

**UNC Request Workgroup 0683S Minutes
Offtake Arrangements Document (OAD) Review Updates – Phase 1
Wednesday 04 March 2020**

at Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA

Attendees

Alan Raper (Chair)	(AR)	Joint Office
Helen Cuin (Secretary)	(HC)	Joint Office
Arran Poad *	(AP)	Northern Gas Networks
Darren Dunkley	(DD)	Cadent
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/0683/040320>

The Workgroup Report is due to be presented at the UNC Modification Panel by 16 April 2020.

1. Introduction and Status Review

Alan Raper (AR) welcomed everyone to the meeting.

1.1. Approval of Minutes (05 February 2020)

The minutes from the previous meeting were approved.

1.2. Review of Outstanding Actions

Action 0201: Cadent (SS) (in conjunction with Dentons) to provide clarification of how best to capture bi-directional flows between and NTS and LDZ capable offtakes. See previous Actions 1202 and 0101.

Update: See item 3.0. **Closed.**

Action 0202: Cadent (SS) to provide further clarity for Shared Sites (Section G3.6.5.)

Update: See item 3.0. **Closed.**

Action 0203: Cadent (SS) to consider an additional recital for Shared Site Agreements – for the location of the site involved and to ensure it is referenced accordingly.

Update: Shiv Singh (SS) confirmed the recital had been added. **Closed.**

2. Amended Modification

The Workgroup reviewed the recent changes to the Modification.

3. Amended Legal Text

Shiv Singh (SS) confirmed a number of amendments have been made to the legal text.

Stephen Ruane (SR) explained that feedback had been provided to Cadent and a subsequent reply had been received. SR clarified that National Grid were in an agreement with the principles, but they still had some concerns about some aspects of the legal text.

SR referred to OAD Section G3.6.5, and the reference to new categories outside of Closed Offtakes and Shared Offtakes, he understood the principles and exceptions for work i.e. in-line inspections (ILI runs), and accepted the need to have a process that approves and acknowledges required works, consider liabilities and the quantity of gas lost during the works. However, in respect of the text he noted the deliberate process for turning on and off Closed Offtakes. It was questioned if Shared Sites would be relevant for safety maintenance and whether paragraph G3.6.1 was relevant. Louise McGoldrick (LM) stated that it was and that either it should and a separate clause to cover the event should be added to G3.6.1.

Darren Dunkley (DD) suggested separating the two, as elements already exist in OAD for Shared Sites. DD referred to maintenance for Shared Sites on the annual plan. He explained if there is a need to open valves there would be a need to notify the other operator using an OAD notice and would be added to the shared maintenance plan. DD believed the liabilities process does not apply when opening a Closed Offtake, (not bi-directional). SR suggested there maybe exceptional circumstances and recommended having a broad-brush approach to allow for such eventualities. DD believed this was covered in existing inter LDZ to LDZ arrangements.

The Workgroup further discussed the likely scenarios for Closed Offtakes, Shared Sites. LDZ-LDZ and NTS-LDZ sites and what exceptional circumstances that may arise requiring the valve to be opened and how these should be set-out in the legal text.

It was agreed that Closed Offtakes was covered. Further consideration was given to Shared Sites where systems are sperate and may need an in-line inspection (ILI) run with a temporary connection. Existing NTS to LDZ sites were also considered which may become bi-directional for an ILI run.

The Workgroup considered the current sites and their classifications. DD believed there was one site which was NTS to LDZ with an ability to flow bi-directional gas. DD explained the Section B notice and using the current process to allow for this. However, SR was keen to have the UNC to cater for exceptional circumstances by taking a broader approach.

DD explained the need to engage with the operator, (site user or site owner), and use the existing process within Section B to facilitate process, that is by raising an OAD notice and having the relevant engagement and dialogue.

SR believed shared sites should adhere to the documented process in view of the liabilities. SR noted that G3.6.5 is written for Closed Sites but G3.6.1 doesn't appear to refer to OAD notice, he suggested to cover all eventualities the text should be amended further by adding temporary disconnections. SR stressed that National Grid want the situation covered and would not be able to support the Modification without this being covered. It was therefore suggested an extra clause is added to G3.6.1. to allow for ILI runs and other exceptional circumstances.

New Action 0301: Cadent (SS/DD) to review Section G3.6.1 to address temporary connections at Shared Sites and not restricting this to in-line inspections.

LM also asked Cadent to re-check that by adding an extra clause to G3.6.1, whether Section G3.6.5 would need to be revisited to ensure it caters for bi-directional flows.

New Action 0302: Cadent (SS/DD) to review Section G3.6.5 in light of any changes to G3.6.1 (Action 0301) to ensure consistency / alignment with each other and caters for bi-directional flows.

SR referred to Section A3.2.2 Closed Offtakes and asked if this needed further consideration, he suggested some additional text to cater for opening a valve on a Closed Offtake.

SR referred to the definition of a Closed Offtake within Section A2.2.3 (a) and the reference to a Closed Offtake being closed, such that gas does not flow between the LDZs. The Workgroup considered the requirements to change the Closed Offtake when opening the valve. SR wished to make sure that when opening the value temporarily it would not require a classification change to the offtake.

SR wanted to review and understand the potential need to amend the Supplement agreement for temporary situations such as maintenance. DD suggested the need to amend Supplemental Agreements was for enduring, not temporary, situations and that both sections aligned.

New Action 0303: Cadent (SS/DD) to review the interactions between Sections A2.2.3 and A3.2.2, in particular reference to the definition of Closed Offtakes (A.2.2.3) and the need to amend or enter into Supplemental Agreements if the Offtake value is opened temporarily.

4. Amended OAD Template Agreement Document

The Workgroup briefly reviewed the recent amendments to the OAD Template Agreement Documents and focused discussions around the management of drawings and how best to manage discrepancies when drawings are referred to in the Supplemental Agreement.

SR wanted to ensure the difficulties associated with updated drawings potentially creating a discrepancy with a Supplemental Agreement is managed. In line with previous discussions he wished for better clarity within the template to make it clear that the concept is that the text formalises the agreement, if there is any conflict between the text description and any available drawings it is the text which takes precedent, within the signed agreement, not a drawing that sits outside of the agreement.

SR referred to a response provided from Dentons suggesting that the wording within the Supplement Agreement should work in conjunction with the drawings. SR wished to address concerns on how to manage any misalignment. SR was looking for some clear text within the agreement to make sure there was no potential to create uncertainty.

DD explained the problems with drawings changing and the concept of removing the reliance on drawings from the Supplemental Agreement. DD suggested where a discrepancy is identified parties should review and update the Supplemental Agreement and agreements should only be entered into when the drawings and text aligns.

It was acknowledged that drawings do not have to be referred to in the Supplemental Agreement. Nevertheless, it was recognised that drawings are likely to be available. It was stressed that where drawings are referenced the correct drawings need to be used/referenced and if not, the agreement will need to be reviewed.

SS suggested that if the Supplemental Agreement is the primary record and is signed off, if/when a discrepancy is identified it should be the drawing that is reviewed and updated.

The Workgroup considered OAD Section A4.2.1 which states that a point of offtake is the one defined in the Supplemental Agreement. This section currently states that the Supplemental Agreement will identify, (by description or a diagram or both), the point of offtake. It was suggested that this may need to be reviewed with Dentons, to ensure the intent of this is clearly understood and where there is a mismatch the expectations on how this should be resolved.

The Workgroup discussed how best to manage any potential discrepancy with the Supplemental Agreement referring to a drawing and the drawing being out of line. It was suggested that if the Supplemental Agreement does not clearly identify the point of offtake the supplemental agreement would need to be updated to make sure it does.

It was agreed that the Transporters should seek a legal view on how to manage discrepancies, taking into account the current text set out in A4.2.1.

New Action 0304: All DNs and National Grid (SR) to review OAD Section A4.2.1 and provide a legal view on the use of Supplemental Agreements, in particular managing discrepancies, and if A4.2.1 needs amending.

5. Development of Workgroup Report

The Workgroup reviewed the Workgroup Report, updating the Workgroup assessment, Relevant Objectives and the Implementation Section to document the transitional arrangements.

It was agreed to add further clarity to the Implementation Section to ensure the requirement to use the new template was understood and to reference that there is transitional legal text.

The Workgroup anticipated that the Workgroup Report would be finalised at the next meeting on 01 April.

6. Next Steps

SS agreed to reconsider the legal text in line with discussions and provide an updated version for a final review in April. It was also agreed, following review of the text, that if any further refinements were required to the Modification, a formal amendment would be submitted ahead of the next meeting.

A formal request for legal text will be made at the March Panel meeting.

The Workgroup agreed that the meeting on 01 April would focus on reviewing:

- The updated legal text
- Any consequential changes to the Modification
- Any consequential amendments to the OAD Template Agreement Document
- And Finalising the Workgroup Report

7. Any Other Business

None raised.

8. 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 Wednesday 01 April 2020	Radcliffe House, Blenheim Court, Warwick Road, Solihull B91 2AA	Final review of Legal Text Review of any consequential changes to the Modification or OAD Template Agreement Document Finalise Workgroup Report

Action Table (as at 04 March 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
0201	05/02/20	3.0	Cadent (SS) (in conjunction with Dentons) to provide clarification of how best to capture bi-directional flows between and NTS and LDZ capable offtakes. See previous Actions 1202 and 0101.	Cadent (SS/DD)	Closed
0202	05/02/20	3.0	Cadent (SS) to provide further clarity for Shared Sites (Section G3.6.5.)	Cadent (SS/DD)	Closed
0203	05/02/20	4.0	Cadent (SS) to consider an additional recital for Shared Site Agreements – for the location of the site involved and to ensure it is referenced accordingly.	Cadent (SS/DD)	Closed
0301	04/03/20	3.0	Cadent (SS/DD) to review Section G3.6.1 to address temporary connections at Shared	Cadent (SS/DD)	Pending

			Sites and not restricting this to in-line inspections.		
0302	04/03/20	3.0	Cadent (SS/DD) to review Section G3.6.5 in light of any changes to G3.6.1 (Action 0301) to ensure consistency / alignment with each other, and caters for bi-directional flows.	Cadent (SS/DD)	Pending
0303	04/03/20	3.0	Cadent (SS/DD) to review the interactions between Sections A2.2.3 and A3.2.2, in particular reference to the definition of Closed Offtakes (A.2.2.3) and the need to amend or enter into Supplemental Agreements if the Offtake value is opened temporarily.	Cadent (SS/DD)	Pending
0304	04/03/20	4.0	All DNs and National Grid (SR) to review OAD Section A4.2.1 and provide a legal view on the use of Supplemental Agreements, in particular managing discrepancies, and if A4.2.1 needs amending.	DNs and National Grid (SR)	Pending