

Transmission Workgroup Minutes
Thursday 05 January 2017
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Chris Shanley (Chair)	(CS)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Aisling Jensen-Humphreys	(AJH)	ConocoPhillips
Andrew Blair	(AB)	Interconnector UK
Andrew Pearce	(AP)	BP Gas
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley	(AS)	Eni Trading & Shipping
Charles Ruffell	(CR)	RWE
Colin Hamilton	(CH)	National Grid NTS
David Cox	(DC)	London Energy Consulting
David Eastlake*	(DE)	CVSL
David O'Donnell	(DO)	NMSP
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Howard Miller	(HM)	CVSL
Jeff Chandler	(JCh)	SSE
Jen Randall*	(JR)	National Grid NTS
John Costa	(JCo)	EDF Energy
Julie Cox*	(JCx)	Energy UK
Justin Goonsinghe	(JG)	National Grid NTS
Murray Kirkpatrick	(MK)	BP Gas
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall-Insight
Steve Nunnington	(SN)	Xoserve
Terry Burke	(TB)	Statoil
Tom Andrews*	(TA)	Cornwall-Insight

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/050117>

1. Introduction and Status Review

CS welcomed all to the meeting and confirmed the order of the agenda.

1.1 Approval of Minutes from the previous meeting (01 December 2016)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Referring to the information paper provided, SH gave a brief update on RIIO matters and Network Innovation, and drew attention to the launch of the Innovation Link, which included “...a proposal for a ‘regulatory sandbox’ to enable innovators to trial new products or services without incurring all of the normal regulation.” Interested parties were encouraged to access more information through the link provided.

1.3 Pre Modification Discussions

No business for discussion.

2. European Codes

2.1 EU Codes update

CH gave a brief overview of the current position of the EU Codes, including timelines and the implementation dates.

EU Tariffs Code Update

CH restated the process steps, noting that Entry Into Force (EIF) should be after the annual auction on 06 March 2017, and before the allocation of the QSEC auction. ENTSOG is proposing an implementation workshop for 29 March 2017 (to be confirmed) and they will be producing an Implementation Document (what/when to implement) that is to be published prior to the workshop.

The indicative timeline was displayed, along with a simplified implementation timeline for the EU Tariff Code (as requested through Action TR1202).

Responding to questions regarding the ACER consultation, CH indicated this would be in parallel with the UNC and an information pack will be provided. JCx asked how any alternates would be treated/managed. CH agreed this would need careful consideration as to how any 'minded' decisions were presented to ACER. The UNC process would operate as normal and should facilitate an early delivery of the EU Tariff Code if ACER raises no concerns. Ofgem would have to be mindful of ACER's views/decisions regarding compliance.

Action TR0101: *Modifications and Alternates - Presentation to ACER - CH to clarify how the presentation of industry/Ofgem 'minded' views to ACER would be managed.*

Interactions between CAM and TAR

Advising that National Grid NTS would be raising further modifications to support CAM amendments, CH explained in more detail some specific interactions between the two Codes, i.e. floating payable price for existing annual yearly entry, and incremental capacity. These were discussed and CH responded to various questions.

- *Floating payable price for existing annual yearly entry*

CH drew attention to the provisions of EID B2.1.7 that applies to Exit capacity, noting that something similar will have to be arranged for Annual Entry and a modification will need to be raised.

- *Incremental capacity*

CH drew attention to the new concepts/definitions being introduced and that may have to be added into the EID. The calculation to produce the fixed payable price was explained. CH observed that the key challenge was that no reconciliation was allowed, noting that all under/over recovery risks were to be covered under the Risk Premium. Given the issues this may raise, National Grid NTS was not proposing to offer incremental capacity using the fixed price payable approach; the default will be the floating price.

GJ questioned if taking this approach would inhibit growth of the network and whether one-off adjustments should be made to correct the revenue. CH responded that it would impact on Allowed Revenue and any adjustment may require the price control to be reopened. CH indicated that National Grid NTS would give this deeper consideration as it is not 'neutral' to the introduction of this new concept and needed to understand how it could be appropriately managed. It would not be included in the modification, but once it was raised there could be further debate on the topic.

- *GB Charging Review*

CH advised the requirements from the TAR NC were under review at the NTS CMF and that a sub-group was looking at this and the reference price methodology. It was anticipated that appropriate UNC modifications would be raised in April 2017.

EU CAM Modification Updates (0597 and 0598)

Modification 0597 - Rules for the release of Incremental capacity at Interconnection Points

Development has progressed well and, following the next meeting on 13 January 2017, it is expected the Workgroup Report will be submitted to the January UNC Modification Panel.

CH briefly summarised the discussions to date, noting the introduction of new CAM processes to broadly replace the current PARCA phase 1 for IPs only, and agreement on continued use of PARCA phase 2 as much as possible when deciding how National Grid NTS allocates capacity. The Workgroup had examined/discussed a wide range of topics, including how the CAM process interacts with other long term allocation processes; checking if the current security fee calculation would remain fit for purpose; and considering how the economic test would work. It was observed that while considered as part of the wider context, some areas, such as the economic test, would sit outside the UNC.

The consultation period is to be aligned with Modification 0598 (subject to Panel determination but currently anticipated to run from 19 January to 09 February 2017).

Modification 0598 - Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations

Development has also progressed well and, following the next meeting on 13 January 2017, it is expected the Workgroup Report will be submitted to the January UNC Modification Panel

Following Workgroup discussions it had been agreed that the modification could be simplified and will now only contain the auction/calendar changes. It will not cover TAR changes and as highlighted earlier in the meeting (under the EU update), a separate Modification is to be raised to cover these. In view of the simplification it is believed it would now be more appropriate for this modification to follow self-governance procedures. On the assumption that reassignment to self-governance status is confirmed by Panel and that following consultation there is a decision to implement, then National Grid NTS would expect to notify the implementation date to the Joint Office once the Entry Into Force is confirmed.

3. Workgroups

3.1 Modification 0600S – Amend obligation for the acceptance of EPDQD revisions made after D+5

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0600/050117>.

The Workgroup's Report is due to be made to the February UNC Modification Panel.

3.2 Modification 0605S – Amendments to TPD Section K - Operating Margins

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0605/050117>.

The Workgroup's Report is due to be made to the February UNC Modification Panel.

3.3 Modification 0606S – National Grid Gas plc and National Grid Gas Distribution Limited transitional invoicing arrangement post Project Nexus

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0606/050117>.

The Workgroup's Report is due to be made to the February UNC Modification Panel.

3.4 Modification 0607S – Amendment to Gas Quality NTS Entry Specification at the St Fergus NSMP System Entry Point

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0607/050117>.

The Workgroup's Report is due to be made to the June UNC Modification Panel.

4. Issues

4.1 ISS066 – Implications of decommissioned Exit/Entry points

This item will remain on the agenda; an update will be provided as/when appropriate.

5. Any Other Business

5.1 Negative Implied Flow Rate - Update

JR provided an overview of the current position, explaining that National Grid NTS has been working with Xoserve to agree an acceptable timeframe for the system changes to be made to Gemini. It has been agreed that these Gemini changes will be made at the same time as those that are being made for EU Phase IV (the EU CAM code), scheduled for August 2017 (this is the earliest opportunity); a workaround will be in place in the interim. A change variation has been raised which changes the scope of the EU Phase IV project to include these system changes for the NIFR arrangements and this is currently with Xoserve to provide a Detailed Cost Assessment. The initial cost estimate was £200k for the changes; consideration is being given as to how this will be apportioned between parties and an update will be provided at the next meeting.

In the meantime JR is working with the Irish parties to address appropriate matching rules (Moffatt) and it is anticipated that a modification will be required to make the changes to UNC and the tripartite agreements.

5.2 NTS Connections Charging Update

Referring to Action TR1204, PH reported that the consultation documents had been issued via the ENA on 14 December 2016; the consultation closing date was 25 January 2017.

5.3 Project CLoCC Stakeholder Discussion Day

JG drew attention to the Project CLoCC (Customer Low Cost Connections) Stakeholder Discussion Day planned for Wednesday 22 February 2017 and outlined the proposed Programme, which included various Round Table sessions for participation/contribution.

Parties were encouraged to contact: Anne-marie.liszczyk@nationalgrid.com by 25 January 2017 to register interest.

6. Review of Actions Outstanding

TR1201: MK (BP Gas) to produce analytical data of the number of occurrences when the CO₂ limit could have been above 4mol%, including diagrams of the operational processes and flows at the site.

Update: This action arose from the December pre-modification discussions, following which a formal modification (Modification 0607S) had been raised. The data and diagrams were subsequently provided by MK and were reviewed by Workgroup 0607S (see minutes at <http://www.gasgovernance.co.uk/0607/050117>). **Closed**

TR1202: National Grid NTS (CH) to produce an updated Project Timeline document of the proposed TAR NC changes/approvals.

Update: This was provided within the EU Update presentation (slide 10); see 2.1, above.
Closed

TR1203: National Grid NTS (PH) to provide detail of the end of day pressure information made available for NTS exit points.

Update: PH confirmed that National Grid NTS does not publish any end of day or within day pressure data, but it does publish linepack data (which may be considered as a proxy for pressure).

Linepack is published for each hour bar, broken down by linepack zone, after the day. The opening and projected closing linepack for the current gas day is also published. Links to these publications were provided:

<http://www2.nationalgrid.com/uk/industry-information/gas-transmission-operational-data/report-explorer/>

<http://mip-prod-web.azurewebsites.net/PrevailingView/Index>

PH observed that National Grid NTS does not consider that publication of pressure data would address the issue that was raised at the December Workgroup (i.e. that of NTS connected power stations having to curtail their gas offtake due to variable pressures being provided from the NTS).

The provision of pressure and linepack data was briefly discussed, and PH considered it might be possible to look at publishing within-day linepack data if sufficient need/benefit could be demonstrated. The publication of Exit point pressures would entail a very big project and was unlikely to be considered by NTS without stakeholder support.

It was suggested that this issue could be taken forward via National Grid NTS' Gas Future Operability (GFOP) initiative and stakeholders were encouraged to raise it in the forthcoming GFOP stakeholder engagement sessions in Q1 2017. The details of these sessions have yet to be finalised and will be communicated once confirmed. **Closed**

TR1204: National Grid NTS (EB) to provide further detailed documentation in the Charging Statement on the proposed fee increases/discounts and for the consultation to be issued prior to the Christmas break, with responses due by end of January 2017.

Update: See 5.2, above. **Closed**

7. Diary Planning

Further details of planned meetings are available at: <http://www.gasgovernance.co.uk/Diary>

Agenda items (and any associated papers) for the 02 February 2017 meeting should be submitted to the Joint Office by close of play on 25 January 2017.

Time/Date	Location
10:00, Thursday 02 February 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 March 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 06 April 2017	Elexon, 350 Euston Road, London NW1 3AW

10:00, Thursday 04 May 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 01 June 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 06 July 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 03 August 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 September 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 05 October 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 November 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 December 2017	Elexon, 350 Euston Road, London NW1 3AW

Action Table (as at 05 January 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR1201	01/12/16	1.3.2	MK (BP Gas) to produce analytical data of the number of occurrences when the CO2 limit could have been above 4mol%, including diagrams of the operational processes and flows at the site.	BP Gas (MK)	Closed
TR1202	01/12/16	2.1	National Grid NTS (CH) to produce an updated Project Timeline document of the proposed TAR NC changes/approvals.	National Grid NTS (CH)	Closed
TR1203	01/12/16	2.2	National Grid NTS (PH) to provide detail of the end of day pressure information made available for NTS exit points.	National Grid NTS (PH)	Closed
TR1204	01/12/16	5.2	National Grid NTS (EB) to provide further detailed documentation in the Charging Statement on the proposed fee increases/discounts and for the consultation to be issued prior to the Christmas break, with responses due by end of January 2017.	National Grid NTS (EB)	Closed
TR0101	05/01/17	2.1	<i>Modifications and Alternates - Presentation to ACER - CH to clarify how the presentation of industry/Ofgem 'minded' views to ACER would be managed.</i>	National Grid NTS (CH)	Pending