

UNC European Workgroup Minutes

Thursday 05 March 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
Anna Shrigley	(AS)	Eni
Charles Ruffell*	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
David Cox*	(DC)	Gas Forum
David Reilly	(DR)	Ofgem
Debra Hawkin*	(DH)	TPA Consultants
Fergus Healy	(FH)	National Grid NTS
Francisco Gonçalves	(FG)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Isabelle-Agnes Magne*	(IAM)	GDF Suez
Jeff Chandler	(JC)	SSE
John Costa	(JCo)	EDF Energy
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Marshall Hall	(MH)	Oil & Gas UK
Nathan Macwhinnie	(NM)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme*	(RF)	E.ON
Roddy Monroe	(RM)	Centrica Storage
Sayf Al-Hadi	(SA)	Centrica
Steve Nunnington	(SN)	Xoserve

*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/050315>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Minutes (05 February 2015)

The minutes of the previous meeting were approved.

1.2 Actions

EU0101 (amended): *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.

Update: NM reported that ACER had no objections to circulation, and that he did not foresee a problem. It was likely that it could be published but Ofgem was waiting to hear back from the Commission, before doing so. **Closed**

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

Update: PH reported that a Systems update was to be provided at the next meeting in April.
Carried forward

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

Update: PH reported that a Systems update was to be provided at the next meeting in April.
Carried forward

2. Workgroups

None.

3. General Update

PH confirmed there had been no changes to the Code Status Update information or the Road Map since the last meeting.

PH had noted LJ's suggestion (made at the previous meeting) that removing the columns relating to 2012 - 2014, and adding in 2017, would provide a more relevant picture. The timeline will be revised to reflect this.

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 continuing. Revised text is being developed and the final TAR NC will be presented at end of March. GJ asked if there was scope for further Stakeholder engagement. CH observed there were alternative versions circulating and that these had the attention and engagement of the Commission. There may potentially be an 'open house' opportunity for Stakeholder input in April, but this had yet to be confirmed.

The Issues List was displayed identifying the Issues and indicating which body was dealing with them. CH gave a brief update on the progress of each individual issue. There have been some agreed compromises and some discussions are continuing.

Issue 1 Binding Tariffs - There will be binding tariffs, focused on IPs.

Issue 2 Fixed Price - This was still in contention/debate. The text is still as published.

Issue 3 - Higher Multiplier Cap - ACER had suggested a glide path, but there was some opposition; this was still unresolved.

Issue 4 Transmission and Dedicated Services Definitions - There were concerns that the proposed definition was too open, and a more elaborated text was being developed. CH had not seen this yet.

Issue 6 Non-physical backhaul pricing - A possible compromise was being explored.

Issue 7 Volume risk for high transit system - New text is being developed.

Issue 10 Commercially sensitive information - Text revision to preserve confidentiality. It was looking as if it was moving in the direction of greater transparency.

Issue 11 Ex-post interruptible pricing in combination with ex-ante - Remains under debate.

Issue 12 Mitigating measures and transitional provisions - A clearer text was being developed.

Issue 14 Implementation and Article 26 of CAM - CAM Code text might come across into the Tariff Code.

Issue 16 Storage - There were views that this needed a more elaborated text, but some parties preferred it to be more high level and were concerned about extending provisions.

More elaborated text might be developed for discussion (in co-operation between the Commission and ACER).

An Explanatory Document was also being produced for publication alongside the text (focusing on the changes and the reasons for change); CH gave a brief outline of its structure.

Attention was then drawn to the timeline for 2015.

4.2 Incremental Capacity Amendment

CH reported that the ACER consultation closed on 04 March 2015. Progress had been made and all outstanding issues appeared to have been resolved. A list of Issues and agreed Solutions was displayed. CH drew attention to items 1, 2 and 6.

5. UNC Modification Plans

Phase 2 UNC Modifications

These were displayed and next steps briefly reviewed.

A table was presented summarising the status of the CAM Modifications (0500 and 0501, 0501A, 0501B and 0501C). Having completed the consultation phase, these modifications were now awaiting the Authority's decisions. A high level indication was given of the level of support that each had attracted. It was noted that the UNC Modification Panel had recommended implementation for all four 0501 related modifications.

6. Any Other Business

6.1 Moffat Interconnection Point (IP) Update

PH outlined the background. Various schematics were displayed to illustrate the physical networks that connected to Moffat, the GB contractual arrangements and the regulatory arrangements.

The Moffat IP does not conform to the '2 TSO' model envisaged by the EU Codes. PH explained the current arrangements, and the need for different interfaces (NTS and the Adjacent TSOs) going forward. EU Code processes for capacity bundling, nominations matching and gas allocations reform need to be implemented. Although there is one physical IP, these processes need to be carried out in respect of National Grid NTS Shippers and PTL Shippers; and National Grid NTS Shippers and GNI Shippers. This needs to be recognised by the UNC.

Current and proposed capacity arrangements were illustrated and explained. Some questions were raised. LJ asked if the Moffat IP exit capacity baseline should be split into two, as for Bacton under Modification 0501, etc (one for bundling with NI Shippers, the other for bundling with RoI Shippers) or will the competing capacity rules solve this? AS questioned if 2 different bundled products would be required. Also PH was asked whether there might be less capacity available on the Irish side of the Moffat IP than on the NTS side. PH replied that he was not close enough to the CAM arrangements to answer these but offered to check with NTS colleagues.

Action EU0301: *Moffat IP* - National Grid NTS (PH) to clarify:

- a) how the Moffat IP exit capacity baseline would be treated
- b) if two bundling products might be required
- c) whether there might be less capacity available on the Irish side of Moffat IP than on the NTS side.

Asked by NW why north and south required separation, PH confirmed that various models had

been discussed but that this particular arrangement for capacity bundling had been debated and agreed between the three Regulators and the three TSOs. PRISMA arrangements for capacity at Moffat were also briefly discussed.

Nominations arrangements were then illustrated and PH explained how the matching arrangements were envisaged to work. Currently there was no contractual link between NTS and PTL therefore tripartite agreements were under discussion. LJ was not clear as to why NTS was not just contracting with BGE, rather than contracting with the other parties as well. FH observed that this was the model agreed and the one that NTS had to make work in UNC. LJ expressed disappointment that no Shippers had been consulted before reaching this point. PH confirmed that the Irish parties were signed on to single and double sided nominations.

Allocation arrangements were then explained. An Operational Balancing Account (OBA) is proposed to operate from 01 October 2015 for Moffat between BGE(UK) and National Grid NTS. Moving from 'allocate as measured' to 'allocate as nominate' with provision for 'allocate as measured' only if TSOs consider an OBA cannot accommodate the Steering Difference. BGE (UK) will be responsible for flow control, and the Moffat Agent will cease its activities. Existing agreements will have to be reviewed, and a new tripartite agreement(s) put in place. Annexes to the IA (NTS and BGE(UK)) are being developed to cover the OBA and matching rules which PH confirmed National Grid NTS were committed to consulting Shippers on when the TSOs were ready in a few months' time.

Arrangements for Non-OBA Days were queried. Scenarios were discussed, with PH referring back to arrangements under UNC Modification 0510. GJ cautioned that care was required regarding the definition of 'Adjacent TSO' - a high degree of clarity would be necessary.

Returning to slide 34, PH noted that National Grid NTS believed that UNC refinements will be needed to accommodate the new EU Code processes at Moffat, and PH outlined the changes. Modification 0525 proposes specific arrangements at Moffat by allowing an IP to be treated as if it were two separate IPs for the purposes of UNC (a 'primary IP' and a 'subsidiary IP'). It recognises that National Grid NTS' counterparty to the Interconnection Agreement (IA) is not the same party(s) that have the commercial relationship with Shippers, and that there are consequential impacts for the processes needed to provide the Stranraer DN offtake with gas. National Grid NTS was talking to PTL and Scotia Gas Networks to understand the current arrangements for Stranraer and implications for the future.

PH gave a brief overview of the current agreements and how they were to be dealt with.

Interconnection Agreements: National Grid NTS is continuing to work with BGE(UK) to agree the detail of the new arrangements to comply with the EU Codes. It is expected that part of Modification 0525 will deal with these 'Moffat specific' issues. Consultation and stakeholder engagement for Interconnection Agreement changes are expected to be carried out May/June 2015.

Units: A Joint TSO letter is to be sent to the Regulators (see 6.2 below) to apply INT Article 13(3) reference conditions to the Moffat IP. If the Regulators give consent, reference temperatures of 15°C (volume)/15°C (combustion) will continue to apply at Moffat beyond 01 October 2015.

PH indicated that Modification 0525 was the means for Shipper engagement. An additional consultation has to be made (offline to UNC) and transition text has to be included in the UNC to allow this to happen. PH gave a brief overview of what Modification 0525 was seeking to cover and appealed to all Shippers with IP interests to attend the 0525 workgroup meetings, the first of which is scheduled for Wednesday 11 March 2015 in Solihull.

6.2 EU Interoperability Code: Common Units

PH drew attention to the new text that was inserted into the INT Code at the final comitology

meeting, and reported that National Grid NTS and the Rol and NI TSOs proposed to submit a joint letter to Ofgem and the NI and Rol Regulators seeking approval to continue to use 15/15 reference temperatures in respect of the Moffat IP.

Before submitting this letter, each TSO will seek “agreement” from its Shippers at an industry meeting. National Grid NTS was seeking such agreement from GB Shippers at this EU Workgroup meeting.

No objections were received from those parties present. PH went on to explain there was now an ‘open period’ (up to 25 March 2015) when the other TSOs will be seeking the same from their counterparties.

LJ suggested issuing an industry communication making Shippers aware that there was an open period during which they could lodge any objections. PH noted this and agreed to draft a letter which the JO would issue to shippers.

6.3 REMIT Update

CH advised that the REMIT portal had been launched and that Ofgem had opened market participation registration. Reporting obligations in respect of trade data and fundamental data were outlined together with the dates from which they will apply. CH confirmed that National Grid NTS would report all primary capacity trades on behalf of market participants, but was minded not to offer the secondary capacity trade reporting service.

It was noted that ENTSOG is currently considering whether to open up the ENTSOG transparency platform to Gas market participants for REMIT UMM reporting. CH observed that if ENTSOG decides against providing this service then National Grid was minded to continue to offer the NG REMIT Urgent Market Message (UMM) reporting website and build it as an enduring solution. National Grid was investigating what reinforcement of the NG REMIT website would be necessary due to anticipated higher usage given the requirement for direct feeds to ACER for UMM data.

6.4 EU Codes Implementation Workshop

Observing that the event had been well attended by a wide range of market participants, PH gave a brief outline of the feedback received. A future event (summer) will be planned and suggestions for what could be included would be welcome. These should be forwarded to: europeanpolicy@nationalgrid.com.

6.5 Gas Target Model Update

CH reported that an ENTSOG meeting would be taking place next week. An update will be provided next month.

6.6 Future Topics

A table was displayed, listing the topics (Tariffs Code and Incremental Code) that the Workgroup will potentially consider next month.

6.7 Proposed Workgroup Agenda for April

Observing that the work required in respect of EU reform was now decreasing, LJ proposed that the European and Transmission Workgroups now revert to one Workgroup, i.e. the UNC Transmission Workgroup.

A draft UNC Transmission Workgroup Agenda was displayed for consideration by the Workgroup.

It was agreed a single Workgroup meeting approach should be reinstated going forward, and that this agenda should be adopted from April onwards. Review/approval of the minutes and any outstanding actions from the European Workgroup will be transferred to the responsibility of the UNC Transmission Workgroup.

7. Diary Planning

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

From April onwards the European Workgroup will be subsumed into the Transmission Workgroup.

Workgroup meetings will take place as follows:

Date	Location
10:00 Thursday 02 April 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 07 May 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 04 June 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 02 July 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 06 August 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 03 September 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 01 October 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 05 November 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)
10:00 Thursday 03 December 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF (Rooms 3 and 4)

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)	Closed

Action Table

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
EU0201	05/02/15	6.	<i>System Developments/User Trials</i> - Confirm if API access is to be tested.	National Grid NTS (HU)	Carried forward
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)	Carried forward
EU0301	05/03/15	6.1	<i>Moffat IP</i> - National Grid NTS (PH) to clarify: a) how the Moffat IP exit capacity baseline would be treated; b) if two bundling products might be required; and c) whether there might be less capacity available on the Irish side of Moffat IP than on the NTS side.	National Grid NTS (PH)	Pending