

UNC European Workgroup Minutes

Thursday 05 February 2015

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Andrew Malley	(AM)	Ofgem
Anna Shrigley	(AS)	Eni
Charles Ruffell	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
David Reilly	(DR)	Ofgem
Ethel Afrane	(EA)	National Grid NTS
Francisco Gonçalves	(FC)	Gazprom
Graham Jack	(GJ)	Centrica
Harkamal Ubhi	(HU)	National Grid NTS
Isabelle-Agnes Magne*	(IAM)	GDF Suez
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Marshall Hall	(MH)	Oil & Gas UK
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Phil Lucas	(PL)	National Grid NTS
Rachel Hinsley	(RH)	Xoserve
Ric Lea*	(RL)	Deloitte

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/050215>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Minutes

The minutes of the previous meeting were approved.

1.2 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.

Update: On behalf of National Grid NTS, CH reported that it had been sent to PWC last Friday. It was being reviewed internally and some small changes were likely to be made before it will be published on the National Grid website. An email will be sent out via the Joint Office to inform of publication/location.

On behalf of Ofgem, DR reported that Ofgem's response was not going to be published on its website, however DR will ask if Ofgem might be prepared to circulate it to the UNC EU Workgroup participants. The action will be amended to reflect this.

Amended Action EU0101: Tariff Code (TAR NC) Impact Assessment Study - Establish whether the questionnaire and Ofgem's response can be made available for circulation to the UNC EU Workgroup participants. Carried forward

2. Workgroups

None.

3. General Update

CH confirmed there had been no changes to the Code Status Update information or the road map since the last meeting.

Attention was drawn to the latest phases on the timeline. CH noted LJ's suggestion that removing the columns relating to 2012 and 2013, and adding in 2017, would provide a more relevant picture.

4. EU Code Updates

4.1 EU Tariffs Code (TAR NC)

CH gave a presentation, updating the Workgroup on the current position. High level meetings were taking place to agree what priorities to work on.

An Issues List (increased from 15 to 16 items now, with the addition of 'Storage') had been created and changes would be restricted to this. The List was displayed identifying the Issues and indicating which body would be dealing with them.

Issue 6 Non-physical backhaul pricing - ACER is sympathetic to this being treated the same as Interruptible and New Points (non-physical) will be based on marginal.

Issue 8 Cost allocation methodologies and subsequent tariff adjustments - This was still being debated.

Issue 13 Protection of existing contracts with a fixed price - This was still with the lawyers.

Issue 15 One-off reset and stop-loss - EC was looking at this directly.

Attention was then drawn to the timeline for 2015.

Observing that events had moved on since the publication of the information on the slides, CH then gave more detail on the Issues with ENTSOG for resolution, responding to the more technical questions they arose. The following points were noted.

Issue 1 Binding Tariffs - The auction calendar was now likely to move to June/July. On the question of whether the binding tariff should only apply to IPs, CH indicated that it had not been rejected as yet and further clarification was required. There might potentially be some restriction but not for all points.

Issue 2 Fixed Price (for existing capacity) - ACER has now said that the TSO will bear the risk of under/over recovery. There will be an option for the TSOs to offer a fixed price. This was briefly discussed; it was something the stakeholders and market wanted, but appeared to be 'toxic' for TSOs. What should a floating price be? CH commented that it looks very difficult to make it work.

Issue 2 Fixed Price (for incremental capacity) - JCx believed the distinction to be odd - some could be floating or fixed. Shippers want the certainty. It seems very disordered, and there were still a number of questions to resolve. JCx expressed concern that substantive issues are now being addressed without any apparent stakeholder engagement.

Issue 3 Higher Multiplier Cap - ACER had been asked to consider if 3.5 could be allowed for 3 years then review. CH indicated that ACER had said no.

Issue 4 Transmission and Dedicated Services Definitions - CH observed that major discussions were continuing. Referring to the high level design and whether Transmission services should be linked with only capacity products, CH said that this was being looked at in relation to capacity and distance and being debated further. Proposals might be available in the next few weeks, which CH then hoped to share with the Workgroup. It was probably

not going to be a big impact for GB, but still required monitoring. The GB regime was likely to remain intact unless the industry chooses to change it (e.g. Exit IPs/adjust capacity charges). Any changes will be driven through the Gas Charging Review and not the EU Code.

Issue 5 c/a/m in a multi-TSO e/e system - This was believed to be a mainly German issue.

Issue 7 asset split instead of 5th c/a/m - This was not a GB issue.

Issue 10 Commercially Sensitive Information - ENTSOG was developing a 'limited list'; this was not seen to be a GB issue.

Issue 11 ex-post discount in combination with ex-ante - Ex-post has not been popular with markets or ACER, and it is being reviewed by ENTSOG. There is a major drive to get rid of it, although some want to preserve it.

Issue 12 Mitigating measures and transitional provisions - This was being tracked, but there were no material changes.

Issue 14 Implementation and interaction with Article 26 of CAM - Article 26 is likely to be removed from CAM and a rewording of the text will take place.

Issue 16 Storage - ACER do not want anything extra; EC still has many questions; under discussion.

Concluding this part of the presentation, CH added that the International Association of Oil and Gas Producers (OGP) has influenced the Commission to consider an alternative version of the Tariff NC, currently an unofficial document (a de-scoped shortened version of the code) was being circulated; it was supported by stakeholders and backed by Gas Infrastructure Europe (GIE) and OGP.

MH added that this would focus on transparency and disclosure and remove the areas of contention. Some large associations who prefer this approach are supporting it, and this should exert some influence.

4.2 Incremental Capacity Amendment

CH reiterated the key dates, and gave a brief overview of the issues under discussion and the positions of the interested parties (ENTSOG, ACER and stakeholders) in relation to each.

5. UNC Modification Plans

Phase 2 UNC Modification Timescales

These were displayed and briefly reviewed.

Referring to the Interoperability and Data Exchange (INT) Code, PL confirmed that Modification 0525 - Enabling EU Compliant Interconnection Agreements, had now been formally raised and was to be submitted to the February UNC Modification Panel. PL gave a brief overview of its aims and a proposed timetable for progression, and confirmed the National Grid NTS contact for any questions relating to the modification should be directed to Debbie Brace at: deborah.brace@nationalgrid.com.

A question was raised regarding the parties that are entitled to raise change proposals to provisions of the Interconnector Agreement. PL agreed to clarify and provide a post meeting note.

Post meeting note: *“The current arrangements will continue whereby only the parties to the Interconnection Agreement may initiate change to it. However, where such changes impact Users, it proposed to include a requirement in the UNC for National Grid NTS to consult GB Users prior to making the change.”*

CH reminded that the consultation on Modifications 0501, 0501A, 0501B and 0501C was closing out on 11 February 2015.

6. EU Implementation Programme – System Developments Update

An update was given by HU and EA. The [papers](#) from the event on held 23 January had been published on National Grid's website, and the presentation provided today had been extracted from the information relating to that event.

EA explained what an Energy Identification Code (EIC) was, what it is used for and how it could be obtained; the code is 16 digits long. HU explained what would continue to be serviced in Gemini. PRISMA will be used for Interconnectors and Non-IP points will go through Gemini.

HU clarified the CAM Auctions timetable for 2015, pointing out the specific dates and times. Timelines were displayed and briefly reviewed. In relation to Capacity Auctions under UNC Modification Proposal 0500, it was questioned whether there is proposed to be two concurrent auctions on PRISMA (for bundled and unbundled capacity respectively). PL agreed to clarify and provide a post meeting note.

Post meeting note: *"It is proposed that there will be one auction for both products. PRISMA applies an algorithm such that bundled capacity takes priority."*

Data will be published on an EU wide platform. The data currently included was illustrated, and as new codes are implemented future reporting would include new Congestion Management Reports for IPs, Bacton Split information, and additional Short-Term Capacity information. HU drew attention to the appropriate website links for accessing this data.

Gemini changes for entry and exit were listed, and HU directed participants to the published event main pack information for greater detail.

HU reiterated the system impacts and outlined the Phase 2 delivery plan, which was currently in the testing phase. A brief overview was provided of the key system delivery changes, the testing stages, the connected system integration, the User trials, the training proposals, and what activities would be included in the implementation stage.

Referring to User trials, AS asked if API access was to be tested. HU will confirm this.

Action EU0201: System Developments/User Trials - Confirm if API access is to be tested.

An implementation date for code deployment in Gemini and iGMS was planned for 06 September 2015 in readiness for 01 October 2015 go live.

Transition cut-over timings for Nominations, Gas Day, CAM Auctions and the Bacton Split were displayed. It was pointed out that the deadline for nominations for Day Ahead would be 30 September 2015 (23 hour nomination, i.e. a short Day). JCx asked how NDM forecasting would deal with this - would the demand forecast for 30 September 2015 be issued as a forecast for a 23 hour day, i.e. will this figure reflect a 23 hour day? PL agreed to clarify and provide a post meeting note.

Post meeting note: *"Forecast information provided in respect of Gas Day 30 September 2015 will reflect a 23 hours day for the period 06:00 to 05:00."*

HU clarified the National Grid NTS's approach to historical data following Gas Day transition and the expectation that all industry parties would adopt the same approach.

It was noted that some UKCS sub-terminals had signalled that they would be unable to change to the 05:00 - 05:00 Gas Day in time for implementation on 01 October 2015. A solution was being sought to manage this.

HU concluded the presentation with a list of appropriate contacts for further information.

LJ asked how National Grid NTS would communicate further updates. EA confirmed that she was working on an engagement plan for communication. GJ asked if this plan could be provided. PB suggested that the Operations Forum might be the best forum in which to disseminate updated information, with details of any commercial impacts to be informed to this EU Workgroup alongside a high level update on progress made.

Action EU0202: *Systems Development Communications* - Provide an industry engagement plan and a high level overview of progress.

7. Draft EU Modifications

None for consideration.

8. Any Other Business

8.1 Planned UK Link Downtime and IP Renominations Process from October 2015

PL outlined the background and the reiterated the options previously presented to the Workgroup. Three responses had been received to the consultation (closed on 24 December 2014) - two supported Option 1 and one supported Option 2B. CR was invited to clarify why RWE had supported Option 2B, and gave a brief summary of the reasons, which included taking into account that it was a period in the day that could be fairly active in the electricity market; that National Grid perhaps should be trying to improve on the current position; that perhaps a more robust IT system would provide a better service and support a wider window because of the electricity market activities considerations.

PL summarised that taking into account feedback received at previous Workgroup meetings together with the responses to the consultation, National Grid NTS sees no clear industry appetite for change, and it did not seem to be a major concern for Users at present. This will be monitored and reviewed going forward.

GJ suggested narrowing the window to an hour's duration in the week. PL reiterated the current parameters in the UNC, i.e. one hour between 04:15 and 05:45.

PL asked if the Workgroup had any additional views/concerns; none were expressed.

PL then summarised that National Grid NTS would retain the current arrangements (Option 1 - No change) and that a decision document will be published.

8.2 Future Topics

A table was displayed, listing the topics (Update on Moffat IP Issues, REMIT, Gas Target Model Update, Tariffs and Incremental) that the Workgroup will potentially consider next month.

9. Diary Planning

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

Workgroup meetings will take place as follows:

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

10:00 Thursday 07 May 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 04 June 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 02 July 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 06 August 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 03 September 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 01 October 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 05 November 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 03 December 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
EU0101 (amended)	08/01/15	4.1	<i>Tariff Code (TAR NC) Impact Assessment Study</i> - Establish whether the questionnaire and Ofgem's response can be made available for circulation to the UNC EU Workgroup participants.	Ofgem (DR)	Carried forward
EU0201	05/02/15	6.	<i>System Developments/User Trials</i> - Confirm if API access is to be tested.	National Grid NTS (HU)	Pending
EU0202	05/02/15	6.	<i>Systems Development Communications</i> - Provide an industry engagement plan and a high level overview of progress.	National Grid NTS (EA)	Pending