

# Transmission Workgroup Minutes

## Thursday 04 May 2017

### Ellexon, 350 Euston Road, London NW1 3AW

#### Attendees

Andrew Blair	(AB)	Interconnector UK
Anna Shrigley	(AS)	Eni UK
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JC)	EDF Energy
Karen Visgarda (Secretary)	(KV)	Joint Office
Les Jenkins	(LJ)	Joint Office
Malcolm Montgomery	(MM)	National Grid NTS
Peter Bolitho	(PB)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Rebecca Hailes (Chair)	(RH)	Joint Office
Sarah Carrington	(SC)	National Grid NTS
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall
Steve Pownall*	(SP)	Xoserve
Terry Burke	(TB)	Statoil

\*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/040517>

## 1. Introduction and Status Review

RH welcomed all to the meeting and confirmed the order of the agenda.

### 1.1 Approval of Minutes (06 April 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 the decisions made in April. He reminded the Workgroup of the forthcoming BEIS and Ofgem EU Gas Stakeholder Meeting, that would be taking place on 08 June 2017 at 9 Millbank, Westminster, London. SW1P 3GE.

SH then focused attention on a few specific areas as follows:

SH explained that on 07 April 2017 Ofgem had approved National Grid's updated Transmission Planning Code 2017 and said that this happened every 2 years in line with the CAM Incremental update.

SH moved on to explain that on the same date of 07 April 2017, Ofgem had also clarified the nature of their commitment to provide funding for Pension Scheme Established Deficits (PSEDs) of network operators, and that their decision incorporated further safeguards for the consumer.

SH then said on the 20 April 2017 Ofgem had approved National Grid Gas' (NGG) request to use a different price reporting service for the gas and electricity cost reference prices which were used to calculate the NTS Shrinkage Incentive Target. He

explained this followed the expiry of their current contract with ICIS Heren, and that NGG would use Argus for cost reference prices, delivering significant cost reductions.

SH advised that on 28 April 2017 Ofgem had consented to NGG's revised System Management Principles Statement (SMPS), saying the SMPS set out the principles and criteria by which NGG plc would determine the use of System Management Services.

In closing, he said for further information on any topics as referred to above, to contact him directly at: [Sean.Hayward@ofgem.gov.uk](mailto:Sean.Hayward@ofgem.gov.uk)

### 1.3 Pre-Modification Discussions

1.3.1 No new modifications were discussed at the meeting.

## 2. European Codes

### 2.1 EU Codes update

CH presented the National Grid NTS plan on a page, highlighting Charging and Capacity related key milestones. He noted that the Codes were now in force and in the implementation phase and he provided a high-level overview of the Draft Indicative Timeline schematic for CAM Incremental, saying all was presently 'on track' for December 2018.

#### ***EU Tariffs Code Update***

CH advised information was now available from the ENTSOG first Implementation Workshop which had been held in Brussels and further information could be obtained via the two following links:-

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2017/TAR0811\\_040317\\_Minutes\\_TAR NC\\_Implementation\\_WS\\_Final.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2017/TAR0811_040317_Minutes_TAR NC_Implementation_WS_Final.pdf)

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2017/TAR0806\\_170322\\_Presentation\\_TAR NC Implementation Workshop\\_Final\\_Updated\\_Notes.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2017/TAR0806_170322_Presentation_TAR NC Implementation Workshop_Final_Updated_Notes.pdf)

CH also wanted to remind everyone about the consultation on the Implementation Guideline (IDoc) that had a response date of the 30 June 2017, with the updated version of the TAR NC IDoc, which was to be published before the second TAR NC Implementation date of 01 October 2017.

Any responses to be sent to:- [TAR-NC@entsog.eu](mailto:TAR-NC@entsog.eu)

CH suggested that possible topics which may be covered at the second Workshop could encompass the following:-

- More details on problematic parts;
- Regulatory account much more detailed;
- CWD and CAA process steps;
- Pros and cons of different reference price methodologies; and
- Economic test.

CH then explained that some of ACER suggestions to ENTSOG for the second workshop and IDoc might include the following items for discussion:-

- NRA's role in the implementation;
- Process for consistent implementation by NRAs;
- NRA approaches to RPM regional differences assessment;
- EC/ACER/NRAs perspectives on the importance of other approaches towards security of supply and how much it affects certain tariffs;
- ACER comments on the IDoc (2); and

- NRAs/TSOs sharing what they are doing to promote stakeholder engagement in TAR setting process.

CH provided a brief overview of the ENTSG Transparency Platform schematic with the proposed associated screen views. He explained in relation to Chapter VIII Compliance that although the application date was 01 October 2017, ENTSG considered that the compliance would happen later, with the obligation to publish information before the auctions in June 2018, and as such for GB, this was likely to be September 2108, and that the Implementation Planning with the TSO's and ENTSG had been based on this understanding. However, ACER had recently communicated a different understanding of compliance, and that regarding the publication requirements, these were a 'static obligation', with the obligation being 01 October 2017, meaning the publication requirements from Article 29 and 30 would apply from this date based on existing tariffs. CH said with this in mind, the whole issue was presently under discussion, and would be further debated on 08 May 2017 between ACER and ENTSG respectively.

### ***Capacity Methodology Update***

MM provided an overview of the Capacity Methodologies status and stated that the consultations for ECR, ExCR, ECS, ExCS and ECTT were all due by July 2017, so there were five consultations in total. He said all the Capacity Release Methodology had been issued for consultation on 13 April 2107, which would close on 16 May 2017, with a consultation report to be issued by 30 May 2017 and an effective date of 31 July 2017(subject to Authority approval).

He then overviewed the next steps for the CAM Commercial Implementation, and explained that National Grid NTS had also issued, via ENA on 21 April 2017, the template for the Alternative Allocation Mechanism (AAM) and an updated PARCA contract to be used for Interconnection Points. MM said that the documents would be formally consulted on under the CAM process, and that if an IP Incremental project was launched, that those would also be included in any Project Proposal submitted to the Authority. In closing, MM overviewed the Demand Assessment Phase timeline schematic, explaining that the process was currently at the halfway point.

### ***Future Topics***

CH said the following current topics would be updated monthly; - Tariff Code, Transparency requirements, CAM Amendment and Incremental.

## **3. Workgroups**

### **3.1 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/0605/040517>

Following the granting of an extension to the Workgroup's reporting date, the report is now due to be submitted to the July UNC Modification Panel.

### **Modification 0611 – Amendments to the firm capacity payable price at Interconnection Points**

The minutes of this meeting are available at:

<http://www.gasgovernance.co.uk/0611/040517>

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

### **3.2 Modification 0616S – Capacity Conversion Mechanism for Interconnection Points**

The minutes of this meeting are available at:

<http://www.gasgovernance.co.uk/0616/040517>

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

## 4. Issues

### 4.1 (ISS066 – Implications of decommissioned Exit/Entry points)

*(It was agreed that this item needed to stay on the agenda, to be kept 'in sight', however it would only be actioned as and when appropriate.)*

## 5. Any Other Business

### 5.1 EU Gas Regulatory Change Programme – EU Change 2017 – CAM Incremental and Transparency

SC introduced herself to the Workgroup, and explained that she was part of the Communications and Engagement Team for the EU Change Programme at National Grid NTS. She overviewed the presentation and said that from the Brexit perspective and the EU, that everything should continue 'as is' and CH also confirmed this fact, saying that this was the direct message from the Government.

SC then provided a summary of the areas that were in Scope for the programme and these included the following:-

- EU CAM Code - Incremental Capacity Process (IP PARCA);
- EU CAM Code Amendments;
- Transparency data publication; and
- Negative Implied Flow Rates – Bacton only (Not EU Code driven).

In relation to the Negative Implied Flow Rates at Bacton only, a lengthy general discussion ensued, surrounding the reasoning why Moffat was excluded.

PH said the reason why Moffat was excluded was regarding the daily regime for the Negative Implied Flow Rates at Moffat and TB said the decision to exclude Moffat had been made by the Industry some months ago. GJ and JC stated they were not aware of this fact and that they wanted further discussion specifically regarding the Interconnection Agreement and the TSOs.

PH explained this topic has been discussed in previous Transmission Workgroup Meetings by Jennifer Randal, National Grid NTS, and then LJ read out the summary from the 02 March 2107 minutes, as detailed below:-

#### Transmission Workgroup Minutes from 02 March 2017 – Negative Implied Flow Rates

*"In providing a verbal update, JR confirmed that she had received 8 responses including some supporting cost information and provided an overview of the current position. It is expected that a further update will be provided at the April meeting.*

*JR explained that following a request for information, and due consideration of the responses received, National Grid NTS has decided to fund the system changes which are now expected to be delivered as part of the August EU Phase 4 Gemini system related changes.*

*JR went on to advise that National Grid NTS fully expects to discuss interconnection matching rules with their equivalent Irish (GNI) representatives in due course. As part of these discussions, NTS will be hoping to consider the potential Moffat impacts in more detail, with one option being the adoption of a manual workaround. When asked whether or not discussions around matching rule changes is restricted to GNI and National Grid NTS, JR responded by stating that she sees no reason why Shippers should not be involved as well, especially as GNI are seeking an enduring system solution. JR agreed to provide TB with suitable GNI contact details in order that he can discuss matters with GNI direct. MH then provided a brief outline of the joint project being undertaken by Premier Transmission Ltd (PTL) and associated subsidiaries to combine their I.T. systems in Northern Ireland that may affect National Grid NTS system changes around the same time in August. The matching also involves GNI, so discussions with them are also needed. JR confirmed that any changes to the matching rules would involve a*

*transparent consultation process especially as it involves tripartite aspects, and therefore a UNC modification would be needed to facilitate the agreed change(s).*

*It was noted than in future when a change is sought, the industry will need to identify and provide better, robust justification (i.e. cost and benefits analysis), especially in the new FGO world."*

Further general discussion took place and GJ, JC and AS said they all wanted more information on this subject and proof of how and when it had previously been communicated to the Transmission Workgroup. PH confirmed he would check the previous communications that had been submitted and would refresh and re-issue them.

**New Action TR0501: National Grid NTS (PH) to provide evidence of previously communicated information to the Transmission Workgroup, regarding the Negative Implied Flow Rates, specifically regarding the exclusion of Moffat, this information to be re-issued.**

SC then moved on to continue her overview of the EU Gas Regulatory Change Programme, drawing attention to the highlights and talked through the timeline schematic. She handed out an overview sheet to all the Workgroup attendees, explaining that it contained all the salient points and a summary. In closing she said that further updates would be communicated to both the Transmission Workgroup and the Gas Operations Forum in due course and that any queries should be directed to the following email address:- [box.gasops.business@nationalgrid.com](mailto:box.gasops.business@nationalgrid.com)

## 5.2 Gas Quality Update

PH said that in a previous meeting there had been a request to have more information about the Gas Quality Update. He explained that BP had already created and published this document and that it could be accessed via the link:

[http://www.igu.org/sites/default/files/node-page-field\\_file/Guidebook to Gas Interchangeability and Gas Quality, August 2011.pdf](http://www.igu.org/sites/default/files/node-page-field_file/Guidebook%20to%20Gas%20Interchangeability%20and%20Gas%20Quality,%20August%202011.pdf)

## 6. Review of Outstanding Action(s)

There were no outstanding actions from the last meeting.

## 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 01 June 2017 meeting should be submitted to the Joint Office by close of play on 19 May 2017.

Time/Date	Location
10:00, Thursday 01 June 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 06 July 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 03 August 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 September 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 05 October 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 November 2017	Elaxon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 December 2017	Elaxon, 350 Euston Road, London NW1 3AW

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**Action Table (as at 04 May 2017)**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
TR0501	04/05/17	5.1	National Grid NTS (PH) to provide evidence of previously communicated information to the Transmission Workgroup, regarding the Negative Implied Flow Rates, specifically regarding the exclusion of Moffat, this information to be re-issued.	National Grid NTS (PH)	<b>Pending</b>