

## UNC European Workgroup Minutes

Thursday 06 November 2014

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

### Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Antony Miller	(AMi)	Centrica Storage
Charles Ruffell	(CR)	RWEst
Colin Hamilton	(CH)	National Grid NTS
David Baldwin	(DB)	GMSL
David McCrone*	(DMc)	Ofgem
David Reilly	(DRe)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Hannah Mottram	(HM)	Ofgem
Isabelle-Agnes Magne*	(IAM)	GDF Suez
Jeff Chandler	(JC)	SSE
Joanna Ferguson	(JF)	Northern Gas Networks
Julie Cox	(JCo)	Energy UK
Kay Haycock*	(KH)	National Grid NTS
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Lucy Manning	(LM)	Interconnector UK
Marshall Hall	(MH)	Oil & Gas UK
Martin Connor	(MC)	National Grid NTS
Natasha Ranatunga	(NR)	EDF Energy
Nick Wye	(NW)	Waters Wye Associates
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON
Roddy Monroe	(RM)	Centrica Storage
Steve Nunnington	(SN)	Xoserve

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/061114>

## 1. Introduction and Status Review

LJ welcomed all to the meeting.

### 1.1 Minutes

The minutes of the previous meeting were approved.

### 1.2 Review of Actions

None outstanding.

## 2. Workgroups

### 2.1 0510 - Reform of Gas Allocation Regime at Interconnection Points

Minutes of this meeting are available at: [www.gasgovernance.co.uk/0510/061114](http://www.gasgovernance.co.uk/0510/061114).

### 3. General Update

An update was provided on the status and timelines of each of the EU Codes. There were no major changes from the previous month.

CH confirmed that CMP has now been implemented, and Shippers will receive a status report every 6 months.

There was no change to the Timeline or the Road Map.

### 4. EU Code Updates

#### 4.1 Tariff Code (TAR NC)

CH gave a presentation, confirming the timeline for the next steps and the opportunities where Stakeholders could continue to feed into the process to make their views known. He reiterated this was a contentious code and there will be deviations that it is believed that ACER do not like, so there will be continuing debate. CH will continue to communicate the progress/outcome of these dialogues until such time as a decision is reached that ACER and stakeholders are happy with.

CH drew attention to two key refined definitions, and the cost allocation methodologies - an acceptable Cost Allocation Test was being discussed with Ofgem. Shippers requested that CH share the Cost Allocation discussions and keep this meeting informed.

**Action EU1101: Cost Allocation Methodology/Test - Provide an update on discussions to the EU Workgroup.**

The position on additional publication requirements was outlined. CH reported there was resistance to the publication of models, but there was still an obligation to provide some (minimum) information for Shippers so a party could work out how tariffs would evolve. The publication notice period had changed (now aligned to auction calendar and includes provision of an indicative tariff).

Attention then moved on to Fixed Price at IPs. The code itself cannot touch this price and it cannot be applied retrospectively. The current proposal was in the text.

**Post Meeting Note:** ENTSOG has opened its Stakeholder Support Process on the refined draft network code on "Harmonised Transmission Tariff Structures for Gas". All documents are published on ENTSOG's website ([www.entsog.eu](http://www.entsog.eu)). In addition, National Grid has made available a track changed version of the refined draft code which highlights the changes made from the initial draft version published 30 May 2014. This track changed version can be found on the Joint Office website: <http://www.gasgovernance.co.uk/ntscmf/251114>.

#### 4.2 Incremental Capacity Amendment

CH outlined the associated timeline, and the main issues raised in the recent consultation. A schematic of the streamlined incremental process was displayed, together with details of when to apply open seasons. CH explained the impact on Tariffs, indicating this was part of the argument for needing a Fixed Price Tariff.

NR asked what would happen if the Tariff Code was delayed. CH indicated that the earliest date of implementation might be June 2018 and would have an impact on the first auction.

CH directed attention to more detailed information delivered at the recent NTS Charging Methodology Forum (see [www.gasgovernance.co.uk/ntscmf/311014](http://www.gasgovernance.co.uk/ntscmf/311014) - EU Tariff Code Update).

### 5. UNC Modification Plans

*New UNC Section: European Interconnection Document (EID)*

PH drew attention to the creation of a new section of the UNC the 'European Interconnection Document (EID)', which would set out the new rules for Interconnection Points, and clarified

what areas this new section would include. Consolidated legal text would be provided for Modifications 0493, 0500 and 0510) and PH explained the approach to be used.

#### *Phase 2 UNC Modification Timescales*

These were displayed. PH drew attention to an additional line 'Ancillary Agreements' - these were between National Grid NTS and Shippers and many relate to agency agreements currently in place which will be disappearing. Looking at what might then remain it may be pragmatic to include the remnants in the code itself. PH intended to clarify what might be included and to bring some draft proposals to the December Workgroup.

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

KH gave a presentation on the current position, reiterating the drivers for change and the systems affected, and giving an overview of the Phase 2 delivery plan, which was now at the build stage.

Draft plans for the testing phase were being devised and will require Shipper feedback. LJ added that he had requested more detail on these developments to be made available to the Change Overview Board who exercised a monitoring role across wider gas industry change. KH then briefly explained the Gemini changes. The testing stages were outlined (UAT at this point related to internal testing by National Grid users). Brief high level details were provided relating to Connected System Integration (CSI).

Moving on to User Trials and Training, KH emphasised this was a familiarisation opportunity and National Grid NTS would like to know what type of activities Shippers would like to undertake in Gemini and Gemini Exit during User Trials and what sort of training Shippers might require. KH encouraged Shippers to provide feedback via email (please include the subject heading 'User Trials' or 'Training' as appropriate to the feedback being provided) to: [box.gasops.businessc@nationalgrid.com](mailto:box.gasops.businessc@nationalgrid.com).

It was asked whether User Trials would be aligned with PRISMA. KH responded that the timescales for User Trials had not yet been confirmed but she would confirm the deadline for feedback from Shippers and look at the possibility of alignment.

**Action EU1102: Systems Development - User Trials and PRISMA - Confirm deadline for Shipper feedback and confirm timescales and potential alignment of User Trials with PRISMA training.**

KH briefly outlined the activities and dates envisaged for the implementation stage, and advised that regular updates would be provided to this Workgroup and other industry forums.

The Workgroup confirmed today's update had provided the right level of detail.

### **7. Implementation of EU Codes (EU Phase 2 Project): Proposed National Grid Workshop**

Noting that 2015 was to be a year of substantial industry change, PH sought views on whether a workshop to inform and discuss how it all fits together would be welcomed by industry. The Workgroup was receptive to this idea.

PH then outlined a potential approach, agenda and timescale in which this might be accommodated and this was briefly discussed. Looking at what might need to be covered, Shippers were of the opinion that two separate meetings would be required, each with a different focus, the audiences being regulatory and technical. The agendas would need to be adjusted accordingly. It was suggested one might be held in January (London - regulatory focus), and one might be held a little later (with a technical focus) that would align with the Shipper User Testing timeframes envisaged by KH. PH welcomed and noted the feedback and would consider what might be arranged. Further feedback can be submitted via: [europeanpolicy@nationalgrid.com](mailto:europeanpolicy@nationalgrid.com).

## 8. Draft EU Modifications

### 8.1 Harmonisation of Reference Conditions at Interconnection Points

#### *Reference conditions*

Noting that the material from the recent Interoperability Code comitology meeting had yet to be produced, PH reported that 0/25 has been accepted as the standard. Additional text has gone into the code, and PH read this out to the meeting. DECC had argued that harmonisation should not be imposed for its own sake. The 15/15 reference for the processes can continue (subject to approval).

#### *Data Exchange*

Making reference to Article 20, PH observed that its interpretation was not clear to National Grid NTS. The definition of counterparties has now been clarified/agreed and will refer to IP Shippers only. Additional was CR1227, and PH explained what was meant in terms of REMIT requirements, but whether it would achieve the intent had yet to be clarified. MM confirmed that the intent was as described by PH.

#### *Interconnector Agreements*

There was a requirement for ENTSOG to produce a template to capture default rules, but it was a little unclear as to what ENTSOG's role in this was.

#### *Odourisation*

Giving brief details, PH confirmed this did not affect GB.

PH observed that ENTSOG has a monitoring role, which has now been recognised (gathering, analysing, monitoring), and confirmed that 01 May 2016 was now the compliance date (previously 01 April 2016).

PH intended to produce an impact assessment for the Workgroup to clarify the position on what National Grid NTS was proposing to deliver and when. Now that the text has been agreed there was no reason why it cannot be published but DMc may need to check this first.

#### *Draft modification - Harmonisation of Reference Conditions at Interconnection Points*

Returning to the main presentation, PH gave the background to the issue and drew attention to the draft proposal that had been issued for comment.

The proposed Solution was outlined in relation to capacity baselines and bookings, energy nominations and allocations, and invoicing.

Responding to a question from GJ regarding the effect on Gas Thermal Regulations, PH explained what would apply and how it would be calculated.

A potential timeline for the modification was displayed. PH observed that implementation might default to Spring 2016; so transitional arrangements may be required (subject to discussions with the other TSOs) and he would look at what might be included in the modification. It was likely that the legal text would sit within the EID section of the UNC.

Any further feedback on the modification would be welcomed by PH but should be immediate as the modification was to be formally raised (deadline the next day) for submission to the November UNC Modification Panel.

## 9. Any Other Business

#### *Interoperability Code*

Post Meeting Note: DMc provided a copy of the text (final version of the code and annex) - these documents have been published at [www.gasgovernance.co.uk/european/061114](http://www.gasgovernance.co.uk/european/061114).

### Future Topics

Displaying a table, PH drew attention to and briefly outlined some topics that the Workgroup may have to consider in the near future.

## 10. 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:

Date	Location
10:00 Thursday 04 December 2014	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 08 January 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
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
10:00 Thursday 07 May 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 04 June 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 02 July 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 06 August 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 03 September 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 01 October 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 05 November 2015	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00 Thursday 03 December 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>EU1101</b>	06/11/14	4.1	<i>Cost Allocation Methodology/Test</i> - Provide an update on discussions to the EU Workgroup.	National Grid NTS (CH)	<b>Pending</b>
<b>EU1102</b>	06/11/14	6.	<i>Systems Development - User Trials and PRISMA</i> - Confirm deadline for Shipper feedback and confirm timescales and potential alignment of User Trials with PRISMA training.	National Grid NTS (KH)	<b>Pending</b>