

Transmission Workgroup Minutes

Thursday 06 November 2014

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Antony Miller	(AMi)	Centrica Storage
Charles Ruffell	(CR)	RWEst
Colin Hamilton	(CH)	National Grid NTS
David Baldwin	(DB)	GMSL
David Reilly	(DRe)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Hannah Mottram	(HM)	Ofgem
Jeff Chandler	(JC)	SSE
Joanna Ferguson	(JF)	Northern Gas Networks
Julie Cox	(JCo)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Martin Connor	(MC)	National Grid NTS
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/061114>

1. Introduction and Status Review

1.1 Review of Minutes and Actions from the previous meeting (02 October 2014)

1.1.1 Minutes

The minutes of the previous meeting were accepted.

1.1.2 Actions

TR0501: Establish whether permit arrangements might be reconsidered once decisions have been reached on the PARCA arrangements.

Update: Discussions had taken place with National Grid NTS. Ofgem was minded to issue an informal consultation letter next week regarding policy changes relating to permit arrangements. (DRe believed the amount would potentially be altered, not the time period.) A statutory consultation would follow any consultation letter. Shippers challenged the timescales, voicing concerns regarding potential effects on National Grid NTS' use of permits, and the need to get PARCAs in before 01 February. DRe responded that if they were not introduced then the changes to permits would not be made. FH reaffirmed that National Grid NTS was working towards implementing the arrangements as previously

planned. JCx suggested it would be good to see a timescale that all parties were going to commit to. DRe commented that there was a statutory consultation on PARCAs at the moment and the responses (due by 24 November) will then be reviewed. He indicated that he would confirm the issue of the open letter. **Closed**

Post meeting note: As requested, web link below to Ofgem website location where the consultation letter on Permit Arrangements can be found.

<https://www.ofgem.gov.uk/publications-and-updates/proposal-terminate-use-permits-arrangements-national-grid-gas-transmission%E2%80%99s-licence-and-adjust-revenue-earned-permit-arrangements-period-1-april-2013-%E2%80%9331-march-2015>

TR0901: Shipper Termination Rules - Provide example scenarios for review and consideration at the October meeting.

Update: See 4.1, below. **Closed**

1.2 Ofgem Update

Following the last meeting DRe had provided a post meeting note, confirming that REMIT Registration in GB would start this year. Ofgem will publish further information via its website and relevant mailing lists with further details on REMIT registration timing and process in due course.

In this month's update, DRe drew attention to the proposed licence modification of Special Licence Conditions 1A, 2A, 5F, 5G and 11C of National Grid Gas Transmission's Licence to implement Planning and Advanced Reservation of Capacity Agreements. The decision letter and Section 23 Notice outlining changes to National Grid Gas Transmission's gas transporter licence to introduce Planning and Advanced Reservation of Capacity Agreements can be found at the following location on the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/proposed-licence-modification-special-licence-conditions-1a-2a-5f-5g-and-11c-national-grid-gas-transmission%E2%80%99s-licence-implement-planning-and-advanced-reservation-capacity-agreements>.

1.3 Pre Modification Discussions

None raised.

2. Workgroups

None.

3. Issues

3.1 New Issues

No new issues raised.

4. Any Other Business

4.1 Shipper Termination Rules

Responding to Action TR0901, FH gave a short presentation recapping on the background to the issue, which it was believed might occur in limited circumstances (it had occurred once), but having been identified needed consideration and agreement on the best way to address/manage. Some options were outlined and some worked examples were provided to

illustrate at what point each of the options might be applied. FH explained in more detail and these were reviewed and discussed. Each of the solutions available was not ideal, and seemed to be quite excessive under the circumstances; there may be consequences for other parties - proportionality of risk needs to be assessed.

JC asked if assignment of entry capacity was allowed; FH indicated there was nothing in UNC to permit this. He pointed out that development of an assignment process had been considered in the past but when contemplated/assessed by the Transmission Workgroup it had been deemed to be too difficult and had therefore been laid to one side. Entry capacity is the issue in this scenario, and FH did not believe the problem would occur with exit capacity.

NR questioned who would be most affected by this issue. FH responded there would be a 'bad debt' hit for National Grid NTS and commodity charge effects for Shippers.

DRe suggested that more detail on the pros/cons of each solution would be useful to Ofgem, who would like to see this issue resolved but not at the expense of creating bigger issues elsewhere. FH will provide an impact analysis on the potential solutions for review at the next meeting, and if other parties were able to offer views or other options these would be welcomed for inclusion.

Action TR1101: *Shipper Termination Rules* - Provide an impact analysis of each potential solution for review at the December meeting.

5. Diary Planning

These meetings will immediately follow the proceedings of the UNC European Workgroup unless otherwise notified.

Date	Location
Thursday 04 December 2014	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 08 January 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 February 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 March 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 02 April 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 07 May 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 04 June 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 02 July 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 06 August 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 03 September 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road,

	London SW1P 2AF
Thursday 01 October 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 November 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 03 December 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Action Table

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0501	01/05/14	1.3	Establish whether permit arrangements might be reconsidered once decisions have been reached on the PARCA arrangements.	Ofgem (DRe)	Closed
TR0901	04/09/14	4.1	<i>Shipper Termination Rules</i> - Provide example scenarios for review and consideration at the October meeting.	National Grid NTS (FH)	Closed
TR1101	06/11/14	4.1	<i>Shipper Termination Rules</i> - Provide an impact analysis of each potential solution for review at the December meeting.	National Grid NTS (FH)	Pending