

Transmission Workgroup Minutes
Thursday 02 November 2017
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Rebecca Hailes	(RH)	Chair
Mike Berrisford	(MB)	Secretary
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	ENI UK
Charles Ruffell	(CR)	RWE
Colin Hamilton	(CH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JCh)	SSE
John Costa	(JC)	EDF Energy
Julie Cox*	(JCo)	Energy UK
Nick King	(NK)	CNG Service Ltd
Nick Wye	(NW)	Waters Wye Associates
Nicola Lond	(NL)	National Grid NTS
Richard Fairholme*	(RF)	Uniper
Robin Dunne	(RD)	Ofgem
Shiv Singh*	(SS)	Cadent
Steve Britton*	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Tomas Dangarembizi	(TD)	National Grid NTS

**via teleconference*

Copies of papers are available at: <https://www.gasgovernance.co.uk/tx/021117>

1. Introduction and Status Review

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

1.1 Approval of Minutes (05 October 2017)

GJ pointed out an incorrect reference to 'an open study' in the third paragraph in item 5.1 which should read as 'Oban study'. Thereafter, the minutes of the previous meeting were approved.

1.2 Ofgem Update

RD undertook an onscreen review of Ofgem Industry Update provided to the Workgroup prior to the meeting. RH advised that the Code Governance Remedies Workshop is scheduled to take place on 28 November 2017 at which the Joint Office would be represented by Penny Garner and RH.

1.3 Pre-Modification Discussions**1.3.1. Treatment of Capacity at Combined ASEPs – National Grid NTS**

Opening the item, TD explained that the information provided has been compiled following both a National Grid NTS internal review and industry engagement and feedback.

He asked parties to note that National Grid NTS is awaiting further development of UNC Modification 0621 'Amendments to Gas Transmission Charging Regime' before formally raising this new modification. As a consequence, today's update mainly focuses on TAR compliance related aspects.

TD then provided an update on the 'Treatment of Capacity at Combined ASEPs' presentation during which the focus of attention settled mainly on the 'next steps' slide whereupon TD advised that the intention is to provide a finalised (draft) modification proposal for consideration at the 07 December 2017 Transmission Workgroup meeting, with the aim being able to submit a new modification for consideration at the 21 December 2017 Panel meeting.

When asked, CH confirmed that National Grid NTS are aware of several issues relating to both redundant capacity and abandoned capacity at the Bacton IP, although they (National Grid NTS) are still proposing to retain the current Bacton IP capacity provisions. He went on to explain that National Grid NTS are also acutely aware that any Bacton IP split impacts should not be allowed to invoke any new charges.

It was explained that for new capacity, storage capacity discounts only applies ex-post, after allocation of flows identifies which capacity was associated with the storage entry point within the ASEP. CH explained that the final provisions would be subject to the consequences of UNC Modification 0621 'Amendments to Gas Transmission Charging Regime' developments and provisions.

In respect of the tracking of abandoned capacity elements, National Grid NTS are looking to adopt a simple and clean solution – in short, parties would still be able to trade the capacity (capacity would still be fungible). CH agreed that it would be beneficial to include these requirements in the draft modification.

When asked how 'abandoned capacity' is likely to be defined, CH explained that this too would be included within a draft version of the modification in due course. However, by way of a brief explanation, it would be via an application process requiring evidence (i.e. a paper trail) and could be used for investment projects that might never have reached full fruition. It was suggested that care would be needed to ensure that the new proposals are not potentially discriminatory in nature. Responding, CH explained that the matter relates to addressing some specific risks and acknowledged that it is possibly a moot point as to whether or not this matter reflects retrospective or forward thinking (i.e. potentially retrospective decisions impacting upon live capacity). The aim is to remove any disincentive to investment in new projects.

When asked how these new proposals might impact on current PARCA provisions, CH suggested that it would probably only impact capacity that has been allocated although he does recognise that further detailed consideration during the development of the modification would be beneficial.

When it was suggested that there could be some potential storage related impacts, CH pointed out that National Grid NTS is working hard to avoid any potential for sterilisation of capacity (at the ASEP).

Finally it was recognised that if a commodity based top-up charge is settled on for 0621, this area (Treatment of Capacity at Combined ASEPs) would not require a modification.

2. European Codes

2.1 General Update

In reviewing the 'Code Status Update' slide, CH indicated that National Grid NTS is considering removing the 'CAM amendments' entry going forwards, as this is essentially time expired.

2.2 EU Codes Updates

2.2.1. Tariff Code Update

CH confirmed that as far as the publication of IP reserve prices on the ENTSOG platform was concerned this would just be restricted to IP information only at the initial stages.

2.2.2. Publication of Tariff Data (Transparency)

CH confirmed that the template would be constantly reviewed and updated, subject to UNC Modification 0621 developments and outputs. He also pointed out that he expects that the template would be visible on the **new** National Grid website in the coming few days.

2.2.3. ENTSOG 2nd TAR NC Implementation Workshop

CH confirmed that this slide is essentially a repeat of the previous month's information provision.

Referring to the ENTSOG internal discussions around whether or not to host a 3rd Workshop in Autumn 2018, CH explained that there is no clear view on whether it would go ahead at this time.

CH then highlighted that Member States would be requested to take part in an industry wide consultation prior to the final NRA decisions being made.

2.2.4. TAR NC: Monitoring Reports

CH explained that a trial run (i.e. a base-lining exercise) of the Implementation and Effect Monitoring Reports is anticipated, which would then be followed up with a tracking mechanism going forwards – it was noted that initially this would be an ENTSOG driven exercise, with ACER being involved at a later date.

CH pointed out that the responses deadline has now been extended from the original date of 02 November, to now conclude on 07 November 2017 instead.

2.2.5. UNC Mod 0621: Amendments to Gas Transmission Charging Regime

CH explained that the information is an update only and is being provided for completeness purposes.

When it was noted that this matter would also be considered at the next two NTSCMF Workgroup meetings (06 and 22 November 2017), RH pointed out that the 06 November meeting is already at full capacity and anyone wishing to be included would need to dial in to the meeting.

2.3 Future Topics

CH advised that Tariff Codes; Transparency Requirements and CAM Amendment (subject to a decision in accordance with item 2.1 above) would continue to have monthly updates provided at this Workgroup going forwards.

When asked whether there are any new items coming, CH suggested that Phase II horizon elements (i.e. European Market and EU TAR Code Functionality Platform related changes) might be one new item coming into view in the future which would / could be added to the topics table. When asked, CH indicated that he did not think that there were any direct feeds into the Change Overview Board (COB) that he is aware of at this time.

3. Workgroups

3.1 0627S – Removal of the absolute requirement to include a Remotely Operable Valve (ROV) Installation for all new NTS Exit connections

(Report to Panel – 21 December 2017)
<https://www.gasgovernance.co.uk/0627>

3.2 0628S – Standard Design Connections: PARCA process*(Report to Panel – 17 May 2018)*<https://www.gasgovernance.co.uk/0628>**3.3 0629S – Standard Design Connections: A20 connection process modification***(Report to Panel – 17 May 2018)*<https://www.gasgovernance.co.uk/0629>**4. Issues****4.1 (ISS066 – Implications of decommissioned Exit/Entry points)**

It has previously been agreed that this item should remain on the agenda, to be kept ‘in sight’, although it would only be actioned as and when appropriate.

There was no further consideration of this item at the meeting.

5. Any Other Business**5.1 National Grid Gas Quality Consultation**

CH provided a brief overview of the presentation (slide 41 in the main National Grid NTS presentation pack). The consultation will close on 17/11/17 and can be found here: <http://www2.nationalgrid.com/uk/industry-information/gas-transmission-system-operations/gas-quality/>

It was noted that an IGEM representative is expected to attend the December meeting in order to provide an update.

5.2 1 in 20 Peak demand changes (JCx)

JCx submitted two requests for AOBs for this meeting.

In reference to JCx’s first AOB item below:

“1 in 20 peak demand has jumped up back above 500mcm having recently fallen to 465 mcm. The latter was due to changing parameters / weather stations in some demand estimation modelling. Just wondering what the most recent change is caused by? Winter outlook report does not explain this and when there was a sharp fall there was an impact on charges so perhaps there will be again.”

Responding, Xoserve (FC) provided the following:

“Regarding the 1-in-20 peak volume, that is a transporter calculation, not Xoserve. DESC did not change any weather stations for Gas Year 2017/18 and the seasonal normal weather basis is also unchanged. We made some very minor changes to the Smaller Supply Point profiles (i.e. Annual Load Profiles) to improve summer fits, which would result in slightly higher winter values, but we briefed forums such as DN Charging and NTS charging on those changes.”

In response to JCx’s question, CH then went on to provide a verbal response (from Neil Rowley, National Grid) explaining that the rise in the forecast peak demand for last year was apparently (totally) due to the power station demand related to gas prices relative to the coal prices. Some parties were surprised that plant and pricing could potentially have such a significant apparent impact on 1 in 20 peak volumes. It was also suggested that it is disappointing to find that this matter is not included within National Grid’s Winter Outlook.

JC suggested that whilst there are also some LDZ related aspects that could have come into play, National Grid’s new link to pricing has only added more industry confusion around this matter.

CH agreed to feed the concerns back to his National Grid NTS colleagues and aim to provide a more informed response at the next Workgroup meeting.

5.3 Activity on the OCM (JCx)

In reference to JCx’s second AOB item below:

“There has been a lot of activity on the OCM, in recent months mostly buy side. There is some speculation that this relates to the post Nexus UIG arrangements. It would be helpful to understand this and why it is causing additional balancing activity and cost to customers.”

Responding, Xoserve (FC) provided the following:

“Regarding the OCM activity, again that’s really a transporter area. It is well documented that UIG is higher than some people expected and is also more volatile. We are unaware of Shippers’ buying policy in this area, but some parties may be (deliberately or accidentally) not purchasing their UIG quantities, which might then require balancing actions.”

CH explained that whilst National Grid has no formal view on this item at this time, it is looking into the matter and would provide an informed response in due course.

When NW pointed out that the forthcoming Gas Operational Forum (Ops Forum) meeting on 27 November 2017 would also be considering this matter, CH agreed to outline the outcome of those discussions and provide an update to this meeting thereafter. AS highlighted that she had already seen an early view of the National Grid presentation and concludes that this matter involves several unpredictable aspects that cause her concern, especially those over which Shippers have no direct control. She went on to suggest that this presents an ideal opportunity for the industry to review and improve these matters (i.e. review the balancing imbalance aspects).

In providing a brief overview around how Shippers are trying to catch up late in the Gas Day and the resultant need for National Grid to step in and buy capacity, NW explained that the Ops Forum are looking to consider potential switching impacts. He noted that the aggregate positions are not impacted, but rather it is the area around Shipper actions that is causing the most concern, especially power station and interconnector participation related impacts.

NW went on to point out that the OCM question could be discussed and considered as part of UNC Modification 0621 development.

New Action: TX1101: National Grid NTS (CH) to provide a formal response to both of J Cox’s AOB items (1 in 20 peak demand and OCM) at a forthcoming Transmission Workgroup meeting.

5.4 National Grid.com Upgrade Project

TD provided a brief overview of the presentation regarding National grid’s new website, requesting feedback as soon as possible if problems were identified (slides 42 through to 47 in the main National Grid NTS presentation pack).

TD advised that any requests for information older than four years would have to be via email – contact information for which is available on the wen site.

6. Review of Outstanding Action(s)

Action TR1002: Energy UK (JCx) to pass on relevant IGEM contacts to JO so that IGEM can be invited to the next meeting.

Update: RH advised that JCx had kindly provided the IGEM contact information with the end result being that an IGEM representative Ian McCluskey would be making a short presentation to the 07 December 2017 Workgroup meeting. **Closed**

7. Diary Planning

Agenda items (and any associated papers) for the 07 December 2017 meeting should be submitted to the Joint Office by close of play on 28 November 2017.

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

Time/Date	Location
10:00, Thursday 07 December 2017	Elexon, 350 Euston Road, London NW1 3AW

Action Table (as at 02 November 2017)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1002	05/10/17		To pass on relevant IGEM contacts to JO so that IGEM can be invited to the next meeting.	Energy UK (JCx)	Update provided. Closed
1101	02/11/17	5.3	To provide a formal response to both of J Cox's AOB items (1 in 20 peak demand and OCM) at a forthcoming Transmission Workgroup meeting.	National Grid NTS (CH)	Pending