

## UNC European Workgroup Minutes

Thursday 08 January 2015

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

### Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Anna Shrigley	(AS)	Eni
Antony Miller	(AM)	Centrica Storage
Charles Ruffell*	(CR)	RWEst
Colin Hamilton	(CH)	National Grid NTS
David Cox*	(DC)	Gas Forum
David Reilly	(DR)	Ofgem
Debbie Brace	(DB)	National Grid NTS
Debra Hawkin*	(DH)	TPA Consultants
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalves	(FC)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Isabelle-Agnes Magne*	(IAM)	GDF Suez
Jeff Chandler	(JC)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox*	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Marshall Hall	(MH)	Oil & Gas UK
Nigel Sisman	(NS)	Sisman Energy Consultancy Ltd
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Ric Lea	(RL)	Deloitte
Richard Fairholme	(RF)	E.ON
Ricky Hill	(RH)	Centrica
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve
Tom Farmer	(TF)	Ofgem

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/080115>

### 1. Introduction and Status Review

LJ welcomed all to the meeting.

#### 1.1 Minutes

PH requested a minor change to the previous meeting's minutes (page 3), under Section 4.3 EU Interoperability and Data Exchange Code: Post - Comitology Impact Assessment, Chapter 4, Article 15:

"PH confirmed that there was no intention to introduce ~~change~~ blending arrangements at Bacton".

The amendment was agreed and the minutes of the previous meeting were then approved; a revised version will be published.

## 2. Workgroups

None.

## 3. General Update

PH confirmed there had been no changes to the timeline or the road map since the last meeting.

## 4. EU Code Updates

### 4.1 Tariff Code (TAR NC)

CH gave a presentation, updating the Workgroup on the current position. Attention was drawn to notable changes to the Code, in particular the one identified on slide 9 - partial non-application of scope. CH believed that the text would not survive in this form; it was a placeholder to enable other alternatives to be considered in the meantime. The other changes were briefly outlined. It was noted that the 5<sup>th</sup> costs allocation methodology may change into an alternative pre-methodology split dependent on discussions during ACER's reasoned opinion phase.

CH reported that there were compromises for three proposals (provision of binding tariffs prior to the annual yearly capacity auctions; developing proposals for fixed prices; development of a refined definition of transmission and dedicated services based on the principle that costs by default is allocated to transmission services unless specific criteria are met for categorising as dedicated services) to be agreed in January, and explained these in more detail, drawing attention to the main focus of discussion under each topic. Referring to definitions, CH pointed out that the default was transmission services, and there would have to be a really good reason to label something as 'dedicated services'.

CH outlined other potential areas for discussion over the next few months. By March the intention was to have a document that ACER could sign on to. When asked, CH confirmed that he was not aware of any further opportunity for Stakeholders to comment. While it was recognised as a very sensitive area, CH noted that the rules allow, but do not oblige, ACER to consult. A number of Shippers suggested that Ofgem pursue this and request this. Individual parties were also encouraged to write to ACER and request an opportunity to comment.

**Post Meeting Note:** The key ACER contact is Tom Maes ([tom.maes@creg.be](mailto:tom.maes@creg.be)). He is from the Belgium regulator, CREG, and is the co-chair of the ACER Tariff Task Force and Vice-Chair of the ACER Gas Working Group. For completeness other key contacts for the Tariff Code are: Richard Miller ([Richard.Miller@ofgem.gov.uk](mailto:Richard.Miller@ofgem.gov.uk)), who is the Ofgem representative on the ACER Tariff Task Force, and Malcolm Arthur ([Malcolm.Arthur@entsog.eu](mailto:Malcolm.Arthur@entsog.eu)) who is the chair of the ENTSOG Tariff Working Group.

In parallel, the EU Commission has initiated an Impact Assessment Study on the draft TAR NC and the draft INC Proposal. A questionnaire to collect relevant data for comparison has been developed for completion by all TSOs and NRAs, with a response deadline of 30 January 2015. A request was made for the questionnaire and Ofgem's and National Grid NTS' responses to be made public via the JO website. CH and DR would confirm whether these documents could be made available for publication and through what route.

**Action EU0101: Tariff Code (TAR NC) Impact Assessment Study - Establish whether the questionnaire and Ofgem's and National Grid NTS' responses can be made available for publication and through what route.**

It was also questioned what would happen after the final report was issued in May. CH was not certain and would update the Workgroup when more details were known.

Concluding the update, CH outlined the timeline for the continuing process/next steps. It was recognised that reaching consensus would be difficult, and this might potentially cause delay, but all parties were working towards October 2017 for the present.

JC asked what National Grid NTS' position would be in respect of the Fixed Price Tariff. CH responded that discussions were continuing and details would be brought back when known; National Grid NTS needed to see what was 'on the table' first before it could determine its position; the thinking would be shared as it evolves.

#### **4.2 Incremental Capacity Amendment**

This was deemed to be a less contentious area. CH gave a brief overview of the changes made following the Stakeholder Support Process (SSP) and the main issues raised. The timeline for the Incremental Proposal will follow that for the TAR NC. CH pointed out that the text retains use of auctions as the first step in the allocation phase of open seasons but shall be reviewed during ACER's reasoned opinion process. Examples were given of different positions. CH believed that ACER will have a one month consultation (in Q1 2015) on this change.

CH advised that this year will see the issuing of Framework Guidelines (FGs) on Settlement Rules and Operational Procedures in an Emergency and the setting up of expert groups, etc in Q3/4 2015). PB added that there were similar debates going on in electricity, a notable issue being market suspension in respect of which a conclusion had yet to be reached. There was no reason to think that that same issue would be more easily addressed and resolved on the gas side.

### **5. UNC Modification Plans**

#### *Phase 2 UNC Modification Timescales*

These were displayed and briefly reviewed. PH reported that the Interoperability modifications were being progressed. The Workgroup Report on 0501/A/B/C was being finalised. There was an aspiration to report on Modifications 0510 and 0519 at the February UNC Modification Panel.

National Grid NTS was intending to submit a modification in respect of Interconnection and Ancillary Agreements to the February Panel

### **6. EU Implementation Programme – System Developments Update**

A verbal update was provided. Kay Haycock had advised LJ that a further update would be provided at the February meeting, following the forthcoming event on 23 January which was being prioritised at present.

### **7. Draft EU Modifications**

#### **7.1 Interconnection and Ancillary Agreements**

DB reiterated the activities that needed to be carried out before 01 October 2015, and the options that had been considered and assessed following discussions at last month's Workgroup meeting.

The preferred process option was to address all requirements through a single modification. DB explained the perceived advantages of adopting this approach, outlining the objectives of the proposal. A potential timeline was displayed. This was acknowledged to be challenging. PB voiced concerns that by consolidating all the requirements into one modification Ofgem would need to have confidence in all the elements and approve all as a package; if one or

more elements became incapable of enactment/did not meet criteria for approval then this could jeopardise the whole modification. This was considered. It was suggested that if there were any controversial issues arising from development that might force a re-examination then the negatives could perhaps be counteracted with the raising of one or more alternate modifications.

PB confirmed that all the Adjacent TSOs were working to the same timetable to deliver the changes for October 2015.

There was an aspiration to run parallel consultations for the proposed UNC modification and the (non-Code) Interconnection Agreement. LJ asked what would happen to the non-code responses and how any identified issues from these might be dealt with. DB indicated these would be discussed with the Adjacent TSOs and a reconsultation would take place if appropriate; any other changes to IAs could be made post October. LJ further explained his concerns that an issue could be identified that might then lead to a reconsideration of the UNC modification; with such challenging UNC modification timescales already noted this would be of significant concern. DB would not expect any issues that may arise to affect the UNC modification. PH reiterated his expectations of how the various strands would be managed. The subject matter of the non-code consultation should not affect the UNC modification. LJ reiterated his concern that the subject matter may not but the responses might. It was suggested the timelines should be separated. DB noted this.

The intention will be to submit a single modification (to incorporate all of the Interconnection Agreement elements) to the February UNC Modification Panel.

For further information please contact Debbie Brace ([deborah.brace@nationalgrid.com](mailto:deborah.brace@nationalgrid.com)) or Phil Hobbins ([phil.hobbins@nationalgrid.com](mailto:phil.hobbins@nationalgrid.com)).

## **8. Any Other Business**

### **8.1 EU Gas Quality Harmonisation Update**

PH reported that the CEN Working Group had considered the consultation responses. Agreement could not be reached on a harmonised range for Wobbe-Index; some examples of the wide spectrum of views and concerns that had prevented agreement were given. It is therefore expected that initially, only non-combustion parameters will be included in the standard. It was anticipated that further studies will be initiated to deal with Wobbe-Index, and that a harmonised WI range will be incorporated as an amendment to the standard in the future.

The meaningfulness of implementing the standard was questioned, as it will be voluntary; it seemed to be a specification without an obligation. PH agreed this was very much an 'open question'. DR observed that DECC was against any widening of the Wobbe and did not want any changes to any specifications until 2020; at this point there cannot be seen a case for change after 2020. DECC was not persuaded so far by the harmonisation arguments.

### **8.2 Future Topics**

A table was displayed, listing the topics (REMIT, Bridge to 2025, Interoperability and Data Exchange, Tariffs and Incremental) that the Workgroup will consider next month.

### **8.3 UNC Modifications 0501, 0501A, 0501B and 0501C**

FH reported that the Workgroup Report for these modifications had now been agreed and finalised, with a recommendation that consultation be commenced, and would be submitted to the January UNC Modification Panel for its consideration.

**9. Diary Planning**

Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)

Workgroup meetings will take place as follows:

<b>Date</b>	<b>Location</b>
10:00 Thursday 05 February 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 05 March 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 02 April 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

**Action Table**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>EU0101</b>	08/01/15	4.1	<i>Tariff Code (TAR NC) Impact Assessment Study</i> - Establish whether the questionnaire and Ofgem's and National Grid NTS' responses can be made available for publication and through what route.	National Grid NTS (CH) and Ofgem (DR)	<b>Pending</b>