

## UNC European Workgroup Minutes

Thursday 05 June 2014

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

### Attendees

|                          |       |                       |
|--------------------------|-------|-----------------------|
| Les Jenkins (Chair)      | (LJ)  | Joint Office          |
| Lorna Dupont (Secretary) | (LD)  | Joint Office          |
| Anjela Maharajah         | (AM)  | RWE                   |
| Anna Shrigley            | (AS)  | ENI                   |
| Charles Ruffell          | (CR)  | RWEst                 |
| Colin Hamilton           | (CH)  | National Grid NTS     |
| David Reilly             | (DRe) | Ofgem                 |
| Dennis Rachwal           | (DRa) | National Grid NTS     |
| Francisco Goncalves      | (FG)  | Gazprom               |
| Gerry Hoggan             | (GH)  | ScottishPower         |
| Graham Jack              | (GJ)  | Centrica              |
| Isabelle-Agnes Magne*    | (IAM) | GDF Suez              |
| Jeff Chandler            | (JC)  | SSE                   |
| Julie Cox                | (JCx) | Energy UK             |
| Kirsten Elliott-Smith    | (KES) | Cornwall Energy       |
| Marshall Hall            | (MH)  | Oil & Gas UK          |
| Natasha Austin           | (NA)  | Poyry Consulting      |
| Natasha Ranatunga        | (NR)  | EDF Energy            |
| Nick Wye                 | (NW)  | Waters Wye Associates |
| Ric Lea*                 | (RL)  | Gazprom               |
| Richard Fairholme*       | (RF)  | E.ON UK               |
| Richard Miller*          | (RMi) | Ofgem                 |
| Ricky Hill               | (RH)  | Centrica              |
| Roddy Monroe             | (RM)  | Centrica Storage      |

\*via teleconference

Copies of all papers are available at: <http://www.gasgovernance.co.uk/european/050614>

### 1. Introduction and Status Review

LJ welcomed all to the meeting.

#### 1.1 Minutes

The minutes of the previous meetings (01 May and 22 May) were approved.

#### 1.2 Actions

None outstanding.

### 2. Workgroups

None for consideration.

### 3. General Update

An update was provided on the status and timelines of each of the EU Codes. It was noted that there were no major changes from the previous month. The previously noted slippage to the Interoperability and Data Exchange Code was not believed to affect the implementation date. The Workgroup will be kept updated. All other Codes remain on target. It was noted that in respect of the Balancing Code there was an option for National Grid NTS to apply for

an extension, and it was questioned if National Grid was inclined to exercise this. CH agreed to clarify.

**Action EU0601: *Balancing Code Extension Option* – Clarify if National Grid NTS is inclined to exercise this option.**

#### 4. EU Code Updates

##### 4.1 Capacity Allocation Management (CAM)

CH gave a brief update. The first meetings of Workgroups 0500 and 0501 were held on 03 June 2014 and key principles were discussed. The next meetings will take place on Friday 11 July 2014 at the ENA ([www.gasgovernance.co.uk/european/110714](http://www.gasgovernance.co.uk/european/110714)).

ENTSOG's consultation on Capacity booking platforms started on 19 May 2014 and will close on 30 June 2014. The ENTSOG website can be found at: <http://www.entsog.eu/>. It was noted that PRISMA had already been adopted across most of the EU, with a couple of exceptions, and there would be questions regarding this within the consultation. CH gave a few examples.

##### 4.2 Tariff Code (TAR NC) and Incremental Capacity Amendment

###### *EU Tariff Code Update*

CH reported that following approval by the ENTSOG Board, the draft Code and the supporting document had been published at:

<http://www.entsog.eu/publications/tariffs#TAR-NC-CONSULTATION-DOCUMENTATION>

Public Consultation on the draft TAR NC takes place from the end of May to the end of July. The next Stakeholder Workshop was scheduled for 25 June 2014. CH gave an indication of the expected audience and the purpose of the Workshop, and encouraged involvement.

###### *EU Incremental Capacity Amendment Update*

Following approval by the ENTSOG Board, the draft Code and the supporting document had been published at: <http://www.entsog.eu/publications/incremental-capacity>

Public Consultation on the draft INC amendment will take place from the end of May to the end of July. The next Stakeholder Workshop was scheduled for 24 June 2014.

###### *Draft Tariff Code – walk through*

The initial draft Code had been produced. It was noted that the GB Gas Transmission Charging Review was happening at the same time and there will inevitably be interactions between the two. CH gave a few examples of areas of convergence.

JCx asked if Ofgem had made any progress with its GTCR Technical Workgroup meeting arrangements. DRe agreed to confirm with his Ofgem colleagues.

**Action EU0602: *Ofgem GTCR Technical Workgroup meetings* – Confirm arrangements.**

**Post Meeting Note:** *The dates for the workshops will be confirmed on 16 June 2014 but the first workshop is scheduled for the week commencing 30 June or week commencing 07 July. Once confirmed the dates will be communicated.*

LJ confirmed that the next NTS Charging Methodology Forum was to be held on Monday 23 June 2014 ([www.gasgovernance.co.uk/ntscmf/230614](http://www.gasgovernance.co.uk/ntscmf/230614)).

CH reaffirmed the objectives and the timeline, reminding that the last opportunity to refine the text would be the Stakeholder Support Process (SSP) phase in November, but any big changes really need to be made between now and early autumn. Concerns were noted that a further formal consultation on any resulting changes was not intended following this early consultation. CH explained the process in more detail and will endeavour to keep the Workgroup informed of progress and changes.

CH then outlined the key deviations from the Framework Guideline (FG), observing that 'push back' was expected on all these elements, with debate to justify/reject. He then gave an overview of the contents of the initial draft TAR NC.

*Chapter I* – Transmission services have to be defined (95% of allowed revenue). Some elements are out of scope. Short-haul is seen as a 'dedicated service'. There was no real EU understanding of what a Distribution Network was – different regimes may have many different tiers in the provision of gas. Treatment of Shrinkage was briefly discussed. CH observed that GB's TO/SO split is giving problems; there will be new reporting requirements and licence changes, but no fundamental changes in this draft. Cost allocation approach was discussed. The EU was trying to prevent discrimination between transit and domestic users, and to minimise the gap between allowed and recovered revenue.

*Chapter II* – CH directed attention to Articles 4, 6, 7 and 12, which each contained elements of GB's methodology. Some issues were being addressed and National Grid NTS has sent in corrective text. NR asked if these corrections could be shared to help inform Shippers' responses to the consultation.

**Action EU0603: Draft TAR NC – National Grid NTS to provide copy of its submitted corrective text.**

*Chapter III* - No real GB changes. If harmonisation of the Tariff period results in a movement to a start period of 01 January (as are most EU regimes) this will cause volatility in pricing. CH pointed out that although 01 October would be a more logical date for the market, there might be resistance to moving to this. It may be that harmonisation will not be agreed and it will be left up to members to make their own choice.

*Chapter V* – Impact of 'single regulatory account' - GB will have to revisit how revenues are reconciled.

*Chapter VII/VIII* – The Supporting document contains more details on the fixed price option under discussion. Fixed Price is allowed under this current draft but there will be debate on mitigating measures and this will have to be reviewed. Questioned regarding floating tariffs and statistical evidence, CH directed attention to an ACER produced document, which appeared to be very subjective and without statistics. ACER is concerned that fixed price is discriminatory.

**Action EU0604: ACER Document – Provide a link for access.**

CH then reminded that a consultation is taking place over the next two months and parties were encouraged to respond using the following link: <https://www.surveymonkey.com/s/SDVWJP5>. The deadline for On-line response is 30 July 2014.

### 4.3 REMIT

CH gave a brief overview of REMIT and its milestones for provision of data. TSOs are not obligated to provide secondary capacity trading data; National Grid NTS is not one of the counter-parties and therefore does not hold the relevant data. Parties trading on the secondary market need to provide this data.

National Grid NTS will work with market participants to find an appropriate solution to provide this data to ACER. National Grid NTS was now beginning work with Xoserve on designing the IT systems to provide primary data to ACER, and it was suggested that Xoserve could also become the delivery agent for the required secondary data. National Grid NTS was therefore offering Shippers and traders the opportunity to collaborate with its REMIT reporting project such that it could become a solution to meeting the secondary reporting requirements for GB market participants. It was noted that to facilitate this, Xoserve would need the price data which it does not currently hold, and if parties wanted Xoserve to provide this REMIT data service on their behalf, they may need to formally contract Xoserve to do so.

Following requests LJ agreed to invite Xoserve to arrange a separate meeting for interested parties, to be held (at the end of the day) following the next European/Transmission Workgroups.

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**Action EU0605: REMIT reporting project - Confirm how interested parties may engage with this.**

**Action EU0606: REMIT reporting project - Invite Xoserve to arrange a separate meeting for interested parties.**

#### **4.4 Bridge to 2025 and Gas Target Model (GTM)**

CH gave a brief update.

##### *Bridge to 2025*

The Bridge to 2025 consultation closes on 16 June 2014; details on the consultation can be found here: <http://www.acer.europa.eu/Media/Events/Launch-of-Energy-Regulation-A-Bridge-to-2025/default.aspx>

The final Bridge paper is to be published in September 2014.

##### *Gas Target Model (GTM) update*

Comments on the GTM are invited now; the papers from 15 May workshop can be found here: <http://www.acer.europa.eu/Media/Events/3rd-Gas-Target-Model-Stakeholders-Workshop/default.aspx>. CH confirmed that as far as he was aware there was no formal consultation planned. This was really 'horizon scanning' to recognise what might be coming in the future.

The final Gas Target Model is to be published September/October 2014.

#### **4.5 EU Gas Quality Harmonisation Update**

CH reported that CEN has issued its draft gas quality standard for public consultation to the national standardising bodies and that BSI has published the standard on its website at <https://drafts.bsigroup.com/Home/Details/53031>. The BSI committee GSE/4 will co-ordinate GB comments on the standard (deadline for comments is 31 August 2014). The EC is proposing to hold a Gas Quality workshop in Brussels on 01 July 2014.

MH asked what was National Grid NTS' view of the CEN process. CH believed the main concern to be about having flexibility in the WOBBE range; this was really a safety case issue for the HSE and DECC (gas quality treatment is not a National Grid NTS activity). MH referred to a sulphur issue and the introduction of a methane number, and observed that parties had not been impressed by the quality of the CEN process.

For further information, please contact Phil Hobbins ([philip.hobbins@nationalgrid.com](mailto:philip.hobbins@nationalgrid.com) or 01926 653432).

#### **5. UNC Modification Plans**

##### *Phase 2 UNC Modifications – potential timescales*

No change.

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

No update at this meeting.

#### **7. Draft EU Modifications**

None brought forward.

**8. Any Other Business**

None raised.

**9. Diary Planning**

In order to ease pressure on the primary European Workgroup meeting and to more efficiently address the business related to individual Workgroups, additional European Workgroups Days have been arranged. Please see below for further details.

*UNC European Workgroup meetings scheduled for 2014*

**Please note the start time of 10:00 for ALL meetings.**

| <b>Date</b>   | <b>Location</b>   |
|---|---|
| Thursday 03 July 2014, <b>10:00</b>   | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Friday 11 July 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b>        | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 07 August 2014   | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Tuesday 12 August 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b>     | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 04 September 2014  | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Tuesday 16 September 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b>  | 31 Homer Road, Solihull B91 3LT   |
| Thursday 02 October 2014  | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Wednesday 08 October 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b>  | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Tuesday 21 October 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b>    | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Wednesday 05 November 2014<br><b>European Workgroups</b><br><b>Day: 0493, 0500 and 0501</b> | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 06 November 2014   | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 04 December 2014   | ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |

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**Action Table – UNC European Workgroup: 05 June 2014**

| <b>Action Ref</b> | <b>Meeting Date(s)</b> | <b>Minute Ref</b> | <b>Action</b>  | <b>Owner</b>           | <b>Status Update</b> |
|-------------------|------------------------|-------------------|--|------------------------|----------------------|
| <b>EU0601</b>     | 05/06/14               | 3.                | <i>Balancing Code Extension Option</i> – Clarify if National Grid NTS is inclined to exercise this option. | National Grid NTS (CH) | <b>Pending</b>       |
| <b>EU0602</b>     | 05/06/14               | 4.2               | <i>Ofgem GTCR Technical Workgroup meetings</i> – Confirm arrangements.                                     | Ofgem (DRe)            | <b>Pending</b>       |
| <b>EU0603</b>     | 05/06/14               | 4.2               | <i>Draft TAR NC</i> – National Grid NTS to provide copy of its submitted corrective text.                  | National Grid NTS (CH) | <b>Pending</b>       |
| <b>EU0604</b>     | 05/06/14               | 4.2               | <i>ACER Document</i> – Provide a link.   | National Grid NTS (CH) | <b>Complete</b>      |
| <b>EU0605</b>     | 05/06/14               | 4.3               | <i>REMIT reporting project</i> - Confirm how interested parties may engage with this.                      | National Grid NTS (CH) | <b>Pending</b>       |
| <b>EU0606</b>     | 05/06/14               | 4.3               | <i>REMIT reporting project</i> - Invite Xoserve to arrange a separate meeting for interested parties.      | Joint Office (LJ)      | <b>Pending</b>       |