

Transmission Workstream Minutes
Thursday 01 October 2009
Elxon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	JB	Joint Office
Alan Raper	AR	National Grid Distribution
Andrew Pearce	APe	BP Gas
Belinda Littleton	BL	Ofgem
Charles Ruffell	CR	RWE npower
Chris Shanley	CS	National Grid NTS
Chris Wright	CW	Centrica
Craig Purdie	CP	Centrica Storage
David Linden	DL	BP Gas
David Moore	DM	Gas Forum
Graham Jack	GJ	Centrica
Ian Taylor	IT	Northern Gas Networks
Jeff Chandler	JeC	Scottish & Southern Energy
Joanna Ferguson	JF	Northern Gas Networks
Joy Chadwick	JoC	ExxonMobil
Julie Cox	JuC	AEP
Mark Dalton	MD	BG Group
Natasha Ranatunga	NR	National Grid NTS
Nolan Robertson	NoR	National Grid NTS
Paul O'Donovan	POD	Ofgem
Phil Broom	PB	GDF Suez
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	EON UK
Shelley Rouse	SR	Statoil UK
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Fisher	SF	National Grid NTS
Steven Sherwood	SS	Scotia Gas Networks
Tim Davis (Secretary)	TD	Joint Office

1. Introduction

JB welcomed attendees to the meeting.

1.1. Minutes of the previous Workstream Meetings

The minutes of the previous Workstream meeting were approved.

1.2. Review of Outstanding Actions**1.2.1. Actions from the Workstream**

Action TR1097: Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements.

Update: On hold until report published, due at the end of 2009.

Action carried forward

Action TR0705: National Grid NTS to consider whether a gradual population of more years of historical data at reasonable cost is feasible.

Update: CS reported that National Grid NTS had initiated a project looking towards compliance with the Third Package. Looking at historic data would be covered within this project. An update would be brought back to the Workstream in December. **Action carried forward**

Action TR0901: National Grid NTS to clarify the change in behaviour they would expect to see if Modification Proposal 0260 were implemented.

Update: CS pointed out that examples were in the Proposal and offered to run through these if anyone had further questions. **Action closed**

Action TR0902: Ofgem to consider publishing details of the back casting exercise that suggested 50% of change proposals might fall to self governance

Update: POD indicated that Ofgem were planning to present this at the Modification Panel. **Action carried forward**

Action TR0903: National Grid NTS to establish why any negative zonal flexibility utilisation was shown as zero

Update: SF confirmed that negatives would be shown if this was required, and attendees confirmed that negatives should be shown. **Action closed**

Action TR0904: National Grid NTS to consider quantifying the likely impact on unbilled energy if Modification Proposal 0266 were to be implemented

Update: CS confirmed that the National Grid NTS consultation response would include this. **Action carried forward**

1.2.2. Actions carried over from Substitution Workshops

Action SUB001: Ofgem to consider producing a document, prior to the first substitution auction, setting out its rationale for approving substitution applications.

Update: POD confirmed the Impact Assessment would be published after the present licence consultation was complete – towards the end of October.

Action carried forward

Action SUB005: Ofgem to consider and report back whether it is able to model the effect on gas prices of various substitution scenarios.

Update: See previous action.

Action carried forward

1.3. Review of Workstream's Modification Proposals and Topics

1.3.1. Modification Status Report (Modification Proposals Register¹)

JB gave an update on live and recently closed Modification Proposals. POD indicated that the impact assessment for Modification Proposal 0246 and its alternates was about to be published.

BL indicated that Ofgem had failed to meet the target date for issuing a decision on Modification Proposal 0256. The delay had been due to awaiting analysis

¹ The Modification Proposals Register is available to view at: <http://www.gasgovernance.com/Code/Modifications/>

from National Grid NTS quantifying the impact on shrinkage. BL urged that analysis be provided earlier in future.

JB advised the meeting that the Distribution Workstream had submitted a draft workstream report on Modification Proposal 0259 “Removal Of Obligations To Install UK Link User Equipment and UK Link User Software for UK Link Users who utilise the services of an UK Link User Agent”. The only matter that workstream had asked for confirmation was that the Panel be recommended not to request legal text. The Workstream agreed with this and the Workstream Report submitted to Panel will reflect the consensus. The Workstream Report was, therefore, agreed.

MD asked if Ofgem had requested legal text for Modification Proposal 0262, which POD agreed to check.

Action TR1001: Ofgem (POD) to confirm whether legal text has been requested for Modification Proposal 0262.

JuC asked when a revised Safety Case would be submitted in light of Modification Proposal 0260. CS agreed to take this away and report back.

Action TR1002: National Grid NTS (CS) to report when Safety Case changes to support Modification Proposal 0260 will be submitted.

1.3.2. Topic Status Report

The Topic Status Report for the Transmission Workstream is located on the Joint Office website at: <http://www.gasgovernance.com/Code/Modifications/>.

1.4. Related Meetings and Review Groups

An update on related meetings was provided.

2. UNC Modification Proposals

2.1. Draft Modification Proposal: “Information Provision for the transitional period”

NR presented on behalf of National Grid NTS and ran through the elements of a draft Modification Proposal. The UNC already provides for information to be published from 2012, and this Proposal seeks to provide for data to be published ahead of 2012.

JuC questioned the definition of exit capacity, which was the commercial baseline as opposed to technical capability (MSPOR) as required by the EU Regulation. SF agreed to consider the relationship between the proposed approach and the definition in the Regulation, but emphasised National Grid NTS’s initial view that the baseline represented maximum technical capability.

Action TR1003: National Grid NTS (SF) to clarify whether publishing information on exit baselines matches the EU requirement to publish maximum technical capability.

JuC also highlighted that the provisions in the draft Proposal go beyond the Regulation and suggested that it was incumbent on National Grid NTS to make this clear in the Proposal. In addition, this Modification Proposal would not constitute a consultation on the relevant exit points for which information should be published, and so did not meet this element of the Regulation. SF agreed to look at amending the Proposal to reflect these issues.

Action TR1004: National Grid NTS (SF) to reconsider “Information Provision for the transitional period” draft Modification Proposal in light of issues raised regarding EU obligations.

JB questioned why the draft Proposal suggested that implementation would facilitate coordination of system operation. NR clarified that this would facilitate coordinated system operation because equivalent information would be released at entry and exit. CW suggested that the Proposal should explain how the Relevant Objectives were

facilitated rather than just stating that they would be. NR agreed to redraft the Proposal to address these issues.

Action TR1005: National Grid NTS (NR) to expand “Information Provision for the transitional period” draft Modification Proposal in order to demonstrate how the relevant objectives would be facilitated by implementation.

The Workstream agreed that if the changes discussed were made, the Proposal should be sufficiently clear to be issued for consultation.

2.2. **Modification Proposal 0263: “Enabling the Assignment of a Partial Quantity of NTS Exit (Flat) Capacity”**

GJ presented on behalf of Centrica, and drew attention to the amendments made to the Proposal in light of feedback at previous Workstream meetings, which particularly addressed user commitment issues raised by National Grid NTS.

PB asked if the proposed assignment and user commitment rules were site specific, which GJ confirmed was the case.

GJ asked if the Proposal was now sufficiently clear to proceed to consultation, which was not contested. In light of the complexity, SS suggested it may be helpful for legal text to be available for consultation. GJ felt the Proposal was sufficiently clear for text to be provided, which JuC supported. National Grid NTS confirmed the belief that it would be possible to draft text based on the Proposal as drafted, and that no change would be required to the ExCR Methodology. Given this discussion, there was consensus that provision of formal legal text should not be recommended.

A Workstream Report was then compiled and agreed with the following points being raised:

Contrary to the Proposer’s view, and Ofgem’s initial view, National Grid NTS believe this is a User Pays Modification Proposal and may raise an Alternative on this basis. POD confirmed that they had reached a view that this should not be a User Pays Proposal since they had been told that partial assignment was part of the specification of Exit Reform for which funding had been provided - the issue was whether or not this was actually part of the initial specification.

On the Relevant Objectives, JB suggested that efficient utilisation of capacity did not relate to system operation as opposed to discharge of Licence obligations. However, it was agreed that avoiding spurious signals should help operation of the system. In terms of facilitating competition, GJ emphasised that the facility to partially assign capacity should be positive for customers, especially at exit points such as the Bacton Zeebrugge interconnector.

SF indicated that implementation costs were unknown and hence it was too early to suggest they would be minor. RF felt that the level of costs should be clarified before consultation responses were due, which was generally supported.

JC suggested that implementation would give customers more confidence that capacity holdings would be assigned to Shippers and locations where it was needed.

JB summarised that the Workstream Report would record as recommendations to the Panel that:

- the Proposal is sufficiently clear to be issued for consultation;
- formal legal text is not necessary in support of the consultation; and
- National Grid NTS should be asked to provide estimated implementation costs in time to inform consultation responses.

3. Topics

3.1. Metering Standards and Impact upon Shrinkage

BL presented for Ofgem and expressed the hope that others would take ownership of the issue that Ofgem had identified. She highlighted the discrepancy between the standards operated for meters at NTS entry and exit. These differences create an energy measurement error of between -4 and +6%. CS believed these figures related to domestic metering errors, not NTS exit meters, which BL agreed to check. However, even if the numbers were incorrect, this did not remove the fact that there is a significant issue.

Action TR1006: Ofgem (BL) to confirm the basis of the figures presented on the impact of metering accuracy discrepancies.

SL questioned how the issue interacted with the existing SO incentive scheme to reduce UAG. BL confirmed that it was linked. CS suggested that National Grid NTS's initial view was that the potential changes envisaged were more likely to increase rather than reduce UAG.

ST suggested that, from a DN perspective, the expected standard is clear, and the DNs comply with the established standards. Any move away from this standard would be difficult for an individual DN to take forward unilaterally since Ofgem set the standards and any DN would be reluctant to invest without knowing if this would be regarded as economic and efficient. This led ST to conclude that any change ought to be taken forward by Ofgem. However, BL suggested that a Review Group might be convened to look at the issue. JB questioned whether this fell within the UNC and so was appropriate for a Review Proposal.

In response to GJ, CS clarified that National Grid NTS was willing to move to different standards if that was considered appropriate, but was not looking to lead on this.

JuC asked if this was primarily a Transporter issue, and SL suggested that errors would impact Shippers. ST suggested the issue was about moving to different standards. There was scope for debate about the benefit of moving to a new standard and whether it was worth incurring the costs involved. BL indicated that looking at low cost changes should be considered, for example changing parameters within the software. The DNs agreed that they were happy to be involved in analysis of any such options, but they were looking for guidance on the standards they should apply. This therefore meant that Ofgem would need to convene and lead the process. JuC agreed that coordinated Ofgem leadership sounded appropriate given that any changes would be a matter for Transporters initially, but the subsequent impact could be on Shippers and hence consumers

BL asked what the expected life of an orifice plate is. AR indicated that the question was the lifetime of the rig that mattered – the plate holder would have the same life as a pipeline and the plates themselves are readily replaced. IT added that replacement would normally be considered as part of other work to the system and upgrading in the area concerned.

BL said that, in light of the discussion, she would take the issue back to the SO incentives group within Ofgem.

3.2. RG0140/MIPI Update

CS presented on behalf of National Grid NTS. MIPI Phase 2 is due to go live on 15 November. Attendees were asked to help inform MIPI users to expect data to appear differently from that time. To support the change, the NCORM data dictionary is being updated and approval of the changes will be put to the UNCC (Uniform Network Code Committee) for approval in October.

JuC asked about the issue regarding screen scrapers which had been raised at the August Workshop in order to give users confidence in the new system. CS said that

issues with the change are anticipated as with any change, but he was very hopeful that this would be seen as a step forward and the new approach would be used. If the push API was not working, feedback would be helpful so that any technical issues could be addressed rather than users resorting to screen scraping. NoR added that if there was any system failure with the APIs, the expectation would be to issue early notice of the difficulties and he would be very happy to work with users to find the best way forward. However, reducing screen scraping, such that the number of hits is reduced, should benefit all.

3.3. Topic 008TR Entry Capacity

3.3.1. DRSEC Update

NR presented for National Grid NTS based on the auction held and invited questions, in particular whether additional ASEPs should be included in future. No suggestions were put forward.

4. Any Other Business

None raised.

6. Diary Planning

The next Transmission Workstream meeting is due to be held at 10:00 on:

Thursday 05 November 2009, at Elexon.

Details of all planned meetings are on the Joint Office website at:

www.gasgovernance.com/Diary

Action Log – UNC Transmission Workstream: 03 September 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1097	03/07/08	2.2.3	Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements	Ofgem (BW)	To be reconsidered early on 2010 in light of Project Discovery Carried forward
TR 0705	02/07/09	3.3.2	National Grid NTS to consider whether a gradual population of more years of historical data at reasonable cost is feasible	National Grid NTS (CS)	Update due at December Workstream Carried Forward
TR 0901	03/09/09	1.2.2	National Grid NTS to clarify the change in behaviour they would expect to see if Modification Proposal 0260 is implemented	National Grid NTS (SF)	Examples provided in Appendix to Proposal Closed
TR 0902	03/09/09	2	Ofgem to consider publishing details of the back casting exercise that suggested 50% of change proposals might fall to self governance	Ofgem (MF)	Ofgem to present at Modification Panel Carried Forward
TR 0903	03/09/09	4.1.3	National Grid NTS to establish why any negative zonal flexibility utilisation was shown as zero	National Grid NTS (SF)	Negative values will be shown Closed
TR 0904	03/09/09	5.1	National Grid NTS to consider quantifying the likely impact on unbilled energy if Modification Proposal 0266 were to be implemented	National Grid NTS (SF)	To be included in National Grid NTS consultation response Carried Forward
TR 1001	01/10/09	1.3.1	Confirm whether legal text has been requested for Modification Proposal 0262	Ofgem (POD)	
TR 1002	01/10/09	1.3.1	Report when Safety Case changes to support Modification Proposal 0260 will be submitted	National Grid NTS (CS)	
TR 1003	01/10/09	2.1	Clarify whether publishing information on exit baselines matches the EU requirement to publish maximum technical capability	National Grid NTS (SF)	

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1004	01/10/09	2.1	Reconsider "Information Provision for the transitional period" draft Modification Proposal in light of issues raised regarding EU obligations	National Grid NTS (SF)	
TR 1005	01/10/09	2.1	Expand "Information Provision for the transitional period" draft Modification Proposal in order to demonstrate how the relevant objectives would be facilitated by implementation	National Grid NTS (NR)	
TR 1006	01/10/09	3.1	Confirm the basis of the figures presented on the impact of metering accuracy discrepancies	Ofgem (BL)	

Action Log – Carried Forward from Substitution Workshops: 03 September 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
SUB 001	08/04/08	3	Ofgem to consider producing a document, prior to the first substitution auction, setting out its rationale for approving substitution applications	Ofgem (BK)	May be addressed in Impact Assessment Carried forward
SUB 005	07/05/08	4	Consider and report back whether it is able to model the effect on gas prices of various substitution scenarios.	Ofgem (BK)	Gas price impacts will be included in the Impact Assessment Carried forward