

**Workgroup 0363**  
**Minutes**  
**Thursday 03 March 2011**  
**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Chris Wright	(CW)	Centrica
Colin Thomson	(CT1)	Scotia Gas Networks
Dave Corby	(DC)	National Grid NTS
Dora Ianora	(DI)	Ofgem
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage Ltd
Jeff Chandler	(JC)	SSE
Jill Brown	(JB)	RWE npower
Joanna Ferguson	(JF)	Northern Gas Networks
Lewis Hodgart	(LH)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Miller	(RM)	Ofgem
Stefan Leedham	(SL)	EDF Energy

**1. Introduction and Explanation of Workgroup Operation**

*Copies of all papers are available at: <http://www.gasgovernance.co.uk/0363/030311>.*

TD welcomed attendees to the meeting and explained the purpose and the operation of the Workgroup.

**2. Outline of Modification 0363 – Commercial Arrangements for NTS Commingling Facilities**

PH gave a brief presentation, outlining the intent and purpose of the modification.

It was suggested that, although the risk was very slight, it might be prudent to cover off a net exit position – and PH confirmed that the Business Rules allow for this.

It was clarified that energy would be accounted for and not simply volume. CV would be calculated through forecast measurements on entry as well as flow metering on entry and exit (calorimeters).

Shippers evinced concerns regarding the potential impact on CV shrinkage. PH pointed out that any new source of supply would have an impact on this. In this particular case, it was believed that the physical arrangement would be naturally self-limiting to smaller projects as a result of the economics of alternatives, and hence CV shrinkage would not be a significant issue - this was an arrangement that may work under certain flow conditions and not others and is only likely to be attractive to smaller developments.

**3. Discussion**

The proposed Business Rules were displayed and discussed, and PH noted pertinent comments and suggestions for initial revisions.

*Site Classification and Definition*

*Paragraph 12* – It was suggested that ‘and’ be added following the semi colons at the end of sub paragraphs (a) and (b).

*Paragraph 12a* – Concerns were expressed regarding the statement “... *that are in close geographical proximity to each other and are comprised within a common curtilage; ....*” and how this might be interpreted, perhaps being too limiting. NW commented that the physical engineering, flows and cost determine what is viable in terms of positioning. LH was keen to understand what were the characteristics that would distinguish this type of site from other similar facilities, and whether any such distinction justified different treatment. The key difference from other arrangements (such as storage or an interconnector) was that more gas was returned to the system than was taken off. It was also suggested that this statement might be removed altogether.

CW questioned whether this statement would be sufficiently generic (or be able to be defined) to accommodate others who wish to connect in a similar fashion; the rules should not be seen as a barrier to entry for others, eg Interconnectors, who might wish to initiate commingling facilities. For example, could this be viewed as a potential low cost solution to gas quality issues of the future, when importing from other sources?

Responding to concerns regarding consistent treatment and service for connected facilities, NW pointed out that this particular facility was not a storage facility; it was purely for mixing purposes, and gas would go in and out on the same day. The simultaneous offtake and return of gas to the system within Day is not the kind of activity that storage facilities engage in. Molecules of gas are taken off, commingled with the lower specification CBM gas, and the same molecules are returned to the system on the same day plus the commingled addition. GSMR compliant gas must be returned to the system; the facility is well aware that if the blend failed at any point they would be turned off. It is too expensive to put in processing plants and this is a way to make this gas available for use.

Responding to concerns regarding the risk to CV shrinkage, PH believed this to be minimal because of the small size of the project. The gas will be offtaken at one level of CV and will be returned to the system at a slightly lower level as a result of the commingling; if enrichment took place there was less chance of any impact. GSMR specification is a range, and the downstream return will be a little lower than that offtaken upstream. Any new sources of supply will affect/change the gas quality in the immediate vicinity of the supply point. This was just a different way to that discussed last year regarding biomethane where it would be adding propane.

*Paragraph 16* – The addition of the words ‘flow and energy’ was suggested - “...*by means of flow and energy measurement equipment .....*”.

It was also pointed out that Exit and Entry points might require baselines to be assigned.

*Allocation Arrangements*

*Paragraph 29* – The addition of the word ‘absolute’ was suggested - “...allocated gas based on the absolute difference between the CSEP Daily Quantity Offtaken and Entry Point Daily Quantity Delivered.”.

*Paragraph 32* – GJ suggested that differing close-out periods for exit and entry needed to be taken into account, and PH agreed to consider this.

#### *Transportation Charges*

Paragraph 55 – It was questioned whether the phrase “ .....(other than the NTS CSEP that is associated with the relevant NTS Commingling Facility) ...” was required or should be removed.

#### *Licence Changes*

Paragraph 56 – PH confirmed that the Entry Point is already listed in National Grid’s licence, but the Exit Point has yet to be included.

PH will review and revise the Business Rules as appropriate. TD suggested that it would be helpful if an explanation of references (eg E2.1.8, E2.1.9, etc) could be made in the right hand margin in the template when inserting the revised Business Rules/legal text in the revised modification.

**Action 0301: Review and revise Business Rules.**

#### **4. Consider Terms of Reference**

The Workgroup considered the Terms of Reference. TD drew attention to the listed topics, some of which had already received consideration within the presentation and discussions (see above).

PH reiterated that in last year’s preliminary discussions the DNOs had indicated that there was no requirement for this type of connection on their networks.

#### **5. Workgroup Process**

TD summarised the next steps/actions.

PH will review and revise the Business Rules in light of today’s discussions and arrange for the legal text to be produced and provided.

At the next meeting PH will explain any changes made to the Business Rules. Development of the Workgroup Report will commence, and the Workgroup will discuss the advantages and disadvantages of making this proposal and assess it against the relevant objectives.

#### **6. Diary Planning for Workgroup**

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

The next Workgroup 0363 meeting will follow the meeting of the Transmission Workgroup on Thursday 07 April 2011, at Elexon, 350 Euston Road, London NW1 3AW.

**Action Log – Workgroup 0363: 03 March 2011**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
0301	03/03/11	3	Review and revise Business Rules.	National Grid NTS (PH)	