify any impacts on site. DD clarified that any impact to telemetry, electrical, site access in whole or in part would require an OAD notice.

<p>Action 1205: All to review the OAD notice process and consider if this is the right communication tool for any activity on Offtake Sites.</p>

The Workgroup moved onto considering Redundant Assets. LM confirmed that some feedback had been provided to Cadent with some suggested changes.

DM wished to raise a concern about Section 3.6.5. and if the Lease is challenged not to have the right level of detail would OAD then take precedent. DD clarified that Lease Agreements do not currently cover redundant assets only the potential for relocation. DM wished to understand the ability for parties to tap into elements of OAD where the Lease Agreement does not provide details. In the case of Redundant Assets could OAD be used to allow the ability to request the removal of Redundant Assets, for commercial reasons, despite the Lease Agreement not covering this when all parties would like to utilise the option.

It was clarified that the current Legal Text stipulated where the Lease Agreements are in place these take precedent over OAD. The Workgroup considered whether there should be an ability for sites that have Lease Agreements to revert to OAD if all parties were in agreement.

DD explained current practice is that a Redundant Asset does not need to be removed unless there is a safety issue. The concept proposed is to allow the removal of Redundant Assets when removal is for reasons other than safety. DD believed that if parties wish to have the option of Redundant Asset removal the Lease could be re-negotiated. LM explained there would be a cost associated with changing a Lease agreement, for example solicitor fees and land registry.

DD highlighted a recent case with a site where the Health & Safety Executive (HSE) become involved with an incident due to a Redundant Asset. He believed the HSE would be taking a greater interest in Redundant Assets and their ongoing maintenance.

DM was concerned that the OAD could in specific circumstances override Lease Agreements. DT highlighted that where there is a Lease Agreement in place the rules confirm it will take precedent. DM then expressed concern about inconsistency between DNOs if there is a Lease Agreement the Redundant Asset removal procedure does not operate but a DNO without a Lease could use the procedure. DT referred to 3.6.7 confirming the site owner shall not be entitled to make a request to remove a Redundant Asset where there is a Lease Agreement.

LM confirmed that National NTS had requested a meeting with Cadent to understand the potential materiality of the issue and what the risks are.

DM wished to consider how best to manage the change. He suggested that if the Redundant Asset / Lease Agreement element of the Modification could prevent the Modification progressing and whether it would be wise to take this part out and considered separately. He suggested if there is still uncertainty an alternative Modification could be raised. He believed further consideration was required on Redundant Assets. DM was concerned that the OAD was being used to insert a requirement for a Redundant Asset process. He was also concerned that DNs with Lease Agreements who may wish to utilise the Redundant Asset removal process, maybe prevented from doing so as the current legal text would not allow this. It was suggested that the legal text could be amended to allow Redundant Asset removal where there is Lease Agreement but only when there is an agreement to do so with all parties. It was clarified OAD cannot take precedent over the Lease.

DD explained the background to Lease Agreements and at the point of Network Sales OAD did not include a Redundant Assets scenario. The Lease Agreements at the point of Network Sales mirrored OAD.

Shiv Singh (SS) explained that there was a specific request for Redundant Assets not to apply where a Lease Agreement is in place. DM was concerned of the potential for disputes where a site owner may wish to use the process, he didn't want parties to be prohibited from using the procedure if both parties agreed. SS suggested DNO regulatory departments should consider the Redundant Asset process further.

DM highlighted an expressed view from other sources that there has been a potential oversight with Cadent not entering into Lease Agreements and that changes are now trying to be made to OAD to cover this oversight. DD explained that there is no current mechanism for the removal of Redundant Assets in OAD or the Lease Agreements, however experience has shown the need for a procedure. He clarified there is a right to install but not remove assets.

LB enquired about the dispute process and where it resides, she understood that the dispute resolution was in the General Terms of the UNC GTD Sections A1.1.1 and A1.1.2. DT explained the use of General Terms which sit across the UNC to avoid having to repeat these. The General Terms are in addition to OAD Section N. LB enquired about the process if there was a dispute with an Offtake Subsidiary Document. It was suggested there should be a specific requirement for a dispute process included within OAD. DT suggested extra clarity could be added to OAD if this was required.

It was agreed that the DNOs would meet offline to re-consider the concerns raised with having Lease Agreements and a separate OAD process for Redundant Assets. The DNOs and National Grid agreed to utilise a planned Asset Strategy Meeting to further consider the likely take-up of removing redundant assets.

Action 1206: All to consider Section N3.6.7 and whether all parties want to have access to a Redundant Asset process.
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Action 1207: Cadent (SS/DD) to consider whether further clarity is required in OAD for Disputes.

LM enquired about the decommissioning rules and cost allocation, seeking clarity of whether this would still exist. DD clarified this process would still be relevant and will exist in addition to the Redundant Asset process. LM wanted reassurance that these parts of the code are not affected.

LB asked if Redundant Assets will apply to Shared Sites. DT referred to Section 10 which defined when a Shared Site is not an Offtake site and when a Shared Site becomes an Offtake site, to make it clear when parties will need to enter into a Supplemental Agreement (10.1.1).

DT explained there is a separate definition for a Shared Site which is not an Offtake Site. The arrangements are different for an Offtake Site. It was acknowledged that some operational departments may use this terminology differently which can cause some confusion.

LB enquired about page 7 Section J3.5 as she wanted to understand the re-titling of section J removing LDZ/LDZ Offtakes and replacing this with Section J Requirements. It was clarified that this section is within Section G Maintenance to refer to Section J. It was suggested that the title may need further clarity to be more specific, so it is not confused with and insertion within Section J.

LB also enquired about the new section on page, Appendix 1. She wanted clarity on when parties should move to the new Supplemental Agreement template. It was clarified that agreements should use the new template when it is reasonably practicable i.e. when a change is being made.

DM asked if there should be a time bound review on Supplemental Agreements to ensure they are periodically reviewed, especially if they haven't been amended within a long period of time. LM confirmed that Supplemental Agreements can be reviewed at any time if parties want to ensure it is up to date.

LM wished to highlight two minor points within Section B 3.8.2 – 3.8.4 Site security, in relation to connection sites, querying the use of the term Connections Site and what this related to. DD explained this refers to sites the industry understands as CNI sites. DD explained an appropriate title and term would need to be defined for these sites. It was understood this type of site was not a standard Offtake Site. It was clarified that not all Offtake Sites are CNI sites, however all CNI sites are offtakes.

Action 1208: Cadent to clarify the definition of a Connection Site in B3.8.3

LM asked for a number of references to be reviewed to ensure these were still correct and inline, in particular LM asked for Cadent to check if:

- OAD Part 1 Supplemental Agreement Section 1.3 is referring to the correct recital.
- Section 2, 2.1 points of Offtake is referring to the correct Appendix, she believed this should be Appendix B not Appendix A.
- Section 2.2 should also reference to Appendix B, not Appendix A.
- The Connection facilities clause should be Appendix B.
- All Appendices should be listed and defined noting Appendix D had not been listed and whether this should refer to Connection Facilities.

National Grid and Cadent agreed to review OAD in line with Appendix A and Appendix B Supplemental Agreement for consistency. DD explained that for Connection Facilities this will relate to Appendix B&D. It was agreed this review should be undertaken offline.

LM made a number of additional observations with the template noting:

- Supplemental Agreement Appendix A – Site Details, LDZ/LDZ is not required in Part 1.
- Supplemental Agreement Appendix C – Site Services, catholic protection is removed. DD clarified this is referred to within the OAD Notice, however as this was already an obligation in OAD it was challenged if it needed to be repeated.
- Where text is provided, as examples or guidance, if it can be made clear it is not what must be included. For example, within the Telemetry section, does all provided text apply.

DD clarified that some text is provided as guidance and is generic across all templates, and some is an uplift from the current template. BF suggested that Cadent needs to distinguish between guidance and what details must be included, to make the template clear. DD confirmed that all the text within the template is guidance for the template's completion only.

LM highlighted that for the instantaneous Flow Rates, the elements listed underneath, relating to pressure, needed to be checked. She believed there was not an obligation to provide the data listed and questioned if it should be hard coded into the template. It was suggested this could be added as guidance to provide rather than an obligation to provide.

LM highlighted that the Permitted Uncertainty Level is for turbine meters and would not apply to all types of meters such as ultrasonic. It was recognised that this text would be different dependent on the type of meter and this element would be an example of what could be included, not what is required.

LM noted the Pressure and Temperature specified range on page 11 was listed in the top half of the document but not in the bottom half. DD clarified the text to be entered should be within the guidance range provided. It had been removed from the lower section as this was requested.

It was also noted that 'CV Directed' should be either CV or Directed, not both.

Further amendments were suggested to add clarity to the template on the required content and suggested content.

The Workgroup briefly considered the signature elements of the template in relation to GDPR and the control around personal data, such as a person's name and signature.

SS asked going forward to ensure efficient use of meetings and to better aid debate that feedback is provided to Cadent ahead of meetings on the publications provided for these to be considered and responded to.

3. Next Steps

At the next meeting the Workgroup will review changes made to the Legal Text and Subsidiary documents for review.

In summary the anticipated next steps are:

- Review supporting documents and Legal Text (January)
- Development of Workgroup Report (January)
- Finalise the Workgroup Report (February)

4. Any Other Business

None

5. Diary Planning

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

Time / Date	Venue	Workgroup Programme
10:00 Monday 06 January 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Review Supporting Documents and Legal Text Development of Workgroup Report
10:00 Wednesday 05 February 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Finalise Workgroup Report

Action Table (as at 04 December 2019)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0703	31/07/19	6.0	<i>Legal Text 3.6.4</i> SR to confirm the National Grid Redundant Asset process.	National Grid (SR)	Closed
1001	10/10/19	1.2	Cadent (DD) to confirm that the use of the new Supplemental Agreement Template, will be an option not an obligation and this is in keeping with his expectations.	Cadent (DD)	Closed
1201	04/12/19	2.0	Operators (DNOs and NTS) to establish if bi-directional flows should cover all offtakes or be limited to only sites that currently have the capability of bi-directional flows	All	Pending
1202	04/12/19	2.0	Cadent (SS/DD) to review the Legal Text for bi-directional sites, to ensure the definition is clear and within the intent of the Modification/solution.	Cadent (SS/DD)	Pending
1203	04/12/19	2.0	National Grid (LM) to formulate some options for changing the voting arrangements within OAD Section N, to ensure appropriate change governance for Subsidiary Documents.	National Grid (LM)	Pending

1204	04/12/19	2.0	All to review the definition of Offtake sites and Connection Facilities to ensure sufficient clarity.	All	Pending
1205	04/12/19	2.0	All to review the OAD notice process and consider if this is the right communication tool for any activity on Offtake Sites.	All	Pending
1206	04/12/19	2.0	All to consider Section N3.6.7 and whether all parties want to have access to a Redundant Asset process.	All	Pending
1207	04/12/19	2.0	Cadent (SS/DD) to consider whether further clarity is required in OAD for Disputes.	Cadent (SS/DD)	Pending
1208	04/12/19	2.0	Cadent to clarify the definition of a Connection Site in B3.8.3	Cadent (SS/DD)	Pending