

Transmission Workstream Minutes
Thursday 05 March 2009
Ellexon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	JB	Joint Office of Gas Transporters
Aine Spillane	AS	Bord Gais Eireann
Avian Egan	AE	Bord Gais Eireann
Chris Wright	CW	Centrica
Clare Temperley	CT	Gas Forum
Craig Purdie	CP	Centrica Storage Ltd
David Linden	DL	BP Gas
David Strahan	DS	Phoenix Supply Ltd
Emma Hayes	EH	BG Group
Fergus Healy	FH	National Grid NTS
Gary Markham	GM	Total Gas & Power
Graham Jack	GJ	Centrica
Ivan Purvis	IP	Premier Power
James Tyrrell	JT	ESB
Jeff Chandler	JC	Scottish and Southern Energy
Joy Chadwick	JC1	ExxonMobil
Julie Cox	JC2	AEP
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Mark Cockayne	MC	xoserve
Mark Sutton	MS	TPA Solutions Ltd
Martin Watson	MW	National Grid NTS
Paul O'Donovan	POD	Ofgem
Phil Broom	PB	GDF Suez
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	E.ON UK
Richard Jones	RJ	xoserve
Richard Street	RS	Corona Energy
Shelley Rouse	SR	Statoil (UK)
Simon Trivella	ST	Wales and West Utilities
Sofia Avendano	SA	Total
Stefan Leedham	SL	EDF Energy
Steve Gordon	SG	ScottishPower
Steve Rose	SR	RWE Npower
Steven Sherwood	SS	Scotia Gas Networks
Tim Davis	TD	Joint Office of Gas Transporters
Tony Thornton	TT	Viridian Group Ltd

1. Introduction

JB welcomed the attendees to the meeting.

1.1 Minutes from the previous Workstream Meeting (05 February 2009)

On reviewing the previous minutes a further action was identified, and this was added to the Action Log as:

Action TR0203: National Grid NTS to return to the Workstream with updated details relating to the MIPI Phase II functionality and design (which was supposed to have been finalised by January).

A further comment was received in respect of 3.2.1, paragraph 2: ... "Initialisation creates a 4 year commitment; the issue was an ability to release capacity bookings, which National Grid NTS was still thinking through...."

It was agreed this should be reworded as follows: "....."Initialisation" above baseline creates a 4 year commitment; ~~the issue was an ability to release capacity bookings,~~ which National Grid NTS was still thinking through."]

The minutes of the previous Workstream meeting were then approved.

1.2 Review of Outstanding Actions

1.2.1 Actions from the Workstream

Action TR1085: Provide updates to the Workstream on Ofgem and BERR's progress with The Gas (Calculation of Thermal Energy) Regulations and the Gas Safety (Management) Regulations.

Update: POD advised that there was no further progress to report. **Action carried forward**

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: A meeting is being arranged. **Action carried forward**

Action TR1102: Rationalisation of Maintenance Planning Dates and Timescales - National Grid NTS to produce a revised draft Proposal for discussion at the next Workstream meeting.

Update: No further progress to report. **Action carried forward**

Action TR0201: ExCR - Aspects of securitisation - MW agreed to check details of expectations.

Update: MW had clarified some aspects and deemed it more relevant to enduring ARCAs. **Action closed**

Action TR0202: Establish under what circumstances National Grid NTS can raise a GBA within day.

Update: MW reported that this was defined under UNC TPD V5.9.4. **Action closed**

Action TR0203: National Grid NTS to return to the Workstream with updated details relating to the MIPI Phase II functionality and design (which was supposed to have been finalised by January).

Update: Due to time constraints, the meeting was unable to receive a verbal update; however a presentation has been made available to view on the Joint Office website. **Action closed**

1.3 Review of Workstream's Modification Proposals and Topics

1.3.1 Modification Status Report (Modification Proposals Register¹)

JB gave an update on the current status of the Live Modification Proposals.

0233: See agenda item 2.1 below.

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/>.

Other than agenda items, there were no further changes to report.

1.4 Related Meetings and Review Groups

1.4.1 Ops Forum

JB reported that GBAs were still under discussion; there were no matters requiring the attention of the Workstream.

1.4.2 Enduring NTS Exit Capacity Arrangements Workshops

A second pair of workshops will be held on 18 March 2009 at Elexon, 350 Euston Road, London NW1 3AW (at 09:30 and 13:30). The intention is to provide interested parties with a detailed look at the processes and procedures associated with initialisation of exit capacity rights and enduring annual capacity applications, reductions and allocations that will be introduced in 2009 as a result of UNC Modification 0195AV.

Requests for places should be sent to: Exitreform.PMO@uk.ngrid.com.

2. UNC Modification Proposals

2.1 Modification Proposal 0233: "Changes to the Outstanding Energy Balancing Indebtedness Calculation"

On behalf of the Proposer, MC presented the proposed variation to this Modification Proposal, explaining the rationale for the decision to request a variation. There were no questions or concerns raised, the consensus being that the Proposal was sufficiently developed.

The variation request will be presented at the March UNC Modification Panel, which will then determine whether the proposed changes are material or immaterial and in a position to proceed to consultation with an appropriate consultation period.

3. Topics

3.1 003TR Review of NTS Exit Capacity Arrangements

3.1.1 Exit Capacity Release Methodology Statement (ExCR) update

MW, presenting on behalf of National Grid NTS, gave an update on the ExCR Methodology Statement process. The 5 responses received as a result of the informal

¹ <http://www.gasgovernance.com/Code/Modifications/>

consultation had been reviewed and 4 substantive points had been identified for further consideration.

Treatment of Transitional Increases had been identified as an issue and MW outlined this together with a potential solution. A discussion ensued. JC2 was concerned that National Grid NTS may not know if it can meet capacity in 2012 and will have to exercise judgement. MW agreed and encouraged parties to submit requests ahead of time. There were concerns parties that had paid the capacity charges for three years would then be affected by a further four years User Commitment, which did not seem fair treatment. JC2 commented that the new regime seems to be more onerous and restrictive.

GJ wondered if payments made up to 2012 could count towards a determination of number of years user commitment already discharged. JC2 thought that allowing the ARCA regime to work would be simpler particularly if the 20 million threshold was removed. MW was unable to agree to this at this stage but suggested that interested parties included this in their representations. JC2 suggested that the four year commitment could be started now and discharged in 2012, instead of paying for three years, which with the four year User Commitment effectively becomes a seven year commitment. This seems not only unfair in principle but practical examples were beginning to highlight the cracks in the theoretical process. MW recognised the time-lag between events; he would take away the feedback and emphasised that parties should respond to the consultation. RS recognised that there were problems, not deliberately caused, in the transitional period with treatment of customers which may need reconsideration.

Both JC2 and GJ pointed out that even parties close to the changes had questions that still required clarification and were concerned that those not previously involved in exit regime development may be disadvantaged.

MW acknowledged that the changes were not simple and may require both a charging change and UNC proposals. There were no indicative prices and therefore no link between transition and enduring periods, so a pricing change may be needed.

A pragmatic approach had been taken in terms of the timescales set out. MW pointed out that there was no commitment on any party to bid, and most parties who were bidding were already in dialogue with National Grid NTS.

MW outlined the remaining issues and gave National Grid NTS' views.

SR questioned why the revenue drivers needed to be in the Licence, and process timescales were discussed. It was observed that it was not an efficient process if it was trying to establish revenue drivers for sites that may not bid; it would seem better to do that once it was known they were bidding and for what. MW acknowledged the argument but if a permit was needed before application, this would need an associated revenue driver. The same process used for entry was proposed here. National Grid NTS was not in a position to release capacity without a revenue driver.

All views and solutions would be welcomed by National Grid NTS, preferably as early as possible to enable appropriate clarification and drafting of the final version.

The proposed ExCR document (version 4.2) was issued for consultation on 23 February 2009 and is available to view on National Grid's website (<http://www.nationalgrid.com/uk/Gas/Charges/statements/transportation/IECR>).

Responses to the consultation should be submitted to National Grid by 17:00 on Monday 23 March 2009.

3.1.2 Moffat Arrangements

On 03 March 2009 Electricity Supply Board (ESB) raised a new Modification Proposal 0243: "Amendments to the process for initialisation of Enduring NTS Exit (Flat) Capacity at the Moffat NTS Exit Point".

MS gave a presentation on behalf of the Proposer, ESB, and outlined the background, rationale and intent of the Proposal and gave an overview of the proposed Business Rules.

MS then responded to various questions and JC2 referred to the ERGEG consultation, the outcome of which may be directly applicable to scenarios such as this.

AS pointed out that Moffat entry point into one regime and an exit point from another, and unavailability of capacity at Moffat would adversely affect many different parties; these parties were fully supportive of this Modification Proposal.

Responding to a question from ST regarding points raised in the previous consultations (0116/0195), POD replied that not all 3 regulatory regimes affected could agree on the previous ideas discussed and this Modification Proposal 0243 was the accepted alternative that had now been put forward. If this was not an acceptable solution then 0195AV may perhaps require review.

TT added that there had been much consultation on the Irish side and an ongoing dialogue with Ofgem, which had fed into modification process. The conclusion from this dialogue was that raising a UNC Proposal was the most appropriate route.

PB questioned if these identified impacts could also affect other interconnectors in a similar fashion. TT responded that 3 downstream jurisdictions were affected at Moffat (Irish Republic, Northern Ireland and Isle of Man) and as such this was a unique factor that differentiated Moffat from other interconnectors.

ST questioned what effect there would be on National Grid NTS, to which MW responded that no impact was foreseen and that National Grid NTS do not see this to be a particular issue. CW asked if there was a cost associated with implementation, to which MW answered that the arrangements remained the same but there may be a little more manual work involved.

GJ asked if, assuming implementation was approved, it would be followed up by another Modification Proposal relating to an enduring regime, to which MS replied that may be an expectation and TT added that the 3 jurisdictions were continuing appropriate discussions. AE commented that work was going on to harmonise the codes.

Summing up, JB said that this Modification Proposal would be considered at the UNC Modification Panel meeting that followed this Transmission Workstream meeting, and the Panel would determine whether to send it out for consultation together with an appropriate consultation period, bearing in mind the associated timescales.

3.2 008TR Entry Capacity

3.2.1 Assignment of NTS Entry Capacity

FH, presenting on behalf of National Grid NTS, explained the background to the concept and pointed out various concerns that may require consideration. Whilst recognising that there may be a limited demand for the service, National Grid NTS was happy to work with the industry and facilitate discussion of a potential Modification Proposal but was of the view that any resulting Modification Proposal should be User driven. FH pointed out that constructing additional complexity often led to additional costs being incurred, some of which may potentially be translated into User Pays, which should be borne in mind.

CP observed that gas storage operators and developers would be beneficiaries of this sort of proposed arrangements and thought that it would help to make processes cleaner and clearer.

A way forward was outlined; the level of interest shown by the meeting was such that it was agreed that an ad hoc Transmission Workstream meeting should be arranged to further develop the concept.

Post Meeting Note: A meeting has been arranged to facilitate the development of concept 'Assignment of NTS Entry Capacity', and will take place on Tuesday 07 April 2009, (following the Transmission Workstream meeting "Substitution Workshop 8"), at 13:30 at Elexon, 350 Euston Road, London NW1 3AW.

4. Any Other Business

None raised.

5. Diary Planning

The next Transmission Workstream will be held at 10:00 on 02 April 2009 at Elexon, 350 Euston Road, London NW1 3AW. Details of future meetings may be found on the Joint Office website at: www.gasgovernance.com/Diary).

Action Log – UNC Transmission Workstream: 05 March 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1085	03/04/08	1.2	Provide updates to the Workstream on Ofgem and BERR's progress with The Gas (Calculation of Thermal Energy) Regulations and the Gas Safety (Management) Regulations.	Ofgem (POD)	Action expanded 05/02/09 Carried Forward
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 (DS/POD)	Probable meeting in April 2009 – to be confirmed Carried Forward
TR 1102	02/10/08	3.1.1	Rationalisation of Maintenance Planning Dates and Timescales - National Grid NTS to produce a revised draft Proposal for discussion at the next Workstream meeting.	National Grid NTS (RH)	Carried Forward
TR 0201	05/02/03	3.2.1	ExCR – Aspects of securitisation check details of expectations.	National Grid NTS (MW)	Closed
TR 0202	05/02/09	4.1	Establish under what circumstances National Grid NTS can raise a GBA within day.	National Grid NTS (SP)	Closed
TR 0203	05/02/09	4.1	National Grid NTS to return to the Workstream with updated details relating to the MIPI Phase II functionality and design (which was supposed to have been finalised by January).	National Grid NTS (MW)	Closed