

Transmission Workgroup Minutes
Thursday 06 April 2017
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Anna Shrigley	(AS)	Eni UK
Bob Fletcher	(BF)	Joint Office
Charles Ruffell	(CR)	RWE
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
David Chalmers	(DC)	National Grid Gas Distribution
David Cox*	(DC)	London Energy Consulting
Gerry Hogan	(GH)	Scottish Power
Graham Dickson	(GD)	Interconnector UK
Graham Jack	(GJ)	Centrica
Irina Oshchepkova	(IO)	ENTSOG
Jeff Chandler	(JCh)	SSE
Karen Visgarda (Secretary)	(KV)	Joint Office
Lucy Manning	(LM)	Gazprom
Malcolm Montgomery	(MM)	National Grid NTS
Matthew Hatch	(MH)	National Grid NTS
Nick Wye*	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Rebecca Hailes (Chair)	(RH)	Joint Office
Sabah Hussain	(SHx)	Xoserve
Sean Hayward	(SH)	Ofgem
Steve Britton*	(SB)	Cornwall
Terry Burke	(TB)	Statoil

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/060417>

1. Introduction and Status Review

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

1.1 Approval of Minutes (02 March 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 March and focused attention on a few specific areas which included:

The decision to reduce the minimum Rough Capacity and additional space for the 2017/18 storage year. SH explained that on 10 March 2017 Ofgem had approved Centrica Storage Limited's (CSL) application to reduce the Obligated Capacity (the minimum amount of storage capacity they must offer for sale) at the Rough storage facility to zero for the 2017/18 storage year.

SH then moved on to explain that on the 22 March 2017 Ofgem had approved the UNC Modification 0597 which facilitated compliance with CAM by introducing a new process to allocate incremental capacity at Interconnection Points.

SH advised that on the 29 March 2017 Ofgem had published their 'Forward Work Plan' for the forthcoming financial year, explaining the programme set out how Ofgem plan to use their resources to make the greatest positive difference for consumers in the coming the financial year.

SH also noted that on the 31 March 2017 Ofgem had launched a consultation on the treatment of the capacity obligation at the Fleetwood entry point on the National Transmission System (NTS) and its price control funding. He drew attention to the fact the consultation had arisen as a result of a shipper losing its right to entry capacity at Fleetwood, as well as its obligations to make future payments for capacity.

Lastly, SH drew attention to 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 said for further information to contact him directly at: Sean.Hayward@ofgem.gov.uk

1.3 Pre-Modification Discussions

1.3.1 Capacity Conversion (National Grid NTS)

MM introduced the modification and advised that this would be a self-governance modification, explaining that it was to provide a process for converting unbundled capacity into bundled capacity in compliance with the amended EU CAM code.

MM moved through the draft modification proposal and provided further detail for the reason why this draft modification had been raised. He explained it was due to the amendment to the EU network code on capacity allocation mechanisms which was published into the EU Official Journal on the 17 March 2017 as regulation 2017/459. MM clarified that CAM required a capacity conversion mechanism with effect from 01 Jan 2018 to be offered to network users at interconnection points (IP), and this modification would introduce that process into the Uniform Network Code, and by doing so, would deliver compliance with CAM.

MM explained that users who held unbundled capacity on one side of an IP may wish to acquire matching unbundled capacity on the other side of the IP. However, because priority would be given to offering capacity as bundled as defined in CAM, then the user may find that they had no option but to buy a new bundled product to acquire capacity on both sides of the IP. This would then mean in some circumstances that the user would have needed to purchase capacity twice on one side of the IP.

MM overviewed the solution with regards to the bundled and unbundled capacity process, explaining that certain aspects of the solution were still being developed, specifically regarding the actual mechanics of the process. GJ asked if a situation could arise where the unbundled capacity might be oversubscribed. MH explained that developments were still taking place regarding both bundled and unbundled capacity in relation to the outcome of the auctions process. GJ also questioned why the proposal limits the process to legacy capacity under CAM, including the impacts of TAR Article 35. MH said legacy would 'fall away' but confirmed he would investigate this matter in more depth and report back at the next meeting.

MM then proposed that the modification was presented to the Panel on 20 April 2017 for consideration, the Workgroup were all in agreement.

2. European Codes

2.1 EU Codes update

CH and MH presented the National Grid NTS plan on a page, highlighting Charging and Capacity related key milestones.

EU CAM Code Update

MH advised that the ENTSOG CAM Implementation Workshop had been held on 28 March 2017, and that further information could be accessed via the link at:

<http://www.entsog.eu/events/workshop-for-the-cam-ncamendment#welcome>

He stated that there was nothing new for GB parties, as all the CAM changes and impacts had been shared previously with the industry and contained within Modification 0597 & 0598. In the second half of the Workshop ENTSOG presented the Capacity Conversion model which closely aligns with the National Grid NTS model as described earlier (now raised as modification 0616). MH advised that during the meeting discussions took place between EFET and ENTSOG in relation to extending the Regulation to a day ahead and within day conversion service. The meeting concluded that the Regulation (as approved) does not include a short-term conversion service and is applicable throughout Europe, however EFET and ENTSOG were invited to discuss this matter on a Member State level as the service may be limited to a small number of IP points. MH provided clarity that the National Grid NTS proposal only included annual, quarterly and monthly durations.

CAM Incremental

MM provided an overview of the Demand Assessment Phase schematic in relation to specific timelines and the process, explaining that the all relevant information had now been uploaded to the National Grid website. All queries should be sent to Andrea Godden who may be contacted on andrea.godden@nationalgrid.com

He noted that regarding the Commercial Framework, that Modification 0597 covered the rules for the demand assessment phase, which allowed for the use of the Alternative Allocation Mechanism (AAM), and the rules were to be included in a project proposal, which would be approved by the NRAs on a case by case basis, and that National Grid NTS planned to use the PARCA framework via this mechanism. MM said that an (AAM) template was presently being produced and this would be shared informally, in due course, alongside the Methodology Statement Consultation, he stated this was not forming part of the formal consultation for the Methodology Statements, but provided more clarity on a draft AAM template.

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 the Capacity Release Methodology Statements were currently being updated (with the consultation expected to start in April) to reflect the CAM NC Amendment (UNC Modifications 0597 and 0598S) and would also include concepts that were referenced in UNC Modification 0611.

Tariff Code Update

CH provided an update on the current position, advising that the TAR NC had been published on 17 March 2017 and that Entry into Force had been approved for the 06 April 2017. There were no material changes in this final version of code except for the inclusion of some dates (Articles 34 and 35), which CH briefly highlighted. He then overviewed the Timeline schematic in relation to the next milestones and explained that all needed to be in place by the end of 2018, in readiness for 2019.

CH advised that the ENTSOG Implementation Workshop had been held on 29 March 2017, and that further information could be accessed via the link at:

He advised that responses to the Consultation on the TAR Implementation Guideline should be submitted by 30 June 2017 to TAR-NC@entsog.eu. CH added that the Guideline was a useful illustrative document that expanded on the Code and provides helpful examples of what implementation could look like; parties were encouraged to read it and respond to the consultation. An updated version of the TAR NC IDoc is to be published before the second TAR NC Implementation Workshop (planned for October 2017).

Future Topics

CH said the following current topics would be updated monthly; - Tariff Code, Transparency requirements and CAM (Capacity Conversion).

PH also drew attention to the Data Exchange Workshop that would cover the ENTSOG usage profiles and is going to be held on 16 May 2107 in Brussels; he said he would send out the formal invitation when it had been released.

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/0605/060417>

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

3.2 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/0611/060417>

The Workgroup's Report is due to be made to the May 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 System Management Principles Statement - Update

PH provided a status update for the Systems Management Principles Statement and he explained that the consultation had concluded on 27 March 2017 with only one response received, from Centrica. The feedback was agreed with, which was suggested that further clarification regarding the system management tools National Grid NTS use to manage localised transportation capability was required, these were specifically as listed below:

- Qualifying that when National Grid NTS restrict the quantity of daily NTS capacity made available, this is for **firm** capacity.
- To ensure consistency with the current Entry and Exit Capacity Release Methodologies, National Grid NTS have specified that National Grid NTS can restrict daily firm NTS **Entry** Capacity.
- The consultation report, which included the amended SMPS and the Centrica response, was submitted to Ofgem on 31 March 2017.
- Once confirmation has been received from Ofgem that they are happy with the amended SMPS, this will be published on the National Grid NTS website.

5.2 National Grid Gas Distribution Ltd NIC Project – Future Billing Methodology

DC introduced the Future Billing Methodology presentation and thanked the Workgroup for the opportunity to present this topic to them.

He explained the Future Billing Methodology is a Gas Network Innovation Competition project to explore future billing options for the gas industry. This project will help unlock the full potential of the gas network to distribute unconventional gases, helping customers move to a low carbon energy future. It is an explorative project run by National Grid Gas Distribution Ltd and project partners DNV GL.

He then provided an overview for various specific sections of the presentation and associated schematics:

About the Future Billing Methodology project:

DC explained Great Britain is preparing for a future where a range of sources provide us with low carbon energy. With 83% of GB homes currently heated by gas, natural gas alternatives can help customers move to low carbon energy in a least cost, convenient way. The energy market needs to be ready to support this transition. A key component of this is looking at how gas is billed.

The current billing framework was designed for North Sea gas and could be seen as a barrier for alternative sources of gas, particularly low carbon gases. This is because currently alternative gases must be pre-processed to meet current billing standards. This is costly and can add fossil based carbon back in to the process. This project aims to remove the need for this pre-processing, unlocking the full potential for low carbon gases on the gas network. Collaborative working with colleagues from across the gas industry will allow different options for billing to be explored and recommend the best solution for customers.

The project will be looking at:

- Ways to attribute the calorific value (CV) of gas from its physical input source on the local distribution zone (LDZ) network to the customer in a more specific way.
- Installing of sensors and flow monitoring for network model assessment.
- Potential smart metering and data flow solutions.

It will look at a range of different future options for gas billing:

1. **Pragmatic** This option uses network modelling to create embedded CV zones, or 'charging areas' for each embedded input point within the LDZ. Customers in the embedded charging zones will be billed based on the Ofgem directed CV measurement of the relevant embedded input point. Elsewhere, the current FWA CV method is retained for billing purposes.
2. **Composite** This option would create a CV zone or 'charging area' for each input point on the LDZ. It would require additional CV measurement points within the network.
3. **Ideal** This option will use the data generated in the field measurement exercise. This data will enable live CVs to be transmitted to smart meters in simulated network locations, using a stand-alone smart-meter simulation facility. This will help develop an understanding of the data hierarchy that will be required in a wholly smart-metered future. This could be a 'pre-stage' for energy measurement at the smart meter itself.

There is a live consultation for this project, and DC welcomes views on the following areas:

- Whether a change to the existing billing framework is warranted
- The proposed approach
- The potential commercial benefits and costs

The consultation document response template and FAQ document can be assessed on the project website: www.futurebillingmethodology.com

DC requested that responses and enquiries are sent to:

david.chalmers2@nationalgrid.com or louisa.broad@nationalgrid.com

5.3 Gemini User Trials

MH provided a short AOB update on potential Gemini User Trials for the EU Phase 4 project which goes live 13 Aug 2017. The UKL Committee had already been provided with the Gemini changes in February. There are only two new reports and two amendments to current reports:

New Reports:

- Utilisation Monitoring Report Entry/Exit.
- Entitlement Vs Energy Allocation Report Entry/Exit.

Amended Reports:

- Reserve Price vs Clearing Price – The updated report will show the calculation for daily price per kWh per day which has been modified to be in line with PRISMA and so enables Users to compare prices as the currency is now given in GBP across both systems, Gemini and PRISMA.
- Quantity Holder by Revenue Report – A new column entitled ‘Hour Bar’ has been added to the report so hourly data can be displayed for within Day auctions.

As the release only contains minor changes and National Grid NTS intends to provide a User Guidance Document to support Users, it was considered that User Trials would not be appropriate for this release. A number of questions were raised by AS as to whether Users could access to both NEXUS and Gemini to carry out some User Testing at the same time.

SHx took an action to clarify with AS in relation to the request for joint system testing alignment.

New Action TR0401: Xoserve (SHx) to clarify with AS of ENI regarding the request for joint system testing alignment with Nexus and Gemini.

Post meeting update: Xoserve (SHx) said that a system testing environment for either Nexus or Gemini (or jointly) cannot be provided and so this action is now closed. **Closed.**

During discussions, it was considered that the question in relation to Gemini EU Phase 4 User Trials for the report changes was better considered at the forthcoming Operational Forum. MH agreed that National Grid NTS would provide further information to the Operational Forum on 20 April 2017.

6. Review of Outstanding Action(s)

TR0301: Reference the draft EU CAM Capacity Conversion modification - National Grid NTS (MH) to discuss the potential inclusion of ‘Day Ahead’ / ‘Within Day’ aspects with ENTSOG and provide a view at the April Workgroup meeting.

Update: MH confirmed this action could now be closed as this matter had now been discussed and debated with ENTSOG. MH also said he would clarify what changes are included in release 4 and the release date and that NG NTS would provide further detail to the Ops Forum. (*Post meeting note already added to the agenda for the 20 April.*) **Closed.**

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 04 May 2017 meeting should be submitted to the Joint Office by close of play on 24 April 2017.

Time/Date	Location
10:00, Thursday 04 May 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 01 June 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 06 July 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 03 August 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 September 2017	Elexon, 350 Euston Road, London NW1 3AW

10:00, Thursday 05 October 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 02 November 2017	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 07 December 2017	Elexon, 350 Euston Road, London NW1 3AW

Action Table (as at 06 April 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0301	02/03/17	1.3.1	<i>Reference the draft EU CAM Capacity Conversion modification - National Grid NTS (MH) to discuss the potential inclusion of 'Day Ahead' / 'Within Day' aspects with ENTSOG and provide a view at the April Workgroup meeting.</i>	National Grid NTS (MH)	Closed
TR0401	06/04/17	5.3	Xoserve (SHx) to clarify with AS of ENI regarding the request for joint system testing alignment with Nexus and Gemini.	Xoserve (SHx)	Closed <i>(completed post meeting)</i>