

Transmission Workgroup Minutes
Thursday 03 February 2011
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Antonio Ciavolella	(AC)	BP Gas
Asma Jalal	(AJ)	Centrica
Charles Ruffell	(CR)	RWE npower
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Colin Thomson	(CT)	Scotia Gas Networks
Debra Hawkin	(DH)	National Grid NTS
Dora Ianora	(DI)	Ofgem
Ian McNicol*	(IM)	Ofgem
Jacopo Vignola	(JV)	Centrica Storage Ltd
Joanna Ferguson	(JF)	Northern Gas Networks
Louise McGoldrick	(LM)	National Grid NTS
Malcolm Arthur	(MA)	National Grid NTS
Mark Dalton	(MD)	BG Group
Mike Wassell	(MW)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDFSuez
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Miller	(RM)	Ofgem
Shelley Rouse	(SR)	Statoil
Steve Gordon	(SG)	ScottishPower
Sue Ellwood	(SE)	TPA Solutions
Zori Zafirova *	(ZZ)	GasTerra

**via teleconference*

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/030211.

TD welcomed attendees to the meeting.

1.1 Review of Minutes of Previous Meetings

The minutes of the meeting held on 06 January 2011 were accepted.

1.2 Review of Outstanding Actions

Action TR1201: 0337 – Establish costs around potential incorporation of system warnings associated to price and volume, to reduce risk of inadvertent User error.

Update: Due at meeting on 11 February 2011. **Action carried forward**

Action TR1202: 0337 – Consider releasing two volume figures (Park and Loan) prior to auction.

Update: Due at meeting on 11 February 2011. **Action carried forward**

Action TR1203: 0337 – Consider adding a rule to clarify what action National Grid NTS may take when assessing a bid stack that contains bids from parties who have indicated that they are not willing to accept partial acceptance of their bid.

Update: Due at meeting on 11 February 2011. **Action carried forward**

Action TR1204: 0337 – Revise the modification based on comments received.

Update: Due at meeting on 11 February 2011. **Action carried forward**

Action TR0101: Ofgem to clarify any selection criteria for participation in the three workshops relating to the SCR (Gas Security of Supply) and report back to Workgroup.

Update: Circulated. **Action closed**

Action TR0102: 0351 – Report on how many exit overruns there had been this year.

Update: MW reported that for the last calendar year for NTS Direct Connects (excluding LDZ Offtakes), there were overruns at 8 locations, on 31 occasions, involving 12 Users; total 18 Gigs and average 1.5 Gigs. **Action closed**

Action TR0103: Draft Modification: Alignment of the CV and Wobbe Limits at NTS Entry Points - Confirm whether specifications for both entry and exit flows in SCAs would be changed.

Update: LM confirmed that the SCA contains gas quality provisions for entry only. **Action closed**

1.3 Review of Live Modifications not covered elsewhere on the agenda

The Modifications Register is available at: www.gasgovernance.co.uk/mods/.

TD gave an update on the status of Live Modifications.

1.4 Industry Updates

1.4.1 Industry Meetings

No reports.

1.4.2 Ofgem (www.ofgem.gov.uk)

RM reported on recent activities.

Financial Penalty - Announcement made of proposed penalty of £8m on National Grid Gas for misreporting of information.

Significant Code Review (Gas Security of Supply) – Initial consultation has commenced. It sets out a range of options for consultation including potential changes to the emergency arrangements, compensation for disconnected customers and the case for security of supply obligations. The deadline for responses is 22 February 2011.

Consultation on “relevant points” of a transmission system for the purposes of Article 18(4) Gas Regulation (EC) No 715/2009 – Consultation has commenced and closes out on 01 March 2011.

TransMit – A summary of responses to the call for evidence was published on 25 January 2011. There was a widely held view that the focus should be on electricity, and that gas charging issues were not an immediate priority and should be considered through the usual industry processes.

2. UNC Modifications

2.1 Draft Modification: “Manifest Errors in Entry Capacity Overrun – Appeals Process”

SE gave a presentation, referring back to Modification 0341 and explaining the purpose of introducing an Appeals process as an extension of this, and describing the proposed process.

RM advised that Ofgem was looking at whether it had the powers to act as the Appeals body. It was suggested that RM might want to check on whether or not the modification meets the self-governance criteria.

Following a short discussion, it was suggested that SE should consider incorporating the proposed Guidance Document within the modification.

Any further comments/suggestions should be submitted to SE as soon as possible as it was the intention to formalise and submit the modification to the Joint Office tomorrow.

2.2 Modification 0338: “Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence”

Deferred to next month’s meeting.

2.3 Modification 0348: NTS Optional Commodity tariff – update to application rules

A draft Workgroup Report had been published. No comments had been received and there were no further suggestions that changes were required to be made.

The modification was considered to be sufficiently clear and it was agreed to recommend it should proceed to consultation. The Workgroup Report was approved for submission to the Modification Panel.

2.4 Modification 0350: “Combining the NTS Entry Capacity and Exit Capacity Credit Checks”

A draft Workgroup Report had been published and TD displayed this on screen for further consideration. The content of the report was discussed, with particular attention being paid to Section 1 relating to “The Case for Change” and Section 4 the “Relevant Objectives”.

In the course of discussion on the case for change CS confirmed that as a result of a User continuing to be the Registered Holder rather than capacity lapsing, there was some leverage in forcing payment. TD observed that many different scenarios were possible – for example, if a project was delayed capacity may be used and paid for in subsequent years, but this would not be possible if the User were terminated. RF commented that termination as a sanction may lead to payment rather than face being terminated.

CS then explained the proposed credit processes. There was seen to be marginal benefit in the reduction in the administrative burden of monitoring two separate credit processes, and TD pointed out that a clearer demonstration or quantification of this would help Ofgem in its consideration of the case for change.

The impact on the “Relevant Objectives” was then considered and discussed.

RM made the general comment that it would be useful to see clarification of the technical terms, perhaps in the right hand column of the modification documents.

The modification was considered to be sufficiently clear and it was agreed to recommend it should proceed to consultation. The Workgroup Report, as amended during the meeting, was approved for submission to the Modification Panel.

2.5 Modification 0351: “Enduring Exit Overruns – Deemed Applications”

MW reported that, based on the feedback received at the last Transmission Workgroup meeting, National Grid NTS were considering withdrawing this modification. National Grid believed there was time for further assessment and was considering maintaining a watching brief; if overruns became an issue then the modification could be resurrected to address this.

The meeting was asked if there were any views against withdrawal: none were expressed.

2.6 Modification 0352: “The Introduction of an Interruptible Reverse Flow service at Moffatt Interconnector”

MW confirmed that National Grid were continuing to develop the service and encouraged those present to provide comments on the modification.

2.7 Draft Modification: “Commercial Arrangements for NTS Commingling Facilities”

Referring to the discussions at last year’s meetings, PH gave a presentation outlining the background to the proposed UNC change, which had been developed in response to an NTS entry connection request from a Coal Bed Methane developer and would introduce the concept of an NTS Commingling Facility into the UNC. The proposed Connection Arrangement was described and illustrated.

It was confirmed that there was only one such project currently.

It was the intention to formalise and submit the modification to the Joint Office tomorrow.

2.8 Modification 0337: “Introduction of an Inter-Day Linepack Product” – Open Letter

Referring to the meeting planned for next week (11 February 2011) MA had taken this opportunity to explain that the main aim was to finalise the Business Rules. These had been published on the JO website and comments were encouraged to be submitted in advance of the meeting.

It was intended that the Suggested legal text would also be ready for consideration at the meeting and this would be published when available.

MA also hoped to provide an update on the volumes likely to be released, the issues that might be experienced, and the actions likely to be taken.

In respect of the Open Letter, a number of responses had been received (4 open, and a number of confidential). The majority suggested issues with the value in the product compared to others and the discretionary nature of the release of the linepack volumes. A zero reserve price was generally suggested as good. The open responses will be published together with a high level overview.

Responding to a question from TD, MA confirmed that responses had been mixed, indicating that parties may find difficulty in using this compared to other products; as to whether the modification will go ahead will be debated on Friday.

3. Topics

No new topics were raised.

4. Any Other Business

None raised.

5. Diary Planning

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

The next Transmission Workgroup meetings are scheduled as follows:

10:00 11 February 2011, at Energy Networks Association, Dean Bradley House, (specifically Modification 0337; additional items as appropriate)

10:00 03 March 2011, at Elexon, 350 Euston Road, London NW1 3AW

10:00 07 April 2011, at Elexon, 350 Euston Road, London NW1 3AW

10:00 05 May 2011, at Elexon, 350 Euston Road, London NW1 3AW

10:00 02 June 2011, at Elexon, 350 Euston Road, London NW1 3AW

Action Log – UNC Transmission Workstream: 03 February 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1201	14/12/10	2.0	0337 – Establish costs around potential incorporation of system warnings associated to price and volume, to reduce risk of inadvertent User error.	National Grid (CT)	Due on 11/02/11
TR 1202	14/12/10	2.0	0337 – Consider releasing two volume figures (Park and Loan) prior to auction.	National Grid (CT)	Due on 11/02/11
TR 1203	14/12/10	2.0	0337 – Consider adding a rule to clarify what action National Grid NTS may take when assessing a bid stack that contains bids from parties who have indicated that they are not willing to accept partial acceptance of their bid.	National Grid (CT)	Due on 11/02/11
TR 1204	14/12/10	2.0	0337 – Revise the modification based on comments received.	National Grid (CT)	Due on 11/02/11
TR 0101	06/01/11	1.4.2	Clarify any selection criteria for participation in events relating to the SCR (Gas Security of Supply) and report back to Workgroup.	Ofgem (RM)	Closed
TR 0102	06/01/11	2.4	0351 – Report on how many exit overruns there had been this year.	National Grid NTS (MW)	Closed
TR 0103	06/01/11	2.6	Draft Modification: Alignment of the CV and Wobbe Limits at NTS Entry Points - Confirm whether specifications for both entry and exit flows in SCAs would be changed.	National Grid NTS (LM)	Closed