

Transmission Workgroup Minutes
Thursday 02 February 2017
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Bob Fletcher (Chair)*	(BF)	Joint Office
Chris Shanley (Chair - 5.0 only)	(CS)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley	(AS)	Eni UK
Charles Ruffell	(CR)	RWE
Colin Hamilton	(CH)	National Grid NTS
David Cox	(DC)	London Energy Consulting
David Eastlake*	(DE)	CVSL
Debbie Brace	(DB)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Dickson	(GD)	Interconnector UK
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
Jen Randall	(JR)	National Grid NTS
John Costa	(JCo)	EDF Energy
Justin Goonsinghe	(JG)	National Grid NTS
Lee Harrison	(LH)	Xoserve
Lucy Manning	(LM)	Gazprom
Marine Valls*	(MV)	Storengy
Nick Wye	(NW)	Waters Wye Associates
Osama Rashed	(OR)	ConocoPhillips UK
Phil Hobbins	(PH)	National Grid NTS
Rebecca Hailes	(RH)	Joint Office
Richard Fairholme	(RF)	Uniper
Samuele Rapetto*	(SR)	EDF Trading
Sean Hayward	(SH)	Ofgem
Steve Britton	(SB)	Cornwall Energy
Steve Nunnington	(SN)	Xoserve

**via teleconference*

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/020217>

1. Introduction and Status Review

Chairing the meeting in the absence of CS (due to travel delays), BF welcomed all to the meeting and confirmed the order of the agenda.

1.1 Approval of Minutes from the previous meeting (05 January 2017)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Referring to the information paper provided, SH gave a brief update on decisions made in January.

1.3 Pre Modification Discussions

1.3.1 Amendments to the firm capacity price payable at interconnection points

Giving a short presentation, CH outlined the proposed new modification, explaining the purpose of the change was to introduce rules into the UNC concerning the payable price for the capacity released under the new incremental process at IPs and ensure the rules for the payable price for existing available capacity at IPs is compliant with this new EU Tariff code. The EU Tariff code enters into force at the end of March 2017 and changes to the UNC are required to ensure compliance with this regulation. These changes will mainly affect NTS Shippers. If the changes are not made/implemented then GB may not be compliant with EU Regulations.

The move from a fixed price to an administered price for entry capacity at interconnection points will impact GEMINI. Any system changes to GEMINI will be dealt with as part of National Grid's EU Phase 4 project.

The European Commission has specified that this Regulation should come into effect on 01 April 2017 with respect to the 'Mandatory Minimum Premium'; however the earliest such a premium could apply is Q1 2018 subject to an incremental signal following the demand assessment phase in March 2017. It will not affect the annual auction in March. The requirement for entry capacity allocated at the annual auction to have a floating price is not required until the annual auction in July 2018. Prices will start floating from 01 October 2019. Implementation timescales/decisions will be expected to take account of this.

CH described the concept of 'Mandatory Minimum Premium'; this would only be used in certain circumstances to enable a positive economic test outcome; this was a 'safety net'.

It is expected to formally submit the modification to the February UNC Modification Panel for its consideration.

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; all remained on course.

EU Tariffs Code Update

CH provided an update on the current position, and the timeline being followed, noting that Entry into Force was still expected around 26-28 March 2017, with an industry workshop planned for 29 March 2017 in Brussels (to be confirmed, and to follow a workshop on CAM amendment on 28 March 2017). It was expected that invitations would be issued in mid-February.

The TAR NC will be implemented in phases: Entry into Force, From 1 October 2017, and Before 31 May 2019.

ENTSOG is producing an implementation document to support the workshop, and a number of standardised templates (expected to be published during the Consultation process in 2018).

CH reported that the requirements from TAR NC were currently under review by the NTS Charging Methodology Forum (NTS CMF); the sub-group has produced a series of one-page papers on various topics under discussion. These can be found in the NTS CMF Document Library at <http://www.gasgovernance.co.uk/ntscmf/subg>.

It is anticipated that the proposed Reference Price Methodology Model will be shared with the industry prior to appropriate UNC modifications being raised in the spring.

A 'plan on a page' timeline was displayed, illustrating the anticipated parallel progress of the Charging Review alongside other areas of change; CH confirmed the review is expected to be completed in December 2018 (to align with the charges published in 2019).

EU CAM Modification Updates (0597 and 0598S)

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

Now issued for consultation, with a closing date of 09 February 2017. The expected EIF date will be late March.

It was noted that further changes to the commercial framework are required, including Licence updates and Methodology updates. A separate Tariff modification supporting CAM was discussed under item 1.3 and will be raised later this month.

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

The Panel approved its reassignment as self-governance. Now issued for consultation, with a closing date of 09 February 2017.

Further CAM changes required

CH advised that further CAM changes would be required, to include the alignment of Terms and Conditions for the offer of bundled capacity (Article 20) (a common template is still to be created, which TSOs may apply); bundling in the case of existing contracts (Article 21) (from 01 January 2018, a capacity conversion service shall apply to annual, quarterly or monthly capacity products for bundled firm capacity at that interconnection point). The Conversion Model is to be developed by ENTSOG by 01 October 2017.

Attention was drawn to a one day Workshop in Brussels potentially on 28 March 2017 (to be confirmed, as referred to in discussions above) to provide information to stakeholders on the CAM changes and potential conversion model(s). A TAR Workshop will follow on 29 March 2017 (also to be confirmed).

EU Phase 4a CAM and Incremental Changes

All parts of business are being lined up to address the changes required in a co-ordinated manner. CH gave an update on progress of the project, confirming the scope, and explaining the timeline to be followed (assuming the implementation of Modifications 0597 and 0598S). Contact details for the various project leaders were provided (see Slide 23) and any queries could be directed to: box.gasops.businessc@nationalgrid.com.

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/0600/020217>

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

3.2 Modification 0605S – Amendments to TPD Section K - Additional Methods to Procure and Dispose of Operating Margins Gas

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0605/020217>.

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/0606/020217>.

The Workgroup's Report is due to be made to the March 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 (NIFR) - Update

JR provided an overview of the current position. Following an interim review of how the changes on Gemini for NIFR will be funded, it had been concluded that unless Shippers can clearly demonstrate (preferably in financial terms) to National Grid NTS how they are being detrimentally impacted by not having the fax facility at IPs and why they cannot continue with whatever arrangements/methods they have been utilising since October 2015 (when the ability of the GNCC no longer had the ability to process these faxes) then National Grid NTS is not in a position to be able to fund these changes.

JR confirmed that she had already discussed this with some affected parties, and will be happy to receive any evidence from other interested parties. Xoserve required to be informed of National Grid NTS' decision by 03 March 2017, and Shippers were therefore being asked to submit any evidence to National Grid NTS by 17 February 2017. JR appreciated that it is having an inconvenient/negative effect on Shippers but will consider further evidence if provided.

A discussion ensued. It was observed that in principle the case is good for Shippers and National Grid NTS and facilitates trading; not to address it would be inhibiting trade. LM made clear her disappointment at this late development, reiterating the length of time over which this issue had already taken. LM was also concerned that parties now had very little leeway to get something in at a minimal cost, as part of the EU phase 4 project; to delay further would incur much greater cost, which seems remarkably inefficient. LM pointed out that this problem was an unintentional consequence of other changes and that it would be very disappointing not to do it soon and have to raise a modification that will cost the industry a lot more. It needs to be progressed before the FGO changes are implemented to ensure it is not unduly delayed due to the introduction of the new governance arrangements.

It was reiterated that IP Shippers are the most affected and they should endeavour to provide whatever evidence they can within the short timescales now indicated. JR asked that Shippers provide as much financially detailed information as possible.

A further update will be provided at the March meeting.

CS suggested that a communication should be issued to the wider industry requesting the submission of evidence and the timescales for doing so. JR agreed to provide this, to be sent out the next day.

Action 0201: *Negative Implied Flow Rate (NIFR) - Request for information - National Grid NTS (JR) to provide a communication for issue to the wider industry.*

Post Meeting Note: A communication was provided and issued to the wider industry on 03 February 2017 via the Joint Office.

5.2 Transmission Planning Code Review

A timeline for the review was displayed; DB reported that the draft Transmission Planning Code 2017 was published on 31 January 2017 for consultation, and that responses are due by 28 February 2017. For further information parties can contact Ben Parkinson at ben.parkinson@nationalgrid.com or ntsinvestment@nationalgrid.com.

5.3 Information Provision

a) Consultation May 2016

JR referred to the previous year's consultation and the feedback that had been received regarding allocations and nominations data inconsistencies. National Grid NTS had reviewed the feedback and had ascertained that Gemini was not feeding information through to MIPI. A fix will be in place at the end of next week and will correct historic and future data.

b) Real Time Gas Quality Data

JR reported that National Grid NTS was looking at what is collected and could be provided and from what sites, and was pursuing discussions with Oil & Gas UK.

6. Review of Action(s) Outstanding

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

Update: CH reiterated the process/difficulties that might be foreseen should an alternative modification(s) also be put forward. ACER needs to assure whatever is proposed is compliant with TAR NC. CH believed the only impact for GB would be the UNC modification process have to pause to take account of submission to ACER and its decision, i.e. a two month delay or not at the end. Further discussion is required between ACER, Ofgem and National Grid NTS to provide clarity. **Carried forward**

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 March 2017 meeting should be submitted to the Joint Office by close of play on 24 February 2017.

Time/Date	Location
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 02 February 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
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)	Carried forward
TR0201	02/02/17	5.1	<i>Negative Implied Flow Rate (NIFR) - Request for information - National Grid NTS (JR) to provide a communication for issue to the wider industry.</i>	National Grid NTS (JR)	Completed